



**REGULAR MEETING**

**SAND CITY COUNCIL**

**AND**

**SUCCESSOR AGENCY OF THE FORMER  
REDEVELOPMENT AGENCY**

**AGENDA**

**SAND CITY COUNCIL CHAMBERS**

**TUESDAY, DECEMBER 17, 2019**

**5:30 P.M.**

**AGENDA**  
**JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY**  
**OF THE REDEVELOPMENT AGENCY**

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Regular Meeting – December 17, 2019  
5:30 P.M.

CITY COUNCIL CHAMBERS  
Sand City Hall, One Pendergrass Way, Sand City, CA 93955

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1. **INVOCATION**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **ANNOUNCEMENTS BY MAYOR, CITY MANAGER, CITY ATTORNEY, AND CITY STAFF**
5. **PUBLIC COMMENT**

Members of the public may address the City Council/Successor Agency on matters not appearing on the City Council/Successor Agency Agenda at this time for up to three minutes. In order that the City Clerk may later identify the speaker in the minutes of the meeting, it is helpful if speakers state their names. Public comments regarding items on the scheduled agenda will be heard at the time the item is being considered by the City Council/Successor Agency.

The City Council Chambers podium is equipped with a portable microphone for anyone unable to come to the podium. If you need assistance, please advise the City Clerk as to which item you would like to comment on and the microphone will be brought to you.

6. **CONSENT CALENDAR**

The Consent Agenda consists of routine items for which City Council approval can be taken with a single motion and vote. A Council member may request that any item be placed on the Regular Agenda for separate consideration.

- A. Approval of Sand City Council Meeting Minutes, December 3, 2019
- B. Approval of City RESOLUTION Approving Amendment #1 to the Measure X Master Programs Funding Agreement between the Transportation Agency for Monterey County and the City of Sand City

7. **CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

8. **PUBLIC HEARINGS**

- A. Presentation on and Consideration of the Audited Financial Statements for the Year ended June 30, 2019 and Independent Auditor's Report by Therese Courtney and Mike Nolan of Hayashi & Wayland (10 minutes)

1) Approval of City RESOLUTION Accepting the Audited Financial Statements for the Year Ended June 30, 2019 and Independent Auditor's Report

- B. Consideration of City RESOLUTION Approving Conditional Use Permit 638 for San Juan Pools within a Portion of a Commercial Unit at 756 California Avenue
- C. Consideration of City RESOLUTION Approving Conditional Use Permit 639 for Kelly Print Plus LLC within a Commercial Unit at 756 California Avenue

**9. NEW BUSINESS**

- A. Consideration of Successor Agency RESOLUTION Approving an Administrative Budget for Fiscal Year July 2020 through June 2021
- B. Consideration of Successor Agency RESOLUTION Approving the Recognized Obligation Payment Schedule (ROPS) for July 2020 through June 2021 (ROPS 20-21A and ROPS 20-21B)
- C. Consideration and Discussion regarding the South of Tioga Park Dedication/In-lieu Fee Requirement
- D. Comments by Council Members on Meetings and Items of interest to Sand City
- E. Consideration of Cancelling Future City Council meeting

PURPOSE: It is proposed that the City Council cancel the City Council meeting scheduled for January 7, 2020 to minimize conflict with the Christmas and New Year's Holiday closure of City Hall, December 24, 2019 – January 1, 2020

- F. Upcoming Meetings/Events

**10. CLOSED SESSION**

- A. City Council/Successor Agency Board to adjourn to Closed Session regarding:
  - 1) Conference with legal counsel - Significant exposure to litigation pursuant Gov. Code Section 54956.9(d)(2): (1 case)
  - 2) Conference with legal counsel - Existing litigation (Gov. Code Section 54956.9(d)(1); *Gonzales, III et al. v. Monterey Peninsula Unified; City of Sand City and Dennis Alexander*, Case No. 19CV000828)

- B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown

## **11. ADJOURNMENT**

Next Scheduled Council Meeting:  
Tuesday, January 21, 2020  
5:30 P.M.  
Sand City Council Chambers  
1 Pendergrass Way, Sand City

This is intended to be a draft agenda. The City reserves the right to add or delete to this agenda as required.

The current Sand City agenda is available in PDF format on our website at:

[www.sandcity.org/agenda](http://www.sandcity.org/agenda)

If you have a request for a disability-related modification or accommodation, including auxiliary aids or services, which will allow you to participate in a Sand City public meeting, please call the City Clerk at (831) 394-3054 extension 220, or give your written request to the City Clerk at One Pendergrass Way, Sand City, CA 93955 at least 48 hours prior to the scheduled meeting to allow the City Clerk time to arrange for the requested modification or accommodation.



**AGENDA ITEM**

**6A**

**MINUTES**  
**JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY**  
**OF THE REDEVELOPMENT AGENCY**

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Regular Meeting – December 3, 2019  
5:30 P.M.  
CITY COUNCIL CHAMBERS

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Mayor Carbone opened the meeting at 5:30 p.m.

The invocation was led by Reverend Jason Yarbrough.

The Pledge of Allegiance was led by Police Chief Brian Ferrante.

Present: Mayor Mary Ann Carbone  
Vice Mayor Blackwelder  
Council Member Hawthorne  
Council Member Sofer  
Council Member Cruz

Staff: Aaron Blair, City Manager  
Vibeke Norgaard, City Attorney  
Brian Ferrante, Police Chief  
Charles Pooler, City Planner  
Connie Horca, Deputy City Clerk

**AGENDA ITEM 4, ANNOUNCEMENTS BY MAYOR, CITY MANAGER, CITY ATTORNEY, AND CITY STAFF**

Mayor Carbone announced the upcoming dates and schedule of events to include the December 6<sup>th</sup> Tree Lighting Ceremony, December 13<sup>th</sup> Sand City Awards Banquet, December 19<sup>th</sup> Good Samaritan Christmas Luncheon at the Salvation Army from 11:00 a.m.-1:00 p.m., and the December 20<sup>th</sup> Christmas gift wrapping event hosted by the Monterey Fire Department and Monterey High School from 6:00-8:00 p.m.

City Manager Aaron Blair reminded the Council of the upcoming workshop on the Capital Improvement Program (CIP) to be held on December 10, 2019 at 11:00 a.m. He also informed the Council of a single use bag ordinance that they may want to consider.

There was Council discussion regarding efforts to ban plastic bags and how it may affect the businesses in the City. Mr. Blair added that the Housing Committee should meet soon to address the area's housing needs and homelessness issues. There was discussion regarding short term rentals and accessory dwelling units as well as possible changes to the Council appointments list to various agencies for 2020.

The Mayor requested that if Council Members were happy with the committees they

presently serve on to please let her know.

#### **AGENDA ITEM 5, PUBLIC COMMENT**

5:37 P.M. Floor opened for Public Comment.

There were no comments from the Public.

5:37 P.M. Floor closed to Public Comment.

#### **AGENDA ITEM 6, CONSENT CALENDAR**

- A. Mayor Carbone commented on a typographical error on page 9 of the Sand City Council Meeting Minutes, November 19, 2019 that needed to correct the spelling of Matt Knor to *Nohr*.
- B. There was no discussion of the City **Resolution** approving a Service Agreement with SLV Management (Stephen Vagnini) for the 2020 West End Celebration (WEC).
- C. There was no discussion of the City/Successor Agency Monthly Financial Report, August 2019.
- D. There was no discussion of the City **Resolution** approving FY 2019-2020 Budget Amendments for Agenda Management Software, Website Redesign, Laserfiche Software, and a New Firewall.

The Mayor provided clarification regarding Council Members Sofer's comment regarding the advertisement provided by Sanctuary Vacation Rentals at the November 19th Council meeting.

Motion to approve the Consent Calendar items was made by Council Member Blackwelder, seconded by Council Member Hawthorne. AYES: Council Members Blackwelder, Carbone, Cruz, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

#### **AGENDA ITEM 7, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

There were no items pulled from the Consent Calendar.

#### **AGENDA ITEM 8, PUBLIC HEARING**

*{Council Member Cruz stepped down from the dais due to a possible conflict of interest by residing within 500 feet of the subject property}*

- A. **Approval of City RESOLUTION Approving Conditional Use Permit 637 for Tenji Incorporated within a Commercial Unit at 756 California Avenue**

City Planner Charles Pooler presented an application submitted by Mark Faulkner, CFO of Tenji, Inc, for a conditional use approval for storage, minor assembly, and accessory office activities of their aquarium design and development operation at 756 California Avenue, the former San Juan Pools site. The applicant currently operates a showroom in Carmel. Mr. Pooler summarized the site description and commented that the Applicant proposes to use the property for material/equipment storage and staging with pre-fabrication of aquarium filtration systems. There will be no construction of aquarium vessels/tanks only prefabrication of filtration systems. There will be 2 employees at the Sand City site. Items stored will consist primarily of water pumps, aquarium filtration equipment, aquarium monitor control and lighting systems as well as PVC type goods and parts, and fiberglass products. The subject property is zoned as a Planned Mixed Use and pre-fabrication activities does qualify as "Light Manufacturing" and Staff finds the proposed use consistent with and compatible with the General Plan and Zoning code.

Intended hours of operation will be 8:00 a.m. to 5:00 p.m. Monday through Friday. Staff recommends manufacturing operations be conducted between 7:00 a.m. to 6:00 p.m., Monday through Friday and 10:00 a.m. to 5:00 p.m. on Saturdays to be consistent with other use permits. Once construction is completed at the location the property will provide 10 parking spaces. The Applicant's use requires 5 parking spaces and the property provides sufficient parking for 10 vehicles, and to be shared with other tenants. Deliveries would happen 2 to 3 times per week, and it is recommended that any loading/unloading activities occur during the applicant's hours of operation. According to the applicant there will be no hazardous materials use at the subject property. Staff notified outside agencies of this application and the agencies did not express any concerns with the Applicants use. Staff does not anticipate any negative impacts and should not pose a public nuisance or blighting influence.

On-site allocated water credit is adequate to facilitate the use based on a Group 1 occupancy. Staff recommends that the permit contain the standard language stating that approval of the permit does not arbitrarily grant privilege or right to the Applicant and/or property owner for any allocation of water from the City's entity. Staff recommends approval of the conditional use permit with the conditions/restrictions proposed by staff.

The applicant Mr. Faulkner addressed several Council questions such as receiving freight deliveries and how often they would occur. He commented that shipments to be received arrive in much shorter trucks and that equipment will be delivered via Fed-Ex and UPS trucks. Large truck deliveries are expected 1 to 2 times per year and he will try to have those deliveries scheduled. He does not manufacture aquariums at the location and further provided an explanation of the work he performs to the Council.



5:48 P.M. Floor opened for Public Comment.

There was no comment from the Public.

5:48 P.M. Floor closed to Public Comment.

The Mayor asked Mr. Faulkner if he was in agreement with conditions of the use permit. Prior to his agreement with permit conditions, Mr. Faulkner received clarification from City Planner Pooler regarding deliveries received by large 18 wheeled trucks which can only occur 1 to 2 times per year unless otherwise granted special written permission by the City and should be limited. The language was included in the conditional use permit. Mr. Faulkner commented that he normally receives notice of large shipments and a full truck would take approximately 1 hour to unload.

Motion to approve the City **Resolution** approving Conditional Use Permit 637 for Tenji Incorporated within a Commercial Unit at 756 California Avenue was made by Council Member Hawthorne, seconded by Council Member Sofer. AYES: Council Members Blackwelder, Carbone, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: Council Member Cruz. Motion carried.

The Mayor welcomed Mr. Faulkner to Sand City.

*{Council Member Cruz returned to the dais}*

## **AGENDA ITEM 9, NEW BUSINESS**

### **A. Comments by Council Members on Meeting and Items of Interest to Sand City**

Council Member Sofer commented that there will be no Monterey County Commission on disabilities meeting.

Council Member Cruz added that due to the busy holiday season there will be no TAMC rail meeting held.

### **B. Upcoming Meetings/Event**

There were no RSVP's received for upcoming meetings. The Mayor announced the meetings and events under Agenda item 4.

## **AGENDA ITEM 10, CLOSED SESSION**

5:53 P.M.

### **A. City Council/Successor Agency Board adjourned to Closed Session regarding:**

**1) Conference with legal counsel, pending litigation (Cal. Gov. Code section 54956.9(d)(2)-(3))**

6:13 P.M.

**B. The City Council/Successor Agency re-adjourned to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act**

The City Attorney reported that the City Council received confidential update on a notice. No legal advice was given, and no action was taken.

Council Member Hawthorne stated that he has spoken to Art Committee members about holding a meeting before the end of the year. He stated that the meeting will be held at City Hall.

**AGENDA ITEM 11, ADJOURNMENT**

Motion to adjourn the meeting was made by Council Member Blackwelder, seconded by Council Member Hawthorne. There was consensus of the City Council to adjourn the meeting at 6:14 p.m. to the next regularly scheduled City Council meeting on Tuesday, December 17, 2019 at 5:30 p.m.

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Connie Horca, Deputy City Clerk

**AGENDA ITEM**

**6B**

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## STAFF REPORT

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**DATE:** December 12, 2019 **Agenda Item: 6.B.**  
(for City Council action on December 17, 2019)

**TO:** Honorable Mayor and City Council Members

**FROM:** Leon Gomez, City Engineer

**SUBJECT: Amendment #1 to the Measure X Master Programs Funding Agreement**

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### RECOMMENDATION

That the City Council of the City of Sand City adopt a resolution approving Amendment #1 to the Measure X Master Programs Funding Agreement between the Transportation Agency for Monterey County and the City of Sand City

### BACKGROUND

The Transportation Agency for Monterey County (TAMC) placed the Transportation Safety & Investment Plan (Measure X) on the November 8, 2016 ballot for Monterey County. The measure garnered 67.7% approval from Monterey County voters and is anticipated to generate an estimated \$20 million annually for a total of \$600 million over thirty years through a retail transaction and use tax of three-eighths of one-percent (3/8%). The duration of the Measure X sales tax will be 30 years from the initial year of collection, which began on April 1, 2017, with said tax to terminate/expire on March 31, 2047. The revenue from the sales tax measure will be used to fund transportation safety and mobility projects in Monterey County.

On June 20, 2017, the City approved Resolution SC 17-58 authorizing a Master Programs Funding Agreement (Master Agreement) between TAMC and the City, setting forth the mutual obligations and rights with respect to the allocation of Measure X funds. In order to ensure the timely distribution of Measure X funding for transportation projects, the City must submit a package of documents to confirm compliance with the Master Agreement by December 31 of each year. This package of documents may be referred to as the "Annual Program Compliance Report" (the APCR) and includes; Attachment 1 Annual Independent Audit (AIA), Attachment 2 Measure X Five-Year Capital Improvement Program (CIP), and Attachment 3 Pavement Management Program (PMP) Report. The APCR should, at a minimum, describe the efforts of the local jurisdiction to comply with the policies of Measure X over the reporting period and is reviewed by TAMC staff, the Measure X Citizens Oversight Committee, and the TAMC Board.

The Master Agreement also requires that the City submit a Maintenance of Effort (MOE) Report. The MOE Report is a report adopted by each jurisdiction verifying that Measure X funds received by the reporting jurisdiction have been used to augment, not supplant, local resources spent in the fiscal year.

Subsequent to the adoption of Measure X, the State of California adopted Senate Bill 1 (SB 1), which provided, among other things, funding to local jurisdictions based upon a **different MOE calculation**, thus creating potential confusion and conflicts in such calculations for Measure X



jurisdictions.

As a result, the TAMC Board of Directors is set to approve a **modification to the Maintenance of Effort calculation**, which is to assure that no funds previously used for transportation are shifted to other uses and then backfilled with Measure X revenues. **The proposed amendment is will change the method for calculating the existing Master Agreement's required maintenance of effort to be the greater of the SB 1 requirement, or the amount local fund spent in fiscal year 2016/17, plus an annual growth factor.** This modification requires an amendment to the tax sharing agreement which is shown on **Exhibit A** to the resolution attached to this staff report.

### **REVIEW AND ANALYSIS**

In order for the City to continue to receive its share of Measure X funds and continue its participation in the program, the City should approve Amendment 1 to the Measure X Master Programs Funding Agreement.

### **ENVIRONMENTAL (CEQA) CLEARANCE**

The recommended action to be taken does not qualify as a "project" per sections 15378(b)(4) and 15060(c)(3) of the California Environmental Quality Act (CEQA) and is therefore exempt. The adoption of this amendment to an existing agreement regarding funds that the City will bank for a future project will have no direct or indirect impact upon the environment.

### **FISCAL IMPACT**

No fiscal impact is associated with the recommended action itself. However, in order for the City to continue to receive its share of Measure X funding, the City should approve this amendment.

### **ATTACHMENTS:**

1. Resolution
2. Resolution Exhibit A – Amendment #1 to Measure X Master Programs Funding Agreement

**CITY OF SAND CITY  
RESOLUTION SC \_\_\_\_\_, 2019**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY APPROVING  
AMENDMENT #1 TO THE MEASURE X MASTER PROGRAMS FUNDING AGREEMENT  
BETWEEN THE TRANSPORTATION AGENCY FOR MONTEREY COUNTY AND THE CITY  
OF SAND CITY**

**WHEREAS**, on November 8, 2016, the voters of Monterey County, pursuant to the provisions of the Local Transportation Authority and Improvement Act, California Public Utilities Code Section 180000 et seq. (the "Act"), approved Measure X (TAMC Ordinance No. 2016-01) on the Monterey County ballot, thereby authorizing the Transportation Agency for Monterey County (TAMC) to impose and administer the proceeds from a three-eighths cent transaction and use tax ("Measure X"); and

**WHEREAS**, the duration of the Measure X sales tax will be 30 years from the initial year of collection, which began April 1, 2017, with said tax to terminate/expire on March 31, 2047; and

**WHEREAS**, the tax proceeds will be used to pay for programs and projects outlined in TAMC's Transportation Safety and Investment Plan (the "Measure X Investment Plan"); and

**WHEREAS**, in order to receive its share of Measure X, on June 20, 2017, the City of Sand City (the "City") approved Resolution SC 17-58, 2017 (attached hereto and incorporated herein as Attachment 1) to enter into a Master Programs Funding Agreement (the "Master Agreement") with TAMC setting forth the mutual obligations and rights of TAMC and the City with respect to the allocation of Measure X funds; and

**WHEREAS**, the Master Programs Funding Agreement requires that the City submit a Maintenance of Effort Report (MOE Report); and

**WHEREAS**, subsequent to the adoption of Measure X, the State of California adopted Senate Bill 1 (SB 1) which provided, among other things, funding to local jurisdictions based upon a different Maintenance of Effort calculation, thus creating potential confusion and conflicts in such calculations for Measure X jurisdictions; and

**WHEREAS**, the TAMC Board of Directors is set to approve a modification to the Maintenance of Effort calculation, which is to assure that no funds previously used for transportation are shifted to other uses and then backfilled with Measure X revenues; and

**WHEREAS**, in order for the City to continue to receive its share of Measure X funds and continue its participation in the program, the City should approve Amendment 1 to the Measure X Master Programs Funding Agreement which is shown on **Exhibit A** to this Resolution.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Sand City approves Amendment #1 to the Measure X Master Programs Funding Agreement between the Transportation Agency for Monterey County and the City of Sand City

**PASSED AND ADOPTED**, at a regular meeting of the City Council of the City of Sand City, this 17<sup>th</sup> day of December, 2019 by the following votes:

AYES: Council Members

NOES:

ABSENT:

ABSTAIN:

APPROVED:

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Mary Ann Carbone, Mayor

ATTEST:

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Linda K. Scholink, City Clerk

**EXHIBIT A**  
**AMENDMENT #1 TO MEASURE X MASTER PROGRAMS FUNDING AGREEMENT**  
**BETWEEN**  
**THE TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**AND**  
**THE CITY OF SAND CITY**

THIS AMENDMENT No. 1 to the agreement originally dated June 20, 2017, between the Transportation Agency for Monterey County, hereinafter referred to as “TAMC,” and the City of Sand City, hereinafter referred to as “Jurisdiction,” is hereby entered into between TAMC and the Jurisdiction.

**RECITALS:**

- A. **WHEREAS**, TAMC and Jurisdiction entered into a Measure X Master Programs Funding Agreement on June 20, 2017, hereinafter referred to as “Agreement;”
- B. **WHEREAS**, both the Agreement and Measure X implementing ordinance (Ordinance 2016-01) included a Maintenance of Effort requirement defined as an average of the prior three years spent for local transportation purposes; and
- C. **WHEREAS**, subsequent to the adoption of Measure X, the State of California adopted “SB 1,” which provided, among other things, funding to local jurisdictions based upon a different Maintenance of Effort calculation, thus creating potential confusion and conflicts in such calculations for Measure X jurisdictions; and
- D. **WHEREAS**, TAMC also received feedback from local jurisdictions during the Fiscal Year 2017/18 Measure X Annual Reporting period that this Maintenance of Effort calculation would penalize local jurisdictions that make large one-time investments in transportation maintenance improvements;
- E. **WHEREAS**, on July 16, 2019, the Measure X Citizens Oversight Committee recommended that the Maintenance of Effort definition be revised to “an amount not less than the annual average of its expenditures from its general fund during the preceding three fiscal years 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151. This baseline amount will be indexed annually to the Engineering News Record construction index.”;
- F. **WHEREAS**, on October 23, 2019, the TAMC Board of Directors, with support from the Measure X Citizens Oversight Committee and Jurisdiction, duly approved Ordinance 2019-01, which amended the Measure X implementing ordinance (Ordinance 2016-01) to revise the definition for calculating the Maintenance of Effort, as described above; and
- G. **WHEREAS**, TAMC and Jurisdiction desire to amend the Agreement to make the Maintenance of Effort definition consistent with Ordinance 2019-01.



**NOW, THEREFORE**, the parties agree to amend the Agreement as follows:

**1. Article I, Paragraph 4**

The definition of “Maintenance of Effort Report” shall be replaced in its entirety with the following:

Maintenance of Effort Report: A report to be adopted by a jurisdiction, no later than December 31 of each year the Measure X tax is in effect, verifying that Measure X funds received by the reporting jurisdiction have been used to augment, and not supplant, local resources spent in the fiscal year, as described in Article IV Section A.6. The amount of local resources spent for the fiscal year is calculated as the annual average of its expenditures from its general fund during the 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151. This baseline amount will be indexed annually to the Engineering News Record construction index.”

**2. Article IV, Section A, Paragraph 6**

Article IV, Section A, Paragraph 6 shall be replaced in its entirety with the following:

6. RECIPIENT shall certify, no later than August 31, 2017 and December 31st of each year thereafter, in an annual Maintenance of Effort Report verification that these Measure X funds are used to augment and not supplant local resources spent. RECIPIENT shall expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151 (“Maintenance of Effort”). This baseline amount will be indexed annually to the Engineering News Record construction index.”

**3. REMAINDER OF TERMS UNCHANGED**

All other terms of the Agreement remain in full effect.

An executed copy of this Amendment No. 1 shall be attached to the Agreement and shall be incorporated as if fully set forth therein.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment No. 1 to the Agreement with Consultant.

TAMC:

JURISDICTION:

\_\_\_\_\_  
Debra L. Hale  
Executive Director

\_\_\_\_\_  
Aaron Blair  
City Manager

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(date)

Approved as to form:

\_\_\_\_\_  
TAMC Counsel

\_\_\_\_\_  
Vibeke Norgaard (date)  
City Attorney

CITY OF SAND CITY  
RESOLUTION SC 17-58, 2017

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY  
AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A MASTER  
PROGRAMS FUNDING AGREEMENT BETWEEN THE CITY OF SAND CITY AND THE  
TRANSPORTATION AGENCY FOR MONTEREY COUNTY

**WHEREAS**, on November 8, 2016, the voters of Monterey County, pursuant to the provisions of the Local Transportation Authority and Improvement Act, California Public Utilities Code Section 180000 et seq. (the "Act"), approved Measure X (TAMC Ordinance No. 2016-01) on the Monterey County Ballot, thereby authorizing The Transportation Agency for Monterey County (TAMC) to impose and administer the proceeds from a three-eighths cent transaction and use tax ("Measure X"); and

**WHEREAS**, the duration of the Measure X sales tax will be 30 years from the initial year of collection, which began April 1, 2017, with said tax to terminate/expire on March 31, 2047; and

**WHEREAS**, the tax proceeds will be used to pay for the programs and projects outlined in TAMC's Transportation Safety and Investment Plan (the "Measure X Investment Plan"); and

**WHEREAS**, in order to receive its share of Measure X, the City of Sand City must enter into a Master Programs Funding Agreement Attached hereto; and

**WHEREAS**, this Agreement delineates the requirements of the Measure X funds that are directly allocated to local jurisdictions, as authorized by Measure X and the Measure X Investment Plan; and

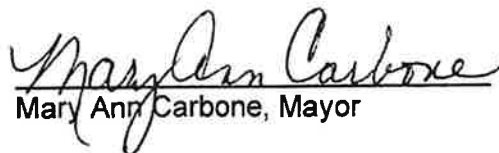
**WHEREAS**, the City of Sand City will receive approximately \$20,000 annually from the Measure X sales tax and this revenue should be reflected in the FY 2017-2018 Budget.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Sand City authorizes the City Administrator to enter into a Master Programs Funding Agreement between the City of Sand City and the Transportation Agency for Monterey County.

**PASSED AND ADOPTED** by the City Council of the City of Sand City on this 20<sup>th</sup>, day of June, 2017, by the following vote:

AYES: Council Members Blackwelder, Carbone, Hawthorne, Hubler  
NOES: None  
ABSENT: Council Member McDaniel  
ABSTAIN: None

APPROVED:

  
Mary Ann Carbone, Mayor

ATTEST:

  
Linda K. Scholink, City Clerk

**ATTACHMENT 1**

**TAMC**  
TRANSPORTATION AGENCY  
FOR MONTEREY COUNTY



55-B Plaza Circle, Salinas, CA 93901-2902 • Tel: (831) 775-0903 • Website: [www.tamcmonterey.org](http://www.tamcmonterey.org)

June 1, 2017

Todd Bodem  
City Manager  
City of Sand City  
One Sylvan Park  
Sand City, CA 93955

Via email to: [tbodem@sancityca.org](mailto:tbodem@sancityca.org)

**SUBJECT: Measure X Funding Agreement**

*Todd*  
Dear Mr. Bodem:

Our Agency looks forward to working with you to implement Measure X and improvement transportation in Monterey County!

At its May 24, 2017 meeting, the Transportation Agency for Monterey Board of Directors approved the enclosed funding agreement for the distribution of local shares of Measure X revenues. As required by the implementing ordinance for Measure X, each city and the County of Monterey must enter into this funding agreement with the Transportation Agency, which is designed to reassure the public that tax revenues are spent in accordance with the ballot language.

As such, prior to the first distribution of Measure X revenues in September 2017, we are requesting that your Council adopt the enclosed agreement and provide a signed original to the Agency. In addition, we are also requesting that you submit a Maintenance of Effort report detailing your city's transportation expenditures over the past three years, and a Five Year Capital Improvement Program of how your city plans to spend its share of Measure X funds. Note that you may use some of the information provided in your City's report to the State Controller as your Maintenance of Effort information. For your reference, templates for these two reports are included in the funding agreement as Exhibits C and E.

In order to receive your first quarterly distribution of funds in September 2017, we need to review your executed agreement and these two reports. Please let us know if you would like Transportation Agency staff to be present at the Council meeting adopting your agreement.

Please contact Michael Zeller of my staff at (831)775-4416 or via email at [mike@tamcmonterey.org](mailto:mike@tamcmonterey.org) with any questions.

Sincerely,  


Debra L. Hale  
Executive Director

Enc: Measure X Funding Agreement



**Measure X  
Master Programs Funding Agreement  
between the  
TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
AND  
SAND CITY**

This Master Programs Funding Agreement (“Agreement”) is effective the 20<sup>th</sup> of JUNE, 2017, and is entered into by and between the Transportation Agency for Monterey County (“TAMC”) and Sand City (“RECIPIENT”).

**RECITALS**

1. On November 8, 2016, the voters of Monterey County, pursuant to the provisions of the Local Transportation Authority and Improvement Act, California Public Utilities Code Section 180000 et seq. (the “Act”), approved Measure X (TAMC Ordinance No. 2016-01) on the Monterey County Ballot, thereby authorizing TAMC to impose and administer the proceeds from a three-eighths cent transaction and use tax (“Measure X”).
2. The duration of the Measure X sales tax will be 30 years from the initial year of collection, which will begin April 1, 2017, with said tax to terminate/expire on March 31, 2047. The tax proceeds will be used to pay for the programs and projects outlined in TAMC’s Transportation Safety and Investment Plan (the “Measure X Investment Plan”), as it may be amended.
3. This Agreement delineates the requirements of the Measure X funds that are directly allocated to local jurisdictions, as authorized by Measure X and the Measure X Investment Plan. A table showing the Measure X Local Distribution Summary for the first year of this Agreement is attached hereto as Exhibit A.

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

**Article I: Definitions**

As used herein, the following terms have the following meanings:

1. Annual Program Compliance Report: An Annual Program Compliance Report is a document produced by RECIPIENT no later than December 31 of each year the Measure X tax is in effect, and describes the efforts taken by the jurisdiction to comply with the requirements for the receipt and use of Measure X funds. A template Annual Program Compliance Report is attached as Exhibit B.
2. Eligible Expenses: Those expenses which are eligible to be funded from Measure X, as set forth in greater detail in Article III.C. The first date from which expenses are eligible for funding is January 1, 2017.

3. Local Road Projects: Projects identified in the Policies and Project Descriptions as “Local Road Maintenance, Pothole Repairs and Safety” projects for each jurisdiction, and as may be amended in the RECIPIENT’s Measure X Five-Year Capital Improvement Program.
4. Maintenance of Effort Report: A report to be adopted by a jurisdiction, no later than December 31 of each year the Measure X tax is in effect, verifying that Measure X funds received by the reporting jurisdiction have been used to augment, and not supplant, local resources spent in the fiscal year, as described in Article IV Section A.6. The amount of local resources spent for the fiscal year is calculated by using an average of the prior three (3) years spent for local transportation purposes and shall be the same amount reported to the State Controller pursuant to Streets and Highways Code section 2151.
5. Measure X: TAMC Ordinance No. 2016-01, approved by the voters on November 8, 2106, establishing a three-eighths of one percent (0.375) retail transactions and use tax for a period of thirty (30) years.
6. Measure X Five Year CIP: A Capital Improvement Program looking forward for the next five (5) years that specifically references projects anticipated to be funded by Measure X. The Measure X Five Year CIP is to be updated annually by the RECIPIENT and cover a period of five (5) years from the time of the annual update.
7. Measure X Investment Plan: The Transportation Safety and Investment Plan adopted by TAMC, the County of Monterey, and each city within the County of Monterey, setting forth an expenditure plan for Measure X proceeds.
8. Pavement Management Program: A computerized program for the identification and assessment of the quality of pavement within the jurisdiction, including ETC (“Extent of pavement analyzed, Type of recorded pavement distress, and Condition of the roadway”).
9. Policies & Project Descriptions: A statement of policies governing the requirements for, and allocation of, tax proceeds and project descriptions of anticipated use of tax proceeds by TAMC and the various jurisdictions. The Policies & Project Descriptions are in addition to and elaborate upon the Measure X Investment Plan.
10. Regional Transportation Planning Assessment: An annual assessment currently paid by local jurisdictions from local funds as a form of congestion management fee that is used to fund TAMC’s regional transportation planning efforts.
11. Regional Development Impact Fee Program: A program of development fees prepared and adopted by TAMC and assessed on new development within the County of Monterey, in order that new development pay its fair share of the costs to mitigate negative impacts to the regional transportation system.

## **Article II: Funding Allocations**

1. This Agreement authorizes TAMC to allocate to RECIPIENT its share of the funds derived from Measure X as described in the voter-approved Measure X Investment Plan and TAMC's Policies and Project Descriptions ("Policies and Project Descriptions") for the Local Road Projects program of the Measure X Investment Plan, which constitutes 60% of Measure X revenues after administrative and Board of Equalization expenses have been paid. TAMC will distribute Measure X funds for Local Road Projects pursuant to a formula weighted 50 percent by the jurisdiction's population and 50 percent of lane miles within the jurisdiction utilizing data from the California Department of Finance and Department of Transportation as set forth in Section III.2 below. RECIPIENT's allocations are subject to change based on variations in these measurements, as determined annually pursuant to Article III Section A.2.
2. The remainder of funds received from Measure X and not allocated to RECIPIENT jurisdictions shall be allocated to TAMC for Regional Projects, and administration and Board of Equalization expenses as provided for in Measure X, the Measure X Investment Plan and the Projects & Policies Descriptions.
3. All eligible expenses, as described in Article III Section C, and incurred by RECIPIENT as of January 1, 2017 shall be reimbursable with the RECIPIENT's share of Measure X Local Road Projects funds, to the extent that such funds cover the claim for reimbursement.
4. Measure X funding provided for Local Road Projects is to be used for transportation purposes only, and to supplement and not replace existing local revenues used for transportation purposes. Refer to Article III Section A Paragraph 6 for requirements related to Maintenance of Effort.

## **Article III: Payments and Expenditures**

### **A. TAMC's Duties and Obligations**

1. Within ten (10) working days of actual receipt of the quarterly Measure X sales tax revenues from the State Board of Equalization ("BOE"), TAMC shall remit to the RECIPIENT its designated amount of available funds disbursed on a quarterly basis by the formulas described above.
2. TAMC shall annually update the Measure X fund revenue projections and the resulting fund allocation formulas to reflect the most current population using the California Department of Finance's annual population estimates (Report E-1 published in May) and the California Department of Transportation's annual lane miles estimates (California Public Road Data Report published in October) as it is made available, but no later than

June 30 of each year. TAMC shall use the updated Measure X program allocation formulas in the allocations beginning July 1 of each new fiscal year, which is from July 1 to June 30.

3. TAMC shall report quarterly to the public the amount of Measure X revenues distributed to RECIPIENT for the quarter and fiscal year to date.
4. TAMC shall provide for an independent annual audit of its financial statements, including revenues and expenditures, and also of its calculation of the allocation formula for distributing Measure X revenues to each recipient and render an annual audit report to the TAMC Board within 240 days following the close of the fiscal year.
5. TAMC may conduct an audit of expenditures made by RECIPIENT to determine whether such expenditures are in compliance with this AGREEMENT and the Measure X Investment Plan, and shall provide timely notice to RECIPIENT prior to conducting such audit.

**B. Recipient's Duties and Obligations**

1. RECIPIENT shall expend all Measure X funds received in compliance with Measure X, the Measure X Investment Plan, and the Policies & Project Descriptions, as they may be adopted or amended by TAMC from time to time, and this Agreement.
2. RECIPIENT shall conduct an independent annual audit of Measure X revenues received and expenditures made by RECIPIENT to demonstrate such expenditures comply with this AGREEMENT and the Measure X Investment Plan, and shall provide said audit to TAMC by December 31, 2018, and each December 31st of each year thereafter, throughout the existence of Measure X funding, including the December 31st of the last year of funding.
3. RECIPIENT shall set up and maintain an appropriate system of accounts to report on Measure X funds received. RECIPIENT must account for Measure X funds, including any interest received or accrued, separately from any other funds received from TAMC or any other source. All Measure X revenues received and expended shall be accounted for and tracked in its own separate budget and fund titled "Transportation Safety & Investment Plan Account" and will not be comingled with any other funds. The accounting system shall provide adequate internal controls and audit trails to facilitate an annual compliance audit for each fund type and the respective usage and application of said funds. TAMC and its representatives, agents and nominees shall have the absolute right upon reasonable written notice to RECIPIENT, which is not less than 72 hours, to inspect and copy any accounting records related to such funds, except to the extent specifically prohibited by applicable law.
4. RECIPIENT shall comply with all reporting requirements in Article IV.

5. RECIPIENT hereby agrees to and accepts the formulas used in the allocation of Measure X revenues as reflected in the ballot measure and the Measure X Investment Plan, and agrees to accept and utilize the California Department of Finance Estimates of Population figures (Report E-1, updated each May) and the California Department of Transportation's annual lane miles estimates (California Public Road Data Report published in October) for California cities and counties for the annual update of the sales tax allocation formulas to begin in each new fiscal year.
6. RECIPIENT shall maintain participation in TAMC's Regional Development Impact Fee program and impose these fees on new development as applicable to assure that new development pays for its impacts on the regional transportation system.
7. RECIPIENT shall continue to participate in TAMC's Regional Transportation Planning Assessment program as set forth therein.
8. In order to receive its share of Local Road Projects funds, RECIPIENT shall develop a Pavement Management Program, or participate in the development of a regional Pavement Management Program, developed by TAMC.
9. RECIPIENT shall abide by the Maintenance of Effort requirements imposed by Measure X and State law. RECIPIENT shall annually report on its Maintenance of Effort as provided in Article IV.

**C. Eligible Expenditures**

RECIPIENT may expend Local Road Projects funds on any or all of the following categories:

1. Road and Street Maintenance and Repairs: Filling potholes, repairing, resurfacing or reconstruction of roads, streets and bridges, or otherwise conducting maintenance to extend the lifetime of the roadway network and/or reduce or eliminate liability and safety concerns. Repairs, reconstruction or maintenance of walkways or bikeways are also eligible.
2. Road Safety and Operations: Improvements designed to reduce traffic collisions and related injuries and fatalities, as well as projects designed to reduce traffic delays. Examples of safety projects include, but are not limited to: roundabouts, turning lanes, traffic signals or other intersection improvements, hazard eliminations, safety barriers, traffic calming or speed reduction measures. New lane miles or roadways are not eligible with the exception of the Pinnacles Parkway Connection project.
3. Walkability and Pedestrian Safety: Projects designed to make neighborhoods or corridors walkable by making walking safer, more comfortable and convenient. Examples include, but are not limited to: sidewalks, lighted crosswalks, walking paths, landscaping or other barriers from traffic, bulb-outs to shorten the crossing distance, safe-haven islands, pedestrian countdown signals, street or path lighting and traffic calming.

4. Bike Safety Projects: Projects designed to support safe and convenient bicycling for all levels of riders. Examples include, but are not limited to: new or improved bikeways (lanes, paths, bridges, protected lanes or other barriers to automobile traffic); removing barriers to bicycling (curbs, medians, etc.); signal detectors; and, bicycle racks, lockers and other storage facilities.
5. Street Enhancements: Streetscape projects that enhance the safety and experience of the transportation corridor. Examples include, but are not limited to: lighting, landscaping, and drainage improvements.
6. New Technology: Projects that support or include new technology to promote transportation safety, mobility, cost savings or air quality improvements. Examples include, but are not limited to: electric vehicle chargers, vehicle detection systems, traffic signal synchronization, as well as the required participation in the Pavement Management Program referenced in Art. III.B.8, above.
7. Planning, Engineering and Design, Environmental Review and Mitigation and Acquisition: The costs of planning, engineering, design and environmental review and mitigation and acquisition necessary to undertake any project within a category described above are also eligible expenses under Measure X and this Agreement.
8. Reporting and Implementation of this Agreement: The costs of fulfilling the requirements imposed by this Agreement, including the preparation of audits and reports, are eligible expenses, provided, however, that only the direct costs of such actions (such as actual hours worked by staff) are eligible.

#### **D. Other Expenditure Restrictions**

1. Transportation Purposes Only: RECIPIENT shall use all Measure X funds solely for transportation purposes as defined by the authorizing ballot measure. Any jurisdiction that violates this provision must fully reimburse all misspent funds, including all interest which would have been earned thereon at the Pooled Money Investment Account Earnings Yield Rate at determined by the California State Controller's Office.
2. Staff Cost Limitations: Direct costs associated with the delivery of programs and projects associated with Measure X programs, including direct staff costs and consultant costs, are eligible uses of Measure X funds. Indirect costs are eligible for funding provided that the jurisdiction has a Caltrans-approved Indirect Cost Allocation Plan / Indirect Cost Rate Proposal (ICAP/ICRP or equivalent) established. Jurisdictions with an ICAP/ICRP approved by its cognizant agency will submit a copy of the cognizant agency approval, the approved proposal, plan, and other relevant data prior to invoicing for indirect costs. If a jurisdiction does not currently have an approved ICAP/ICRP or equivalent, a flat rate of 40% is eligible for indirect costs.
3. Matching Funds: Measure X funds can be utilized to match grants, loans, programs and pay annual debt service to fund eligible approved bonds for local road maintenance or safety projects as defined Article II Section C.



4. Environmental and Engineering Standards: RECIPIENT shall design projects to meet current standards, and shall include bicycle and pedestrian access whenever possible. RECIPIENT shall thoroughly study projects for environmental impacts and incorporate identified environmental mitigations consistent with applicable environmental law.

#### **Article IV: Reporting Requirements**

##### **A. Requirements and Withholding**

RECIPIENT shall comply with each of the reporting requirements set forth below. If RECIPIENT fails to comply with one or more of these requirements, TAMC may withhold payment of further Measure X funds to RECIPIENT until full compliance is achieved, as described in Article V.

1. RECIPIENT shall complete, at RECIPIENT's expense, a separate independent audit of RECIPIENT's financial statements for the prior fiscal year ended June 30 of Measure X funds received and used. To that end, RECIPIENT shall provide such audit to TAMC by December 31st of each year.
2. RECIPIENT shall, at RECIPIENT'S own expense, and by December 31st of each year, submit to TAMC Annual Program Compliance Reports (covering the prior fiscal year) regarding programs and projects on which RECIPIENT expended Measure X funds.
3. RECIPIENT shall document expenditure activities and report on the performance of Measure X-funded activities through the Annual Program Compliance reporting process, annual audits, the Five-Year Capital Improvement Program Report, the Pavement Management Program Report, the Maintenance of Effort Report, and shall provide any additional information reasonably requested by TAMC.
4. RECIPIENT shall prepare and submit to TAMC a Measure X 5-Year Capital Improvement Program that identifies the eligible transportation projects that are anticipated to be funded with the jurisdiction's share of Local Road Projects funds. RECIPIENT shall update this document on an annual basis no later than August 31, 2017 and December 31st of each year thereafter. A template of the form that RECIPIENT shall use to submit this report is included as Exhibit C.
5. RECIPIENT shall submit annual Pavement Management Program reports no later than December 31st each year on the conditions of RECIPIENT's streets, to ensure timely repairs and keep the public informed. A template of the form that RECIPIENT shall use to submit these reports is included as Exhibit D.
6. RECIPIENT shall certify, no later than August 31, 2017 and December 31st of each year thereafter, in an annual Maintenance of Effort Report verification that these Measure X funds are used to augment and not supplant local resources spent. RECIPIENT shall expend each fiscal year from its general fund for street and highway purposes an amount

not less than the annual average of its expenditures from its general fund during the preceding three fiscal years, as reported to the Controller pursuant to Streets and Highways Code section 2151 (“Maintenance of Effort”). For purposes of this calculation, an average of the prior three (3) years spent for local transportation purposes will be used. Exemptions from this calculation include one-time capital expenses, and expiration of any voter-approved fund sources that were used for local transportation purposes. In the case of expired voter-approved fund sources, the three-year average baseline would be recalculated in the next annual verification period without said expired fund sources. Revenues from a fee imposed or contribution first received by a local jurisdiction on or after January 1, 2016 which are used on or after July 1, 2016, by that local jurisdiction for maintenance or improvement purposes on its streets and highways shall be considered as general fund expenditures for the purposes of compliance with the provisions of this Section in the fiscal year in which such expenditures are made. A template of the form that RECIPIENT shall use to submit these reports is included as Exhibit E.

## **B. Public Outreach**

1. RECIPIENT shall install or mount Measure X signage adjacent to Measure X funded construction projects through completion, where practical and shall reference TAMC, so Monterey County taxpayers are informed as to how RECIPIENT is using Measure X funds. TAMC and RECIPIENT shall mutually approve the design for the Measure X signage to be used by RECIPIENT.
2. RECIPIENT shall provide current and accurate information on RECIPIENT’s website, to inform the public about how RECIPIENT is using Measure X funds.
3. RECIPIENT shall actively participate in TAMC’s public awareness program, developed in collaboration with TAMC, as a means of ensuring that the public has access to the ability to know which projects and programs are funded through Measure X funds.
4. RECIPIENT shall upon reasonable notice and within a reasonable time make its administrative officer or designated staff available to render a report or answer any and all inquiries in regard to RECIPIENT’s receipt, usage, and/or compliance audit findings regarding Measure X funds before the TAMC Board and/or the Measure X Citizens Oversight Committee, as applicable.
5. RECIPIENT agrees that TAMC may review and/or evaluate all project(s) or program(s) funded by Measure X This may include visits by representatives, agents or nominees of TAMC to observe RECIPIENT’s project or program operations, to review project or program data and financial records, and to discuss the project with RECIPIENT’s staff or governing board.

## **Article V: Enforcement**

**A. Verification and Compliance**

1. In addition to RECIPIENT reporting requirements, TAMC may request fiscal data from local jurisdictions as needed to ensure compliance. Each local jurisdiction shall furnish the data to the TAMC not later than 90 days after receiving a request therefor. TAMC may withhold payments to local jurisdictions which do not comply with requests for information or which provide incomplete information.
2. Failure to meet any of the conditions included in this AGREEMENT by the RECIPIENT shall result in the suspension of the distribution of funds to the RECIPIENT. Resumption of funding distribution to the RECIPIENT shall resume only after full repayment for any misuse, and confirmation by TAMC of compliance to each of the conditions in this AGREEMENT. Local Road Projects program funding accrued due to the failure of a city/county to meet the above conditions will be held in trust for up to two (2) years for said jurisdiction, after which the funds will be redistributed to the remaining cities/county in Monterey County per formula. Resumption of funding to the RECIPIENT can occur at any time during the life of Measure X upon compliance with the conditions included in this AGREEMENT and full repayment of any prior misused funds.

**B. Dispute Resolution Process**

1. If at any time either party hereto is considered to have failed to meet any of the conditions included in this AGREEMENT, the parties shall meet and confer in a good faith effort to resolve the matter. Such meet and confer shall occur within thirty (30) days of a notice from one party to the other of non-compliance.
2. If, after meeting and conferring, there is still a dispute as to compliance or non-compliance with a term or condition of the AGREEMENT, TAMC shall refer the matter to the eXcellent Oversight Committee for its review and recommendation. Consistent with the terms of the Ralph M. Brown Act, the eXcellent Oversight Committee meeting may be a special meeting, provided that at least 72 hours prior notice is provided to the public and an agenda is posted. After considering the matter, the eXcellent Oversight Committee may make its recommendation to the parties to resolve the matter.
3. Pending the consideration and possible resolution of the issue by the eXcellent Oversight Committee, TAMC shall withhold future Measure X payments to RECIPIENT under this AGREEMENT, except for allocations required for bond payments, which shall not be withheld.
4. If, after receiving the recommendation from the eXcellent Oversight Committee the parties are still in dispute over compliance or non-compliance of this AGREEMENT, the matter shall be agendized at the next available TAMC Board meeting. Each party may submit up to five (5) pages in support of its position, as part of the agenda package to be submitted for such Board meeting. The decision of the TAMC Board on the dispute shall be final.

5. Resumption of funding distribution to the RECIPIENT can occur at any time during the life of Measure X but shall only occur after full repayment of any unauthorized expenditure(s) of Measure X funds, and confirmation by TAMC of RECIPIENT's compliance with each of the conditions in this AGREEMENT. Repayment of unauthorized expenditures may not be made by future Measure X funds.
6. Local Road Projects program funding accrued due to the failure of a city/county to meet the above conditions will be held in trust for up to two (2) years for said jurisdiction, after which the funds will be redistributed to the remaining cities/county in Monterey County per the formula set for in Art.II.
7. In the event that RECIPIENT's allocations are exempt from suspension because of bond payments, but RECIPIENT continues to fail to comply with the requirements of this AGREEMENT, RECIPIENT and TAMC agree that an action for specific performance is an available remedy.

#### **Article VI: Other Provisions**

##### **A. Indemnity by RECIPIENT**

Neither TAMC, nor its governing body, elected officials, any officer, consultant, agent, or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by RECIPIENT in connection with the Measure X funds distributed to RECIPIENT pursuant to this AGREEMENT or any work or action taken with such funds. Notwithstanding Government Code Section 895.6, it is also understood and agreed, pursuant to Government Code Section 895.4, that RECIPIENT shall fully defend, indemnify and hold harmless TAMC, its governing body, and all its officers, agents, and employees, from any liability imposed on TAMC for injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by RECIPIENT in connection with the Measure X funds distributed to RECIPIENT pursuant to this AGREEMENT or any work or action taken with such funds.

##### **B. Indemnity by TAMC**

Neither RECIPIENT, nor its governing body, elected officials, any officer, consultant, agent, or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by TAMC under or in connection with any work, authority or jurisdiction delegated to TAMC under this Tax Sharing AGREEMENT. Notwithstanding Government Code Section 895.6, it is also understood and agreed, pursuant to Government Code Section 895.4, that TAMC shall fully defend, indemnify, and hold harmless RECIPIENT, and its governing body, elected officials, all its officers, agents, and employees from any liability imposed on RECIPIENT for injury (as defined in Government Code Section 810.8) occurring by

reason of anything done or omitted to be done by TAMC under or in connection with any work, authority or jurisdiction delegated to TAMC under this AGREEMENT.

**C. Jurisdiction and Venue**

The laws of the State of California will govern the validity of this AGREEMENT, its interpretation and performance, and any other claims to which it relates. All legal actions arising out of this AGREEMENT shall be brought in a court of competent jurisdiction in Monterey County, California and the parties hereto hereby waive inconvenience of forum as an objection or defense to such venue.

**D. Term**

The term of this AGREEMENT shall be from July 1, 2017 to June 30, 2047, unless amended in writing or a new Master Programs Funding Agreement is executed between TAMC and RECIPIENT.

**E. Severability**

If any provision of this AGREEMENT is found by a court of competent jurisdiction or, if applicable, an arbitrator, to be unenforceable, such provision shall not affect the other provisions of the AGREEMENT, but such unenforceable provisions shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this AGREEMENT.

**F. Modification**

This AGREEMENT, its Exhibits, as well as the referenced Policies and Project Descriptions and TAMC Ordinance 2016-01, constitutes the entire AGREEMENT, supersedes all prior written or oral understandings regarding Measure X funds (but not project funding agreements). This AGREEMENT may only be changed by a written amendment executed by both parties. Notwithstanding the foregoing, the Policies and Project Descriptions related to Measure X funds may be changed from time to time by TAMC Board action.

**G. Independent Contractor**

Nothing in this AGREEMENT is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, partnership, or allow TAMC to exercise discretion or control over the professional manner by which RECIPIENT designs or constructs projects using Measure X funds. RECIPIENT staff performing work using Measure X funds shall at all times remain employees of RECIPIENT and shall not be deemed employees of TAMC for any purpose. RECIPIENT shall be solely responsible for any and all compensation, payroll taxes, withholdings, workers' compensation and any other insurance or benefits of any kind for any RECIPIENT employee performing work using Measure X funds. Similarly, nothing in this AGREEMENT is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, partnership, or allow RECIPIENT to exercise discretion

or control over the professional manner by which TAMC designs or constructs projects using Measure X funds. TAMC staff performing work using Measure X funds shall at all times remain employees of TAMC and shall not be deemed employees of RECIPIENT for any purpose. TAMC shall be solely responsible for any and all compensation, payroll taxes, withholdings, workers' compensation and any other insurance or benefits of any kind for any TAMC employee performing work using Measure X funds.

**H. Notices**

Notice required under this AGREEMENT shall be delivered personally by facsimile or by first-class postage pre-paid mail to RECIPIENT and TAMCTAMC at the addresses listed below. Notice shall be deemed effective upon personal delivery or facsimile transmission, or on the third day after deposit with the U.S. Postal Service. RECIPIENT and TAMC shall give prompt notice of any change of address, including contact name and title. Unless otherwise changed according to these notice provisions, notices shall be addressed as follows:

**FOR RECIPIENT:**

**Todd Bodem, City Administrator  
1 Sylvan Park  
Sand City, CA 93955**

**FOR TAMC:**

**Debra L. Hale, Executive Director  
55 Plaza Cir. B  
Salinas, CA 93901**

**I. Waiver**

Any waiver of any terms of this AGREEMENT shall be in writing signed by both parties hereto. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this AGREEMENT.

**J. Non-Assignment**

Neither party hereto may assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of the other party.

**K. Headings**

The headings in this AGREEMENT are for convenience only and shall not be used to interpret the terms of this AGREEMENT.

**L. Construction of Agreement**

The parties hereto agree that each party has fully participated in the review and revision of this AGREEMENT and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this AGREEMENT or any amendment to this AGREEMENT.

**[Signatures on next page]**

In Witness Whereof, the parties have executed this AGREEMENT by their duly authorized officers as of the date first written below.

City of Sand City

Transportation Agency for  
Monterey County (TAMC)

By:   
Todd Bodem  
City Administrator

By:   
Debra L. Hale Date  
Executive Director

Approved as to Form and Legality:

Approved as to Form and Legality:

By:   
Jim Heisinger  
City Attorney

By:   
Kathryn Reimann  
TAMC Counsel



**EXHIBIT A**

**MEASURE X LOCAL DISTRIBUTION SUMMARY**

TAMC distributes Measure X funds based on the distribution percentages for net Measure X Revenues specified in the Measure X Investment Plan as shown below. Annual amounts will be updated by TAMC annually without amendments to this agreement.

	<b>Population</b>	<b>Lane Miles</b>	<b>Local Road Projects Fund Percentage</b>
<b>Carmel</b>	3775	60	1.19%
<b>Del Rey Oaks</b>	1648	19	0.44%
<b>Gonzales</b>	8296	19	1.22%
<b>Greenfield</b>	16729	44	2.54%
<b>King City</b>	13073	56	2.25%
<b>Marina</b>	20073	129	3.99%
<b>Monterey</b>	28252	235	6.29%
<b>Pacific Grove</b>	15268	129	3.42%
<b>Salinas</b>	153215	578	25.38%
<b>Sand City</b>	338	10	0.16%
<b>Seaside</b>	33312	177	6.16%
<b>Soledad</b>	25430	39	3.50%
<b>County</b>	102085	2512	43.46%

**EXHIBIT B**

**ANNUAL PROGRAM COMPLIANCE REPORT**

**ANNUAL PROGRAM COMPLIANCE REPORT**

The Annual Program Compliance Report should, at a minimum, describe the efforts of the local jurisdiction to comply with the policies of Measure X over the reporting period. The report should include a narrative of how the jurisdiction spent Measure X funds on local projects including the project title; brief description; discussion of the project benefits; and before and after pictures. A balance sheet should also be included with the report detailing the receipt and expenditure of Measure X funds, as shown in the example below.

**CITY/COUNTY OF XXX - YEAR 20XX BALANCE SHEET EXAMPLE**

<b>REVENUES</b>	
Carryover from Previous Year	
Measure X Revenues	
Earning on Interest	
<b>TOTAL REVENUES:</b>	
<b>EXPENDITURES</b>	
(Listing of Program Expenditures)	
<b>TOTAL EXPENDITURES:</b>	
<b>FUND BALANCE, END OF PERIOD:</b>	

As attachments to the Annual Program Compliance Report, the jurisdiction should include the following additional reports:

- ATTACHMENT 1: Independent Audit of Financial Statements for Measure X Funds, Prior Fiscal Year
- ATTACHMENT 2: Five-Year Capital Improvement Program
- ATTACHMENT 3: Pavement Management Program Report
- ATTACHMENT 4: Maintenance of Effort Report

EXHIBIT C

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

**CITY / COUNTY of XXX  
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM  
FOR YEARS 20XX – 20XX**

**YEAR 1**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Totals:</b>				

**YEAR 2**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Totals:</b>				

**YEAR 3**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Totals:</b>				

**YEAR 4**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Totals:</b>				

**YEAR 5**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Totals:</b>				

**DEFINITIONS OF REQUESTED INFORMATION:**

1. Project: The title of the project to receive Measure X funding.
2. Description & Phase: A general description of the project and the phase (e.g. Environmental; Design; Right-of-Way; or Construction) that will be funded in the given year.
3. Total Cost: The total cost of the project.
4. Measure X: The amount of Measure X funding that will be expended on the project.
5. PCI: The Pavement Condition Index for the roadway, from the local jurisdiction's Pavement Management Program.

**EXHIBIT D**

**PAVEMENT MANAGEMENT PROGRAM REPORT**

## **PAVEMENT MANAGEMENT PROGRAM REQUIREMENTS**

The approved ordinance for the Transportation Safety & Investment Plan (Measure X) outlines the requirements for the use of local road maintenance, pothole repair and safety funds. It includes a requirement for each jurisdiction to have a pavement management program. "Each city and the County of Monterey shall develop, or participate in the development of by TAMC, a pavement management program. They shall submit regular reports on the conditions of their streets, to ensure timely repairs and keep the public informed. Development of the pavement management program by TAMC is eligible to be funded out of this program prior to distribution of funds to the cities and the County."

**SYSTEM REQUIREMENTS:** In order to receive Measure X funds, the cities and the County shall utilize a pavement management program (PMP) and submit regular reports on the conditions of their streets, to ensure timely repairs and keep the public informed. The pavement management program should utilize an approved software-based tool for analyzing pavement conditions and reports findings on rehabilitation/maintenance strategies based on funding levels. The pavement management program used by the jurisdiction must contain, at a minimum, the following features:

- Store the inventory all roadways within a jurisdiction (in a compatible database with other jurisdictions).
- Assess the condition of the roadways (based on seven distresses and three severity levels).
- Provide the current Pavement Condition Index (PCI) for the roadways (as per ASTM D6433)
- Identify all pavement sections needing maintenance, rehabilitation, or replacement.
- Calculate budget needs for maintenance, rehabilitation or replacement of deficient pavement sections (for the current year and the next three years at various overall condition levels).
- Develop maintenance strategies for the most cost effective level of maintenance or repair appropriate at the time of the inspection.
- Generate pavement management program reports (in various formats).

All jurisdictions must implement and maintain an approved Pavement Management Program ("StreetSaver" or equivalent). The "StreetSaver" Pavement Management Program developed by Metropolitan Transportation Commission (MTC) is the most utilized program in the Bay Area and would be an excellent program for this region as well. The use of the "StreetSaver" Pavement Management Program is recommended (but not required) since it would allow good compatibility between local jurisdictions and also provide regional benefits. Jurisdictions may elect to use an alternative pavement management program provided it meets the above listed minimum requirements and receives written approval from TAMC.

The Agency will assist with the development of an overall pavement management implementation plan for this region with the participation and coordination of all the cities and the county. The Agency recommends the development of a regional system to benefit from a coordinated system. The regional system would be developed collaboratively between local jurisdictions. In order to have a regional database, it is recommended that all agencies utilize a

common pavement management program. This would allow compilation of information on a regional basis. It would also create opportunities for interagency coordination and to guide regional transportation investments and planning.

**UPDATE REQUIREMENTS:** The jurisdictions must complete the following updates:

- Review and update the pavement information for all roads every two years.
- Pavement conditions must be re-inspected every three years for arterials and collectors.
- Pavement conditions must be re-inspected every six years for residential streets and local/rural roads, unless otherwise approved by TAMC. Pavement condition surveys may be done by either automated or manual inspections, and may be done either individually or in conjunction with another agency. A percentage of the network can be scheduled each year so that the entire network is updated on a regular cycle.

**REPORT REQUIREMENTS:** All jurisdictions shall submit an annual Pavement Management Program Report Letter to TAMC no later than December 31 of each year the Measure X tax is in effect using the approved report letter format. It shall include all the highlighted information and shall be on local agency letterhead (see attached template).

All jurisdictions shall also participate in the biennial pavement needs survey conducted for the California Statewide Local Streets and Roads Needs Assessment and provide the requested roadway data for their jurisdiction.



**Pavement Management Program Annual Report Letter Template (April 2017)**

**Instructions:**

- Please use Local Agency Letterhead
- Text highlighted in yellow needs to be completed. Remove highlighting in final version.

Date: [Enter current DATE]

To: Todd Muck  
Deputy Executive Director  
Transportation Agency for Monterey County  
55-B Plaza Circle  
Salinas, CA 93901

Re: Pavement Management Program Annual Report Letter

The [City/County/of XYZ] confirms that it has a Pavement Management Program that conforms to the criteria established by the Transportation Agency for Monterey County and included in the Measure X Agreement with the Local Agency. An approved Pavement Management Program must be in place to be eligible for Measure X funds.

The Pavement Management Program utilizes a software system developed by:

[ ] Metropolitan Transportation Commission StreetSaver, [fill in version]  
[ ] Other [Fill in name of system] [fill in version]

The system was updated by [enter consultant name] and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction:

Centerline miles: [fill in miles]  
Total lane miles (or equivalent units): [fill in miles]  
The last update of the inventory was completed on: [date of inspection]

- Pavement Condition Index (PCI) [fill in PCI]
- Identification of sections of pavement needing maintenance, rehabilitation, or replacement.

Total lane miles (or equivalent units) [fill in miles]

- Estimated budget needs to rehabilitate or replace deficient sections for the current year and the next three years:

[\$ enter dollar amount] (Unconstrained Needs)

You may direct any questions regarding the system to [contact person's name] at [phone number and consultant firm if not listing a city employee].

Sincerely,

[Signature]

[Name of City Administrator, Public Works Director or equivalent department head]

EXHIBIT E

MAINTENANCE OF EFFORT REPORT

**CITY / COUNTY of XXX  
THREE-YEAR MAINTENANCE OF EFFORT REPORT  
FOR YEARS 20XX – 20XX**

**Year 1**

<b>Fund Source</b>	<b>Amount</b>	<b>Year</b>
<b>Total Expended on Transportation</b>		

**Year 2**

<b>Fund Source</b>	<b>Amount</b>	<b>Year</b>
<b>Total Expended on Transportation</b>		

**Year 3**

<b>Fund Source</b>	<b>Amount</b>	<b>Year</b>
<b>Total Expended on Transportation</b>		

**Three-Year Average of Transportation Expenditures:**

\$ \_\_\_\_\_

I, the undersigned, certify that the above information is true and correct to the best of my knowledge.

**[Signature]**


**[Name of City Administrator, Public Works Director or equivalent department head]**

# **AGENDA ITEM**

**8A**

# MEMO



**To:** Honorable Mayor and City Council Members  
**From:** Aaron Blair, City Manager   
**Date:** December 17, 2019  
**Re:** Review of Sand City Audit Reports FY 2018-2019

---

## **BACKGROUND:**

On November 19th the Budget and Personnel Committee received a presentation from the City auditors Hayashi and Wayland. After the presentation there was a short discussion of the audit results, and some of the issues that need to be corrected. I do not foresee any significant challenges related to the internal changes that need to be made going forward. Overall, there are several key takeaways from the audit listed below;

- The assets of the City exceeded its liabilities at year end (June 30, 2019) by \$28 million. However, \$12 million is a net investment in capital assets, and \$10 million is a noncurrent receivable due from the Successor Agency.
- The total net position increased by \$624,000.
- The assets and liabilities include \$543,000 due to TAMC (Monterey Bay Shores).
- The governmental funds reported a combined year end fund balance of \$18 million, 10 million of which is a noncurrent receivable.
- The net change in fund balances was an increase of \$1.3 million.

Additional information will be shared during the auditor's presentation including highlights of the City's assets and liabilities and overall financial position. They will also provide information on how the City's current position compares to the financial position in past years. The auditors will be available for questions from the Council and the public after their presentation. The audit and a preview of their presentation are attached.

## **FINANCIAL IMPACT:**

There is no financial impact associated with approving a resolution accepting the audit statements and the auditor's report.

## **RECOMMENDATION:**

Staff recommends that the City Council approve the attached resolution accepting the City's audited financial statements for the Fiscal year ending June 30, 2019 and the Independent Auditor's Report.



**HAYASHI | WAYLAND**

**Audit Presentation**

**City of Sand City**

**June 30, 2019**

# 2019 AUDIT

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## AUDIT OBJECTIVES

- **Opinion on whether the financial statements of the City of Sand City are reasonably stated in accordance with generally accepted accounting principles.**

## AUDITORS' REPORT

### Unmodified Opinion

- **The financial statements, in all material respects, are fairly presented in accordance with accounting principles generally accepted in the United States.**



# IMPORTANT BOARD COMMUNICATIONS

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- **Significant accounting policies-AU-C 260**
- **No significant or unusual transactions**
- **Accounting estimates are reasonable**
- **No issues discussed prior to our retention as auditors**
- **No disagreements with management or consultations with other accountants**
- **No uncorrected misstatements**
- **No significant difficulties encountered in performing the audit**
- **Communication of material weakness**





## FINANCIAL HIGHLIGHTS

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- **The assets of the City of Sand City exceeded its liabilities at the close of the year ended June 30, 2019 by \$28 million. However, \$12 million is a net investment in capital assets, and \$10 million is a noncurrent receivable due from the Successor Agency.**
- **The City of Sand City's total net position increased by \$624,000.**





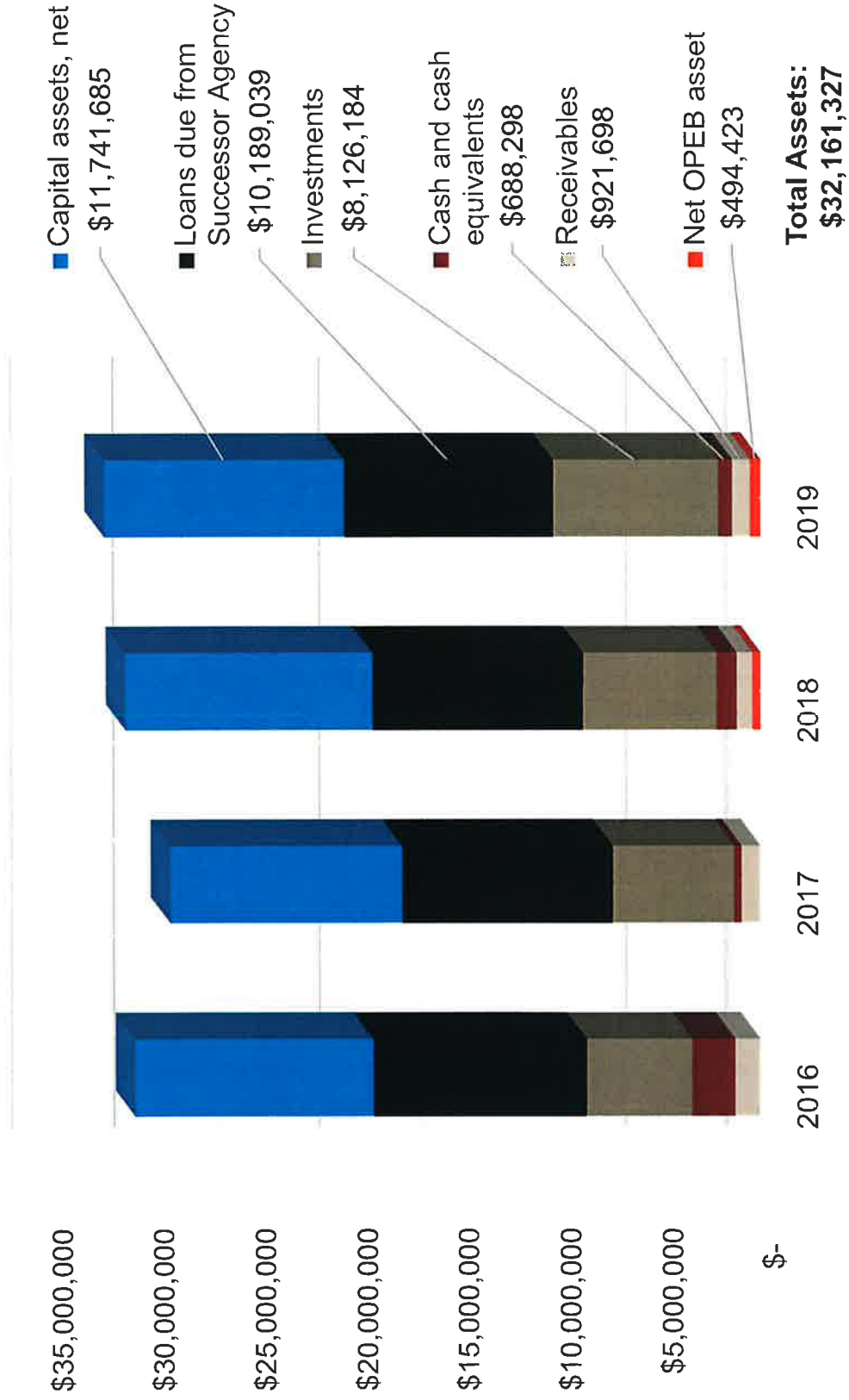
**HAYASHI | WAYLAND**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENT HIGHLIGHTS**

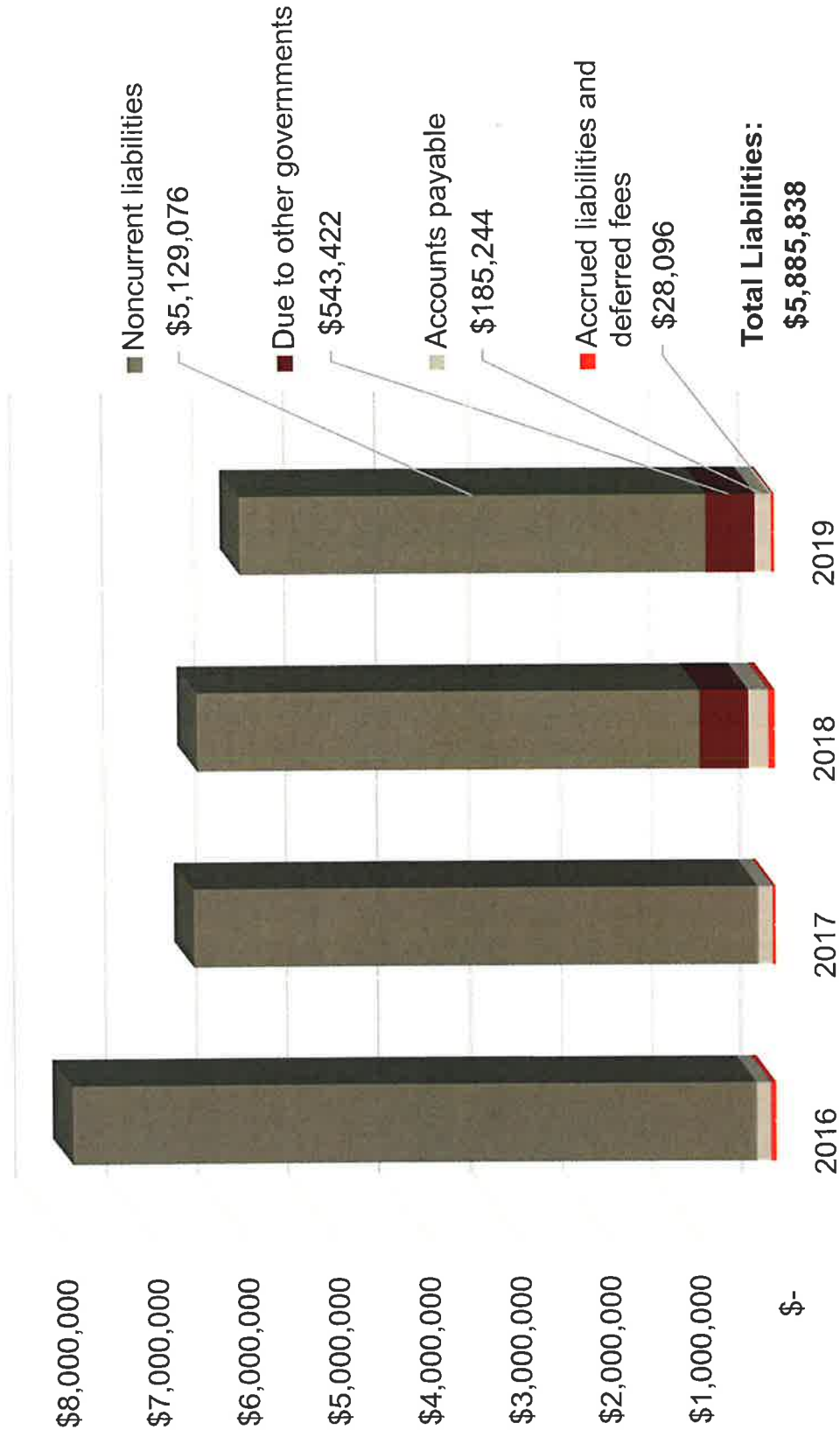
# STATEMENT OF NET POSITION

ASSETS AS OF JUNE 30<sup>th</sup>



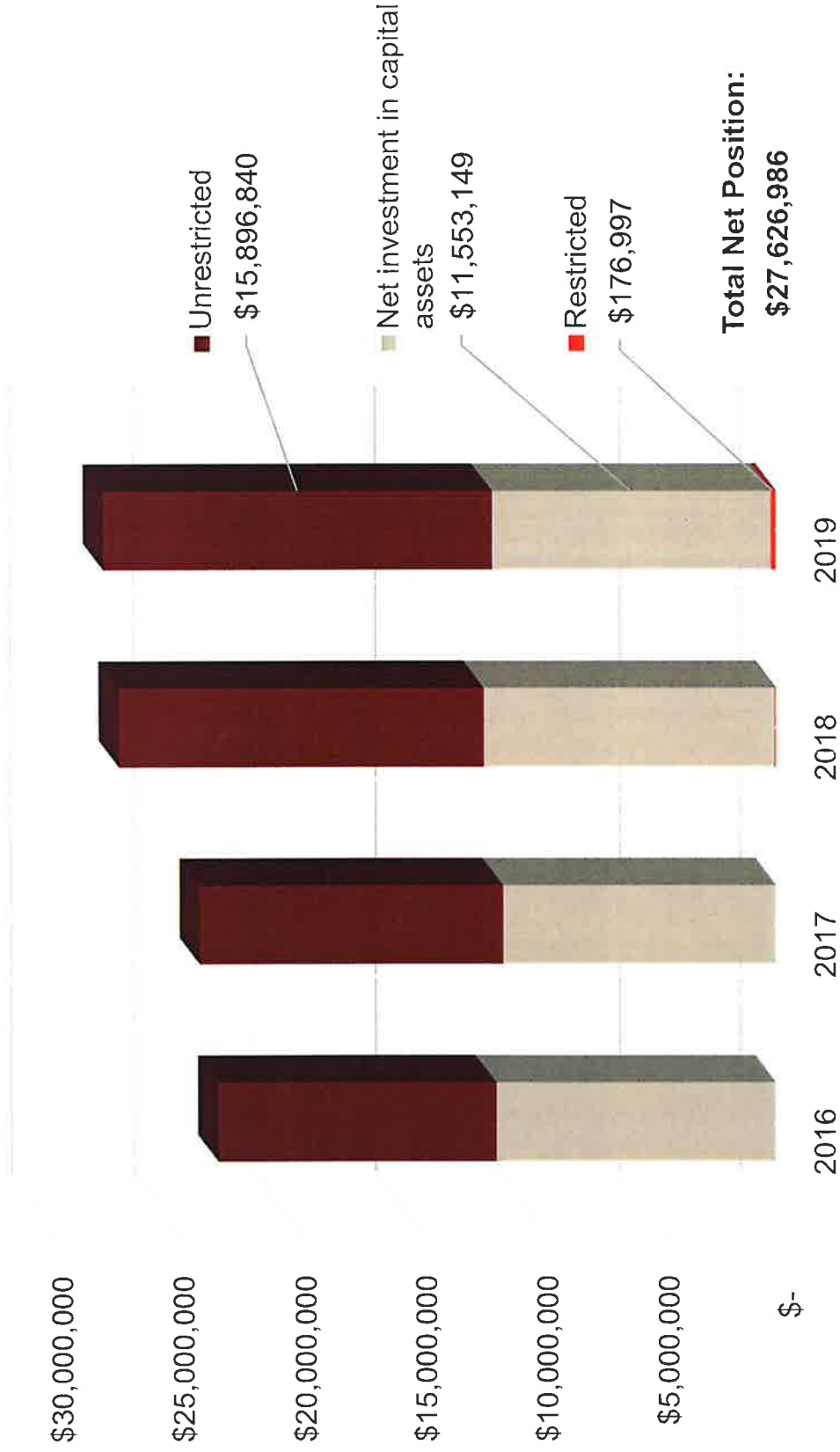
# STATEMENT OF NET POSITION

## LIABILITIES AS OF JUNE 30<sup>th</sup>



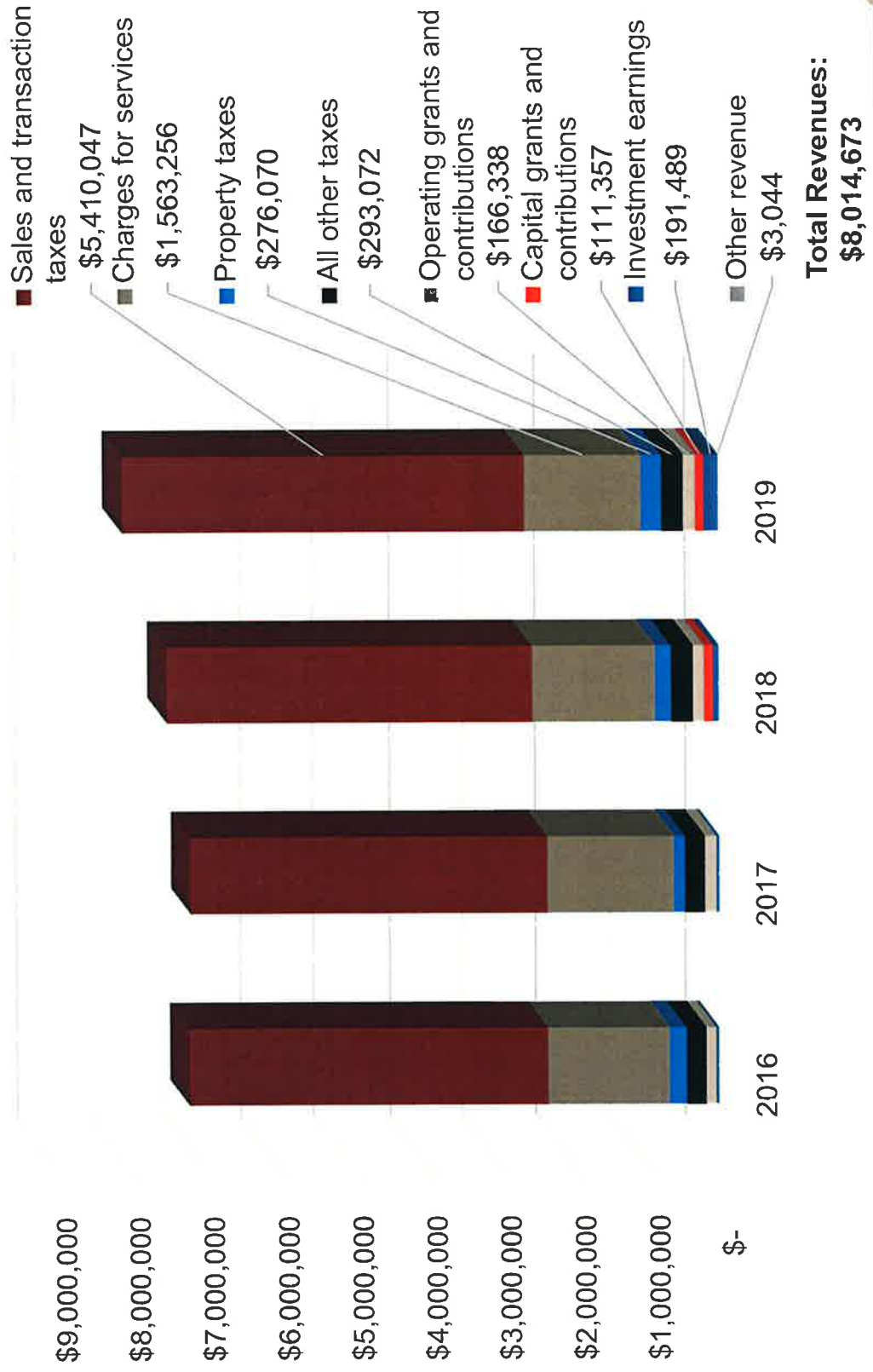
# STATEMENT OF NET POSITION

NET POSITION AS OF JUNE 30<sup>th</sup>



# STATEMENT OF ACTIVITIES

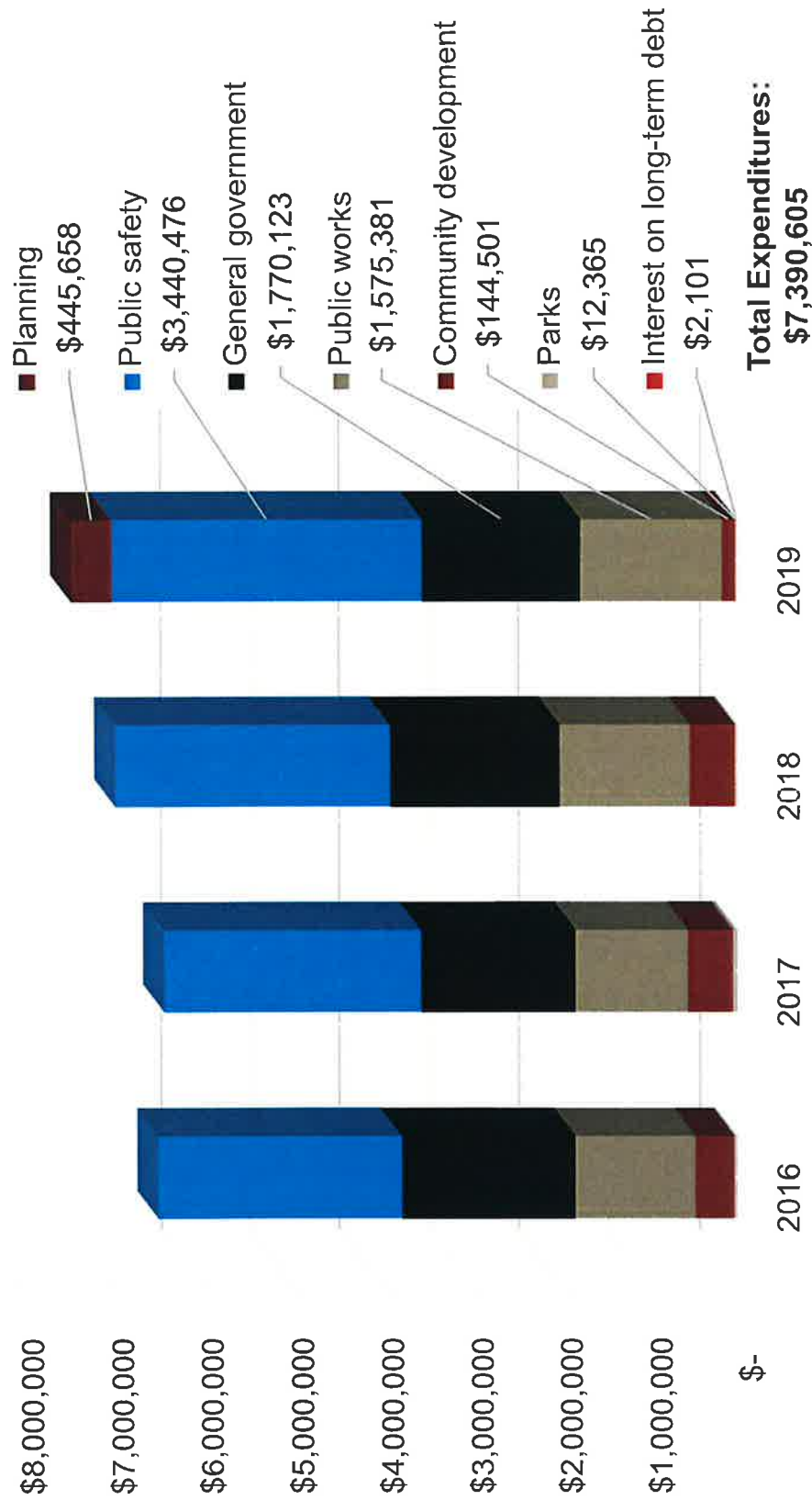
## REVENUES FROM GOVERNMENTAL AND GENERAL ACTIVITIES FOR THE YEARS ENDED JUNE 30<sup>th</sup>





# STATEMENT OF ACTIVITIES

## EXPENDITURES FROM GOVERNMENTAL ACTIVITIES FOR THE YEARS ENDED JUNE 30<sup>th</sup>



## FINDING

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**CONDITION:** During our audit, we noted numerous schedules/subsidiary ledgers that were not properly reconciled that led to misstatements in the general ledger.

**CRITERIA:** Internal controls should be in place that provide reasonable assurance that schedules / subsidiary ledgers are properly reconciled.

**CAUSE:** The City of Sand City does not have a formal month-end closing process that reconciles supporting schedules to the general ledger.



## FINDING

**EFFECT:** Lack of proper reconciliation led to ten adjusting journal entries, some of which had a material effect on the financial statements. Substantially all of the entries were to correct bookkeeping errors or to make accruals and other adjustments that should have been made by the City staff prior to the audit. We believe that a proper review as part of the monthly closing procedures would have prevented the need for adjusting entries.

**RECOMMENDATION:** We recommend that the City institute a monthly closing process that includes reconciliation of all balance sheet accounts to the relevant supporting schedules.



## CORRECTIVE ACTION PLAN

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**CORRECTIVE ACTION PLAN: Staff is working on a monthly, quarterly, mid-year, and fiscal year closing process to ensure the general ledger is correct, and has been reconciled to the subsidiary ledgers and schedules.**





HAYASHI | WAYLAND

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# QUESTIONS?

# AGENDA ITEM

8A (1)

**CITY OF SAND CITY  
RESOLUTION SC \_\_\_\_\_, 2019**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY ACCEPTING  
THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019  
AND INDEPENDENT AUDITOR'S REPORT**

**WHEREAS**, the City of Sand City has completed financial transactions for the fiscal year ending June 30, 2019; and

**WHEREAS**, prudent financial management, along with State and Federal regulations, dictate that an independent financial audit be conducted on the City's yearly financial transactions; and

**WHEREAS**, the City of Sand City has contracted with the accounting firm of Hayashi & Wayland for accounting/audit services; and

**WHEREAS**, Hayashi & Wayland have the necessary qualifications and have full access to all City/Successor Agency financial records to conduct an audit of the City's finances for this year; and

**WHEREAS**, Hayashi & Wayland have worked with City staff in auditing the financial records of the City for fiscal year ended June 30, 2019; and

**WHEREAS**, in the Auditor's opinion, the enclosed financial statements do present fairly, in all material respects the financial position of the City of Sand City as of June 30, 2019, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America; and

**WHEREAS**, it is noted in these Statements that the City of Sand City has been following the provisions of Governmental Accounting Standards Board (GASB) Statements that pertain to local governments, and these audited financial statements were prepared in compliance with these new accounting standards; and

**WHEREAS**, on November 19, 2019, the Auditors and Budget Committee reviewed with City staff the attached financial statements for fiscal year ending June 30, 2019 and the Budget Committee is recommending acceptance of the documents by the full City Council.

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

1. That the attached financial statements are hereby accepted.
2. That City staff are authorized to use this final audit as the City's financial record for the fiscal year ended June 30, 2019.
3. That City staff will implement a closing procedure.

**PASSED AND ADOPTED**, at a regular meeting of the City Council of the City of Sand City, this \_\_\_\_, day of December, 2019 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

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Mary Ann Carbone, Mayor

ATTEST:

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Linda K. Scholink, City Clerk

**CITY OF SAND CITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2019**  
**AND INDEPENDENT AUDITORS' REPORT**

**CITY OF SAND CITY**

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CITY OF SAND CITY

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**CITY OF SAND CITY**

June 30, 2019

**Members of the City Council**

<b><u>Name</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Mary Ann Carbone	Mayor	November, 2020
Jerry Blackwelder	Vice Mayor	November, 2022
Elizabeth Sofer	Council Member	November, 2022
Gregory Hawthorne	Council Member	November, 2020
Kim Cruz	Council Member	November, 2020

**City Staff**

<b><u>Name</u></b>	<b><u>Office</u></b>
Fred Meurer	Interim City Manager
Brian Ferrante	Chief of Police
Linda Scholink	Administrative Services Director
Vibeke Norgaard	City Attorney



## HAYASHI | WAYLAND

### INDEPENDENT AUDITORS' REPORT

**The Honorable Mayor and City Council  
City of Sand City  
Sand City, California**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Sand City**, as of and for the year ended June 30, 2019, 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***

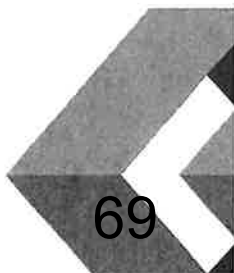
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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, each major fund, and the aggregate remaining fund information of the **City of Sand City** as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Budgetary Comparison Schedule on pages 46, the Schedule of Proportionate Share of the Net Pension Liability on page 48, the Schedule of Contributions – Pension on page 49, the Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios on page 50, and the Schedule of Contributions – OPEB on page 51 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the **City of Sand City'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 solely 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 the effectiveness of the **City of Sand City's** 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 the **City of Sand City's** internal control over financial reporting and compliance.

December 5, 2019

*Hayashi Wayland, LLP*

**CITY OF SAND CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2019**

The discussion and analysis of the City of Sand City's financial performance provides an overview and analysis of the City's financial activities for the year ended June 30, 2019. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Sand City exceeded its liabilities at the close of the year ended June 30, 2019 by \$28 million. However, \$12 million is a net investment in capital assets, and \$10 million is a noncurrent receivable due from the Successor Agency.
- The City of Sand City's total net position increased by \$624,000.
- The assets and liabilities include \$543,000 that is due to TAMC in regards to a development project.
- At the close of the year ended June 30, 2019, the City of Sand City's governmental funds reported combined ending fund balances of \$18 million, \$10 million of which is a noncurrent receivable. The net change in fund balances was an increase of \$1.3 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serves as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base, and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Government-wide Financial Statements (Continued)

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide financial statements include all the governmental activities of the City. The governmental activities of the City include public safety, streets, parks, planning, community development and general administration. The City does not operate any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City can be divided into two categories, governmental funds and fiduciary funds:

*Governmental Funds* – The focus of governmental funds is narrower than that of government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

*Fiduciary Funds* – These funds are used to account for resources held for the benefit of parties outside the government. It is in these funds that the City accounts for the former assets and liabilities of the Redevelopment Agency that were transferred to a Successor Agency. Fiduciary funds are not included in the government-wide statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The City maintains two individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other governmental fund is presented as other governmental funds.

The fund financial statements can be found on pages 14 to 19 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 45 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's net position increased by \$624,000 in fiscal year 2018–2019 from fiscal year 2017–2018. The City's net investment in assets of \$12 million is used to provide services to citizens; consequently, these assets are not available for future spending. Another \$10 million is a noncurrent receivable leaving approximately \$6 million available for operations.

### Summary of Net Position (Rounded to the nearest \$1,000) For the Year Ended June 30

	2019	2018	Change
Current and other assets	\$ 20,419,000	\$ 19,039,000	\$ 1,380,000
Capital assets	11,742,000	12,096,000	(354,000)
Total assets	<u>32,161,000</u>	<u>31,135,000</u>	<u>1,026,000</u>
Deferred outflows of resources	1,817,000	2,480,000	(663,000)
Current and other liabilities	757,000	839,000	(82,000)
Long-term liabilities	5,129,000	5,533,000	(404,000)
Total liabilities	<u>5,886,000</u>	<u>6,372,000</u>	<u>(486,000)</u>
Deferred inflows of resources	465,000	240,000	225,000
Net Investment in capital assets	11,553,000	12,040,000	(487,000)
Restricted for:			
Streets/roads	66,000	29,000	37,000
Beach access repair	111,000	-	111,000
Unrestricted	15,897,000	14,934,000	963,000
Total net position	<u>\$ 27,627,000</u>	<u>\$ 27,003,000</u>	<u>\$ 624,000</u>

Current assets increased due mainly to an increase in investments as revenue exceeded expenditures.

Capital assets and net investment in capital assets decreased due to depreciation of \$691,000 offset by net capital additions of \$194,000.

Deferred outflow of resources decreased due to a decrease in deferred PERS contributions.

Current and other liabilities decreased due to a decrease in accounts payable.

Long-term liabilities decreased due to a decrease in the pension liability.

The increase in deferred inflows of resources is due to a change in the deferred pension adjustments.

The increase in unrestricted is due to the change in net position and the decrease of net investment in capital assets.

The increase in restricted for Streets/Roads is due to Measure X funds. The restricted for beach access repair is a new grant from FEMA.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Change in Net Position (Rounded to the nearest \$1,000)  
For the Year Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,563,000	\$ 1,651,000	\$ (88,000)
Operating grants and contributions	166,000	156,000	10,000
Capital grants and contributions	111,000	116,000	(5,000)
General revenues:			
Property taxes	276,000	216,000	60,000
Sales and transaction taxes	5,410,000	4,912,000	498,000
Other taxes	293,000	294,000	(1,000)
Investment earnings	191,000	74,000	117,000
Gain/loss on sale of assets	3,000	-	3,000
<b>Total revenues</b>	<u>8,013,000</u>	<u>7,419,000</u>	<u>594,000</u>
Expenses:			
General government	1,770,000	1,785,000	(15,000)
Public safety	3,440,000	3,050,000	390,000
Public works	1,575,000	1,449,000	126,000
Planning	446,000	493,000	(47,000)
Community development	144,000	113,000	31,000
Parks	12,000	15,000	(3,000)
Interest on long-term debt	2,000	3,000	(1,000)
<b>Total expenses</b>	<u>7,389,000</u>	<u>6,908,000</u>	<u>481,000</u>
Transfer of land from Successor Agency	-	831,000	(831,000)
<b>Change in net position</b>	<u>624,000</u>	<u>1,342,000</u>	<u>(718,000)</u>
Net position, beginning of year, as restated	<u>27,003,000</u>	<u>25,661,000</u>	<u>1,342,000</u>
<b>Net position, end of year</b>	<u>\$ 27,627,000</u>	<u>\$ 27,003,000</u>	<u>\$ 624,000</u>

The decrease in charges for services is due to a decrease in planning fees.

The increase in operating grants is due to an increase in the CLEEP grant.

The increase in property taxes is due to an increase in property values.

The increase in sales and transactions taxes is due to an increase in sales within the City.

The increase in investment earnings is due to an increase in both the balance in investments and the rate of return.

The decrease in general government and planning is due to not funding OPEB costs in the 2018/2019 fiscal year, offset by increases to salaries and benefits.



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The increase in public safety is due to an increase in salaries and benefits.

The increase in public works is due to an increase in contract services and salaries and benefits.

The increase in community development is due to an increase in the art events and repairs and maintenance.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – At June 30, 2019, the City's net investment in capital assets amounted to \$11.7 million, (net of accumulated depreciation) a net decrease of \$353,000 over the prior year due to depreciation offset by the purchase of equipment. Capital assets included land, land improvements, infrastructure, buildings, equipment, vehicles, furniture and fixtures and construction in progress.

**Debt Administration** – At June 30, 2019, the City had \$5 million in long-term debt. Net change to debt during the year was a decrease of \$432,000 due to the decrease of the pension obligation.

## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported a total fund balance of \$18.3 million. This fund balance includes a noncurrent receivable of \$10 million. The General Fund has an unassigned fund balance of \$7.6 million.

During the current fiscal year, the fund balance of the City's General Fund increased \$1.3.

## **FUND BUDGETARY HIGHLIGHTS**

**General Fund** – The original budgeted revenues were decreased by \$8,000 due to a decrease of licenses and permits and an increase in revenue from other agencies. The actual revenues were over budget by \$226,000 due to sales and transaction taxes being more than budgeted.

The original budgeted expenditures were decreased by \$1.5 million due to decreases in capital outlay. The actual expenditures were under budget by \$883,000 due to being under budget in all activities but capital outlay and community development.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Assessed values in Sand City began to actively recover from the recession in 2014-15 and the growth in taxable values has continued to improve. Since the last year of value loss in 2013-14, assessed values have grown by \$101.5 million (42.5%). Because of the fact that the entire City is located within the former redevelopment project the additional revenue from this growth is directed through the RPTTF.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)**

For 2018-19, values increased by \$68.3 million (25.17%). Of the reported growth, \$59.5 million was due to the change of ownership of a vacant parcel. SBG Evariste, LLC purchased a parcel for the development of the future Monterey Bay Shores Eco Resort. Growth in residential properties added \$5 million and industrial values grew by \$1.35 million. Transfers of ownership accounts for a majority of the value increases. There were four parcels that experienced a decrease in value from last year resulting in a decrease of \$1.3 million from the roll.

The City of Sand City experienced a net taxable value increase of 4.5% for the 2019-20 tax roll, which was modestly less than the increase experienced countywide at 6.8%. The assessed value increase between 2018/19 and 2019/20 was \$15.2 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$4.7 million, which accounted for 31% of all growth experienced in the city. New construction and transfers of ownership accounts for the majority of the remaining growth.

The Budget for fiscal year 2019/20 is anticipating an increase in revenues over the 2018/19 budget. Some of the factors for the anticipated increase in revenue are due to expectations of additional sales/use tax, transaction tax, and an expected increase in fees under the planning department due to the South of Tioga project. There is also an increase projected in the Grant funding.

There are expected increases in expenditures for Fiscal year 2019/20 over the fiscal year 2018/19. Those increases are primarily due to the increase in the attorney's budget for legal services, the planning department due to the South of Tioga project, the police department due partially to the increased cost in the City's liability and workers comp insurance and the new NGEN radios. The public works department had an increase to the workers comp costs and the addition of the Sediment removal for the storm drains at the shopping center that is done every three years. There were overall slight increases to the salaries and PERS retirement costs in each department.

The Vibrancy Plan has been completed and adopted by the City Council as a "study". The goal of the Sand City Vibrancy Plan is to continue to recreate the West End as a vibrant pedestrian friendly destination.

The "Orosco Group", developer for the South of Tioga project, is intended to be completed in three (3) phases. The hotel development will be situated on 2.18 acres within the Project area and expected to include 216 guest rooms. The development plans will also provide hotel parking, recreational facilities, meeting and dining room, kitchen, office, laundry, and other facilities to serve hotel guests. A portion of the hotel development is anticipated to operate as an extended stay hotel, with 135 guest rooms allocated for extended stay purposes. The Hotel received a conditional use and coastal developments permits in November of 2019. There are two multi-family residential developments planned for the Project area. The residential component will include 356 units (scaled down from 420 units) and includes 52 units to be classified as affordable housing. One of the residential developments is situated on 1.78 acres and will include up to 125 residential units. The current development plan is that approximately 50% of the residential units within the Residential 1 building will be developed as "for sale" condominium properties and the other 50% of the residential units will be developed as rental properties. The Residential 2 development is situated on 3.70 acres and will include up to 231 residential units. Residential 2 developments will include a parking garage, recreational facilities, meeting room, and office and storage areas. This segment completed architectural review in April of 2019 and waits for a public hearing before the City Council. The current residential plan development 2 anticipates that all of the residential units will be developed as rental properties, with forty-six (46) of these being affordable units. Once this project is completed this will more than double the population of Sand City.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)**

Phase 1 consists of the public improvements; to include the completion of new public streets and rights of way, utility and infrastructure installation, and preparation of development pads on each of the Vested Tentative Maps (VTM) newly created parcels. Phase 2 consists of one (1) hotel, which was originally proposed as two (2) hotels with hotel parking. Phase 3 consists of two multi-family residential developments. Phase 1 will be completed by the applicant, anticipated to take place in 2020. Phase 2 is projected to be complete in 2020-2021, with the residential project following as Phase 3 in either thereafter. This project will add additional property tax revenue currently projected over \$300,000 annually, transient occupancy tax projected over \$1,000,000 annually once completed, and sales/use tax bringing in approximately \$225,000 annually to the City coffers.

The Collections at Monterey Bay (King Ventures) continues to work with the California Coastal Commission staff on removal cleanup of the debris fronting the entire development site, emergency vehicle access, and setback/reconfiguration of Tioga. The Final EIR was approved by the City in December of 2013. The City approved the coastal development permit was appealed to the Coastal Commission, where the project developer has been working with the Commission staff. No date has yet been set for a hearing with the Coastal Commission. This project originally proposed 340 hotel rooms comprised of studios, 1 & 2 bedroom suites on approximately 26 + Acres. The first phase included 105-room vacation club units. The second phase, (which could be included with the first phase depending on market conditions) was proposed to be 235 room resort and conference center. This is subject to and likely to change by the Coastal Commission.

The Monterey Bay Shores Eco-Resort (MBSR) project had a ground breaking ceremony in February of 2018. This project is a City beachfront hotel-resort with spectacular views and is touted as the model of environmental sensitivity by a developer. This is a mixed use resort, celebrating the existing historic dunes and natural marine environment, and will improve and restore the ecosystem functionally, bio-diversity, and community. The MBSR is a 368 unit upscale resort consisting of 184 rooms' hotel, spa, conference facilities, 92 condominium hotel units and 92 residential condominiums. Once construction is completed, the MBSR will provide an estimated 250 permanent jobs. There was some preliminary grading done in 2018 and the commencement of the water line extension was completed in 2019. Expectations are this project will begin construction in 2021 or some time thereafter.

Other projects being worked on in Sand City include the Sand City Water Supply Project (SCWSP) Phase 1 New Intake Wells. This project involves the construction of up to six new intake wells and associated infrastructure in phases to support operation of the City's reverse-osmosis desalination plant (RO plant). Phase 1 includes the construction of 3 new intake wells that will draw brackish water from the subsurface aquifer and will be used in conjunction with the existing four intake wells to provide a water quantity and quality sufficient to support the RO plant operation. The City is currently working on an agreement with Cal-Am Water that will outline the costs and the time line to complete this project.

The City of Sand City received Proposition 1 grant funding from the State Water Resources Control Board to provide technical assistance for the design of a water resource project that provides benefit in the areas of water quality, water supply, and community benefit. The technical assistance team, in conjunction with the City, has developed design plans involving the re-construction of Contra Costa Street and Catalina Street in Sand City to incorporate a mix of grey/green and Low Impact Development (LID) infrastructure to reduce flooding, improvement water quality, and enhance the community. The City will also pursue the Phase 2 Prop 1 grant funding for construction of Contra Costa Street. A presentation was made in September of 2019 to the Water Resources Board for IRWM funding to construct the Catalina Street segment.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)**

The Coastal Access Repair Project - West Bay Street involves the repair of an observation platform, wooden boardwalks, and storm drainage infrastructure that was damaged during the winter storms of January and February 2017. The City applied for and received funding from FEMA and CalOES for the project and anticipates construction of the project in late 2019.

The overall picture and projections for the City of Sand City are looking very bright. The City has a New City Manager who started in October of 2019 and the City has staff that understands the City Council and continues to work together through the many challenges that appear on a daily basis, with successful outcomes.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sand City, 1 Pendergrass Way, Sand City, California 93955.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SAND CITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**ASSETS**

Cash and cash equivalents	\$ 688,298
Investments	8,126,184
Receivables	86,641
Receivables from other governments	835,057
Loans due from Successor Agency	10,189,039
Net OPEB asset	494,423
Capital assets, net:	
Nondepreciable	2,180,928
Depreciable	<u>9,560,757</u>
Total assets	<u>32,161,327</u>

**DEFERRED OUTFLOWS OF RESOURCES**

PERS contributions	690,964
Deferred pension adjustments	1,047,037
OPEB contributions	<u>78,451</u>
Total deferred outflows of resources	<u>1,816,452</u>

**LIABILITIES**

Accounts payable	185,244
Due to other governments	543,422
Accrued liabilities	21,893
Deferred revenue	6,203
Noncurrent liabilities:	
Due within one year	120,979
Due in more than one year	<u>5,008,097</u>
Total liabilities	<u>5,885,838</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred pension adjustments	396,501
Deferred OPEB adjustments	<u>68,454</u>
Total deferred inflows of resources	<u>464,955</u>

**NET POSITION**

Net investment in capital assets	11,553,149
Restricted for:	
Streets and roads	65,640
Beach access repair	111,357
Unrestricted	<u>15,896,840</u>
Total net position	<u>\$ 27,626,986</u>

See Notes to the Basic Financial Statements.

**CITY OF SAND CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities:					
General government	\$ 1,770,123	\$ 1,462,477	\$ 12,500	\$ -	\$ (295,146)
Public safety	3,440,476	8,519	152,838	-	(3,279,119)
Public works	1,575,381	7,619	-	111,357	(1,456,405)
Planning	445,658	33,348	-	-	(412,310)
Community development	144,501	51,293	1,000	-	(92,208)
Parks	12,365	-	-	-	(12,365)
Interest on long-term debt	2,101	-	-	-	(2,101)
Total governmental activities	<u>\$ 7,390,605</u>	<u>\$ 1,563,256</u>	<u>\$ 166,338</u>	<u>\$ 111,357</u>	<u>(5,549,654)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					276,070
Sales tax					2,885,338
Transaction tax					2,524,709
Utility user's tax					148,068
Franchise taxes					94,986
Gas taxes					13,385
Road maintenance and rehabilitation Measure X					7,093
Investment earnings					29,540
Gain/loss on sale of assets					191,489
Total general revenues					<u>3,044</u>
Total general revenues					<u>6,173,722</u>
CHANGE IN NET POSITION					624,068
NET POSITION, BEGINNING OF YEAR					<u>27,002,918</u>
NET POSITION, END OF YEAR					<u>\$ 27,626,986</u>

See Notes to the Basic Financial Statements.

**CITY OF SAND CITY**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 624,555	\$ 63,743	\$ 688,298
Investments	8,126,184	-	8,126,184
Receivables	86,641	-	86,641
Receivables from other governments	833,160	1,897	835,057
Loans due from Successor Agency	<u>10,189,039</u>	<u>-</u>	<u>10,189,039</u>
Total assets	<u>19,859,579</u>	<u>65,640</u>	<u>19,925,219</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	185,244	-	185,244
Due to other governments	543,422	-	543,422
Accrued liabilities	<u>21,893</u>	<u>-</u>	<u>21,893</u>
Total liabilities	<u>750,559</u>	<u>-</u>	<u>750,559</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred revenue	9,672	-	9,672
Deferred interest on Successor Agency loans	<u>774,766</u>	<u>-</u>	<u>774,766</u>
Total deferred inflows of resources	<u>784,438</u>	<u>-</u>	<u>784,438</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable – Noncurrent receivable	10,189,039	-	10,189,039
Restricted:			
Street and roads	-	65,640	65,640
Beach access repair	111,357	-	111,357
Committed:			
Tioga beach	120,000	-	120,000
OPEB Funding	142,434	-	142,434
Contracts	210,422	-	210,422
Unassigned	<u>7,551,330</u>	<u>-</u>	<u>7,551,330</u>
Total fund balances	<u>18,324,582</u>	<u>65,640</u>	<u>18,390,222</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,859,579</u>	<u>\$ 65,640</u>	<u>\$ 19,925,219</u>

See Notes to the Basic Financial Statements.



**CITY OF SAND CITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>FUND BALANCES – TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 18,390,222</b>
 Amounts reported 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	11,741,685
Amounts paid to the trust for other post-employment benefits in excess of the required contributions, the net OPEB asset, are not financial resources and therefore are not reported in the funds.	494,423
Other assets are not available to pay for the current period expenditures and therefore are deferred in the funds.	778,235
Deferred outflows and inflows of resources associated with net pension and OPEB are not financial resources and therefore are not reported in the funds:	
Deferred outflows	1,816,452
Deferred inflows	(464,955)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(5,129,076)</u>
<b>NET POSITION</b>	<b><u>\$ 27,626,986</u></b>

See Notes to the Basic Financial Statements.

**CITY OF SAND CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES:</b>			
Property taxes	\$ 276,070	\$ —	\$ 276,070
Sales tax	2,885,338	—	2,885,338
Transaction tax	2,524,709	—	2,524,709
Utility user's tax	148,068	—	148,068
Franchise taxes	94,986	—	94,986
Business licenses	487,302	—	487,302
Licenses and permits	31,819	—	31,819
Fines, forfeits and penalties	4,052	1,020	5,072
Charges for current services	82,679	—	82,679
Revenue from other agencies	268,904	50,018	318,922
Investment earnings	191,489	—	191,489
Rental income	867,109	—	867,109
Other revenue	<u>102,066</u>	<u>—</u>	<u>102,066</u>
<b>Total revenues</b>	<u>7,964,591</u>	<u>51,038</u>	<u>8,015,629</u>
<b>EXPENDITURES:</b>			
Current:			
General government	1,685,556	—	1,685,556
Public safety	3,218,060	—	3,218,060
Public works	971,268	—	971,268
Planning	429,597	—	429,597
Community development	144,501	—	144,501
Parks	11,550	—	11,550
Debt service:			
Principal	16,165	—	16,165
Interest and other charges	2,101	—	2,101
Capital outlay	<u>338,286</u>	<u>—</u>	<u>338,286</u>
<b>Total expenditures</b>	<u>6,817,084</u>	<u>—</u>	<u>6,817,084</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,147,507</u>	<u>51,038</u>	<u>1,198,545</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	14,555	—	14,555
Transfers out	—	(14,555)	(14,555)
Proceeds from financing	<u>148,033</u>	<u>—</u>	<u>148,033</u>
<b>Total other financing sources (uses)</b>	<u>162,588</u>	<u>(14,555)</u>	<u>148,033</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,310,095	36,483	1,346,578
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>17,014,487</u>	<u>29,157</u>	<u>17,043,644</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 18,324,582</u>	<u>\$ 65,640</u>	<u>\$ 18,390,222</u>

See Notes to the Basic Financial Statements.

**CITY OF SAND CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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NET CHANGE IN FUND BALANCES	\$ 1,346,578
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Amounts reported in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Capital outlay	338,286
Current year depreciation	(691,229)
Loss on disposal of asset	(956)

Proceeds from financing provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(148,033)
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, it has no effect on net assets. In the current period the amount is: Principal payments on long-term debt	16,165
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: Compensated absences	(13,874)
Current year OPEB cost difference	(136,580)
Current year pension cost difference	<u>(86,289)</u>

CHANGE IN NET POSITION	<u>\$ 624,068</u>
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See Notes to the Basic Financial Statements.

**CITY OF SAND CITY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**ASSETS:**

Cash and cash equivalents	\$ 1,345,664
Investments	1,283,273
Capital assets, net:	
Nondepreciable	1,127,500
Depreciable	<u>941</u>
Total assets	<u>3,757,378</u>

**LIABILITIES:**

Developer fees received in advance	1,455,000
Noncurrent liabilities:	
Due within one year	485,000
Due in more than one year	<u>14,679,039</u>
Total liabilities	<u>16,619,039</u>

**DEFERRED INFLOWS OF RESOURCES –**

Deferred ROPS revenue	<u>1,072,242</u>
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**NET POSITION –**

Enforceable obligations	<u>(13,933,903)</u>
Total net position (deficit)	<u>\$ (13,933,903)</u>

See Notes to the Basic Financial Statements.

**CITY OF SAND CITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**ADDITIONS:**

Property taxes	\$ 1,117,455
Interest income	<u>47,423</u>
Total additions	<u>1,164,878</u>

**DEDUCTIONS:**

Administrative expenses	54,589
Legal expenses	19,000
Contract services	25,400
Interest expense	282,134
Seaside settlement	364,522
Depreciation	<u>1,614</u>
Total deductions	<u>747,259</u>

NET INCREASE

417,619

NET POSITION, (DEFICIT) BEGINNING OF THE YEAR

(14,351,522)

NET POSITION, (DEFICIT) END OF THE YEAR

\$ (13,933,903)

See Notes to the Basic Financial Statements.

**CITY OF SAND CITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – The City defines its financial reporting entity in accordance with the provisions of the Governmental Accounting Standards Board. A component unit is a legally separate organization for which the primary government is financially accountable or closely related. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on the City. The City has no component units.

The City of Sand City (the City), California, was incorporated as a general law city on May 31, 1960. On November 2, 1992, the citizens passed a measure to establish Sand City as a Charter City. The City operates under a city council – manager form of government and provides a wide range of municipal services.

**Basis of Presentation and Accounting** – The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

*Measurement Focus and Basis of Accounting* – The government-wide and fiduciary fund 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 have been met.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue 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 recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Ad valorem, franchise and sales tax revenues are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with the prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports the following major governmental fund –

*General Fund*, accounts for the City's primary services (Public Safety, Public Works, Parks, etc.) and is the primary operating unit of the City.

Additionally, the City reports the following fund type –

*Fiduciary Funds* include the Successor Agency. This fund was established as a result of the dissolution of the Redevelopment Agency and is used to account for assets held by the City in a trustee capacity.

**Fair Value** – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments are level one.

**Cash, Cash Equivalents and Investments** – The City follows the practice of pooling cash and investments of all funds. Investments of the pooled cash consist of deposits with the Local Agency Investment Fund and are accounted for at fair market value. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash of each fund. The City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables and Deferred Inflows of Resources** – Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within 60 days subsequent to year end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred inflows on the Balance Sheet consist of property taxes and grants.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2019, the allowance was estimated to be zero.

**Capital Assets** – Property, facilities, equipment and infrastructure purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at acquisition value at the time received. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment; \$25,000 for facilities and improvements, \$150,000 for infrastructure and all land, and an estimated useful life in excess of one year.

Property, facilities, equipment and infrastructure is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 Years
Improvements	5–20 Years
Equipment	5–10 Years
Vehicles	8 Years
Furniture and Fixtures	10 Years
Infrastructure	20–50 Years

**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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Compensated Absences** – Unused paid time off (PTO) which includes vacation, sick, and comp time may be accumulated up to 800 hours and is paid at the time of termination from City employment. Hours accumulated over the 800 hours are paid out as compensation at the end of each calendar year. PTO is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Interfund Activity** – During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as “due to/from other funds.” Eliminations have been made on the government-wide statements for amounts due to/from within the governmental funds.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the current period.

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 financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Pensions** – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits (OPEB)** – For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**Net Position** – The Statement of Net Position presents the City’s assets and deferred outflows of resources, and liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- *Restricted* results when constraints placed on net positions use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

**Fund Balances** – Fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund.

The City reports the following classifications:

- *Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as long term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
- *Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking some type of action (passage of a resolution). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.
- *Assigned* – Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by (a) the City Administrator or (b) the City Council. The City Council has the authority to remove or change the assignment of the funds with a simple majority vote.
- *Unassigned* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Tax Levy, Collection and Maximum Rates** – State of California (State) Constitution Article 13 provides for a maximum general property tax rate statewide of \$1 per \$100 of assessed value. Assessed value is calculated at 100% of market value as defined by the above referenced Article 13. The State Legislature has determined the method of distribution of receipts from \$1 tax levy among counties, cities, schools and other districts. Counties, cities and school districts may levy such additional tax rates as necessary to provide for voter approved debt service.

The County of Monterey assesses properties, bills for and collects property taxes, as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	January 1	January 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “Unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within sixty days of year-end. No allowance is provided for delinquent taxes as the lien is considered an enforceable legal obligation.

**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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** – Subsequent events have been evaluated through December 5, 2019, which is the date the financial statements were available to be issued.

**Effects of New Pronouncements** – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements in this Statement were effective for reporting periods beginning after June 15, 2018. The implementation of this statement had no impact on the accompanying financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement were effective for reporting periods beginning after June 15, 2018. The implementation of this statement had no impact on the accompanying financial statements.

**NOTE 2. DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk-Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City has a deposit policy that complies with California Government Code Section commencing at 53630 (Public Deposits). As of June 30, 2019, \$738,575 of the City’s bank balances of \$988,575 was exposed to custodial credit risk as uninsured, but it’s collateralized by the pledging bank’s trust department not in the City’s name.

**Investments** – The City’s investments consist of the State Treasurer’s Local Agency Investment Fund and certificates of deposit held with a local financial institution. All investments are recorded at fair value. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. The investment of state pooled funds is governed by State law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as Fannie Mae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a “satisfactory” CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The City’s fair value of the position in the pool is the same as the value of the pool shares. Investments at June 30, 2019 consisted of the following:

Local Agency Investment Fund	\$ 6,915,250
Certificates of Deposit	<u>1,210,934</u>
Total	<u>\$ 8,126,184</u>

As of June 30, 2019, all of the City’s investments had a maturity of less than one year.

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2019 for the City's individual major funds and nonmajor fund in the aggregate, are as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:			
Accounts	\$ 47,697	\$ -	\$ 47,697
Interest	38,944	-	38,944
Total	<u>\$ 86,641</u>	<u>\$ -</u>	<u>\$ 86,641</u>
Other Governments:			
Property taxes	\$ 3,469	\$ -	\$ 3,469
Sales tax	428,634	-	428,634
Transaction tax	383,330	-	383,330
Gas tax	-	1,897	1,897
Grants	17,727	-	17,727
Total	<u>\$ 833,160</u>	<u>\$ 1,897</u>	<u>\$ 835,057</u>

**NOTE 4. LOANS DUE FROM SUCCESSOR AGENCY**

The Redevelopment Agency (the Agency) received loans from the City to pay its share of administrative expenses, to make payments on non-tax incremental borrowings and to reimburse the City for payments made on Certificates of Participation. Upon dissolution of the Agency, these loans became the obligation of the Successor Agency. In addition, the City elected to be the Housing Successor Agency of the former Agency and in doing so, they will receive the funds borrowed by the Agency's Debt Service Fund from the Housing Fund to make the SERAF payments. Balances as of June 30, 2019 are as follows:

Operating Expenses	\$ 3,626,058
Costco/Seaside Agreements	4,650,000
COP Reimbursement	1,454,766
SERAF Receivable	<u>458,215</u>
Total	<u>\$ 10,189,039</u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance 6/30/18	Additions and Transfers	Deletions and Transfers	Balance 6/30/19
Capital assets not being depreciated:				
Land	\$ 1,837,194	\$ -	\$ -	\$ 1,837,194
Construction in progress	267,558	76,176	-	343,734
Total capital assets not being depreciated	<u>2,104,752</u>	<u>76,176</u>	<u>-</u>	<u>2,180,928</u>
Capital assets being depreciated:				
Infrastructure	5,209,014	-	-	5,209,014
Land improvements	441,563	-	-	441,563
Equipment	2,450,038	262,110	134,296	2,577,852
Vehicles	577,164	-	9,875	567,289
Buildings	8,538,775	-	-	8,538,775
Furniture and fixtures	114,514	-	-	114,514
Total capital assets being depreciated	<u>17,331,068</u>	<u>262,110</u>	<u>144,171</u>	<u>17,449,007</u>
Less accumulated depreciation for:				
Infrastructure	2,475,761	140,435	-	2,616,196
Land improvements	367,264	25,110	-	392,374
Equipment	2,053,251	246,010	133,340	2,165,921
Vehicles	404,064	69,025	9,875	463,214
Buildings	1,925,382	210,649	-	2,136,031
Furniture and fixtures	114,514	-	-	114,514
Total accumulated depreciation	<u>7,340,236</u>	<u>691,229</u>	<u>143,215</u>	<u>7,888,250</u>
Total capital assets being depreciated – net	<u>9,990,832</u>	<u>(429,119)</u>	<u>956</u>	<u>9,560,757</u>
Capital assets – net	<u>\$ 12,095,584</u>	<u>\$ (352,943)</u>	<u>\$ 956</u>	<u>\$ 11,741,685</u>

Depreciation expense for the year ending June 30, 2019 was charged to functions/programs of the primary government as follows:

General government	\$ 35,574
Public safety	74,550
Public works	580,290
Parks	<u>815</u>
Total depreciation expense	<u>\$ 691,229</u>

**NOTE 6. LONG-TERM LIABILITIES**

**Capital Leases** – The City has the following noncancelable capital lease agreements with financial institutions to finance the acquisition of capital assets. The leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term and therefore has been recorded at the present value of future minimum lease payments at the date of the inception of the leases as follows:

**Street Sweeper** – The asset under the lease totals \$95,561 with accumulated depreciation of \$67,593 at June 30, 2019. Principal and interest payments of \$1,522 with interest at 4.26% are to be made monthly beginning October 6, 2015 and continuing until October 6, 2021.

**Police Radios** – The assets under the lease total \$148,033 with accumulated depreciation of \$14,803 at June 30, 2019. Principal and interest payments at \$34,520 with interest at 5.22% are to be made annually beginning August 15, 2019 and continue until August 15, 2023.

Annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 43,473	\$ 9,311	\$ 52,784
2021	45,628	7,156	52,784
2022	35,562	5,047	40,609
2023	31,105	3,415	34,520
2024	32,768	1,752	34,520
<b>Total</b>	<b>\$ 188,536</b>	<b>\$ 26,681</b>	<b>\$ 215,217</b>

General long-term liability balances and transactions for the fiscal year ended June 30, 2019 are as follows:

	<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/19</u>	<u>Due Within One Year</u>
Capital Lease:					
Street sweeper	\$ 56,668	\$ -	\$ 16,165	\$ 40,503	\$ 16,868
Police radios	-	148,033	-	148,033	26,605
Subtotal capital leases	56,668	148,033	16,165	188,536	43,473
Other liabilities:					
Compensated absences	593,724	13,874	-	607,598	77,506
Net pension liability	4,882,751	456,645	1,006,454	4,332,942	-
<b>Total</b>	<b>\$5,533,143</b>	<b>\$ 618,552</b>	<b>\$1,022,619</b>	<b>\$5,129,076</b>	<b>\$ 120,979</b>

In prior years, the General Fund has been used to liquidate compensated absences.

**NOTE 7. INTERFUND ACTIVITY**

Transfers between funds during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 14,555	\$ -
Special revenue fund	<u>-</u>	<u>14,555</u>
Total	<u>\$ 14,555</u>	<u>\$ 14,555</u>

Transfers were made for expenditures covered by Gas Tax and Traffic Safety monies.

**NOTE 8. PENSION PLAN**

**General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides 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: Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

<u>Hire date</u>	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2% @55, 3% @ 60	2 @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2% - 2.7%	1.0% - 2.5%
Required employee contribution rates	7% and 8%	6.25%
Required employer contribution rates	9.409% and 13.439%	6.842%



**NOTE 8. PENSION PLAN (Continued)**

<u>Hire date</u>	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2% @ 50, 3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	11.5%
Required employer contribution rates	18.867% and 16.704%	12.141%

**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 both Plans 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.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions	\$ 602,399	\$ 404,505

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2019, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,383,530
Safety	<u>1,949,412</u>
<b>Total Net Pension Liability</b>	<b><u>\$ 4,332,942</u></b>

**NOTE 8. PENSION PLAN (Continued)**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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 plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2018 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2018	0.07161%	0.03447%
Proportion – June 30, 2019	0.06325%	0.03322%
Change - Increase (Decrease)	(0.00837)%	(0.00125)%

For the year ended June 30, 2019, the City recognized pension expense of \$777,253. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 133,338	\$ 31,279
Change of Assumptions	463,001	92,402
Difference between Projected and Actual Investment Earnings	24,983	-
Change in Employer's Proportion	114,967	272,820
Differences between Employer's Contributions and Proportionate Share of Contributions	310,748	-
Pension Contributions Made Subsequent to Measurement Date	<u>690,964</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,738,001</u></b>	<b><u>\$ 396,501</u></b>

\$690,964 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 outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2020	\$ 482,589
2021	\$ 304,280
2022	\$ (101,394)
2023	\$ (34,941)

**NOTE 8. PENSION PLAN (Continued)**

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

	<u>Miscellaneous/Safety</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds (1)
Post Retirement Benefit Increase	Contract Cola up to 2.50% Until Purchasing Power Protection Allowance Floor On Purchasing Power applies 2.50% thereafter

(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 percent scale MP 2016.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS website.

**Change of Assumption** – In 2018, demographic assumptions and the inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes to the discount rate.

**Discount Rate** –The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**NOTE 8. PENSION PLAN (Continued)**

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 pension fund cash flows. Using historical returns of all of 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1%	(0)%	(.92)%
Total	<u>100%</u>		

- (a) An expected inflation of 2.0% used for this period.  
 (b) An expected inflation of 2.92% used for this period.

**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 for each Plan, calculated using the discount rate for each 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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease Net Pension Liability	6.15% \$ 3,763,373	6.15% \$ 3,315,090
Current Discount Rate Net Pension Liability	7.15% \$ 2,383,530	7.15% \$ 1,949,412
1% Increase Net Pension Liability	8.15% \$ 1,244,492	8.15% \$ 830,484

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 9. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, through the California Public Employee's Retirement System (CalPERS) 457 Deferred Compensation Program. All employees of the City are eligible for the plan. Participation in the plan is optional. The funds of the plan are invested by the City, through CalPERS, as directed by and on behalf of the employees in various investment options.

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description** – The City contracts with the Public Employees Retirement System (PERS) under the PERS Care Health Plan to provide benefits of the Meyer-Geddes State Employees' Medical and Hospital Care Act per Government Code Section 22850. The Plan provides employees and option members (City Council members and City Attorney) who retire directly from the City under CalPERS continuation of medical insurance benefits for them, one dependent and surviving spouse. The Plan can be amended by action of the City Council on passing a resolution. The City pays premium up to the PEMHCA Other Northern California PERS Care single party non-Medicare and Medicare eligible premiums at 100% for retirees and 50% for dependents and surviving spouse. For the fiscal year 2019, the non-Medicare premium was \$946 and the Medicare eligible was \$395. Retirees pay blended medical premiums rather than expected medical costs by age and gender and active premiums subsidize non-Medicare eligible retiree medical costs as implied subsidies.

**Employees Covered** – As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	22
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to, but not yet receiving benefits	<u>3</u>
Total	<u>32</u>

**Contributions** – The obligations of the Plan members and the City are established by action of the City Council pursuant to the passing of a resolution. The annual contribution is based on the actuarially determined contribution, which is paid to the California Employer's Retiree Benefit Trust Program (CERBT). Cash subsidy and implied subsidy benefit payments and PEMCHA administrative fees are currently paid with City assets on a pay-as-you-go basis and are not reimbursed by CERBT. For the fiscal year ended June 30, 2019, the City's pay-as-you-go payments were \$62,000 and the estimated implied subsidy was \$4,453 resulting in total payments of \$66,453 and contributions to CERBT were \$250,000 for a total contribution of \$316,453.

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Net OPEB Liability/(Asset)** – The City’s net OPEB liability/(Asset) was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability/(Asset) was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	3.00% annually
Investment Rate of Return	6.75%
Mortality Rate (1)	Derived using CalPERS’ Membership Data for all funds
Pre-Retirement Turnover(1)	Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	7.50% decreasing to 4.00%

**Notes:**

- (1) Information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real Rate of return</u>
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
REITs	8%	3.76%
Commodities	3%	0.84%
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Changes in the Net OPEB Liability/ (Asset)** – The changes in the net OPEB liability/(Asset) for the Plan are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability/(Asset)</u>
<b>Balance at June 30, 2017</b>	\$ 2,443,000	\$ 2,822,000	\$ (379,000)
<i>Changes recognized for measurement period:</i>			
Service cost	241,203	–	241,203
Interest	178,950	–	178,950
Difference between expected and actual experience	–	–	–
Changes of assumptions	–	–	–
Contributions - employer	–	316,453	(316,453)
Net investment income	–	224,625	(224,625)
Benefit payments (outside trust)	(66,192)	(66,192)	–
Administrative expense	–	(5,502)	5,502
<b>Net Changes</b>	<u>\$ 353,961</u>	<u>\$ 469,384</u>	<u>\$ (115,423)</u>
<b>Balance at June 30, 2018</b>	<u>\$ 2,796,961</u>	<u>\$ 3,291,384</u>	<u>\$ (494,423)</u>

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate** – The following presents the net OPEB liability/(Asset) of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB Liability/ (Asset)	\$(118,386)	\$(494,423)	\$(805,966)

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates** – The following presents the net OPEB liability/(Asset) of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability/ (Asset)	\$(880,640)	\$(494,423)	\$(17,802)

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**OPEB Plan Fiduciary Net Position** – CERBT issues a publicly available financial report that may be obtained from California Employer’s Retiree Benefit Trust Program at the CalPERS website.

**Recognition of Deferred Outflows and Deferred Inflows of Resources** – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and Actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.7 years at June 30, 2018)

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB** – For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$215,484. As of fiscal-year ended June 30, 2019, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
OPEB contributions subsequent to measurement date	\$ 78,451	\$ –
Net difference between projected and actual earnings on OPEB plan investments	<u>–</u>	<u>68,454</u>
Total	<u>\$ 78,451</u>	<u>\$ 68,454</u>

The \$78,451 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) Of Resources</u>
2020	\$ (19,863)
2021	\$ (19,863)
2022	\$ (21,863)
2023	\$ (6,865)



**NOTE 11. JOINTLY GOVERNED ORGANIZATIONS**

The City participates on the Boards of Community Human Services, a joint powers agency, Monterey Regional Waste Management District, the Monterey Peninsula Water Management District, Monterey Regional Water Pollution Control Agency, Monterey Peninsula Regional Water Authority, Monterey One Water, Association of Monterey Bay Area Governments, Transportation Agency for Monterey County, Fort Ord Reuse Authority, Seaside/Sand City Chamber of Commerce, the Monterey Peninsula Chamber of Commerce, League of California Cities, Monterey County Convention and Visitor's Bureau, Monterey County Business Council, Monterey County Mayor's Association, and Monterey Bay Area Self Insurance Authority. The Boards of these entities are comprised of representatives from local municipalities, districts, and unincorporated areas. The City made various disbursements to the organizations in the amount of \$473,732 for the fiscal year ended June 30, 2019.

**NOTE 12. RISK FINANCING**

The City is exposed to various risks of loss related to torts, thefts, damage to, or destruction of assets; errors and omissions; injuries to workers; and natural disasters. These risks are covered by a combination of commercial insurance purchased from independent third parties and participation in the Monterey Bay Area Self Insurance Authority (MBASIA), which is a public entity risk pool. There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

MBASIA was formed under a joint powers agreement (JPA) pursuant to California Government Code Section 6500 et seq. effective July 1, 1982. MBASIA is administered by a Board of Directors consisting of thirteen members appointed by the cities participating. The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by member cities beyond their representation on the Board. Each member city pays a premium commensurate with the amount of predicted losses and shares surpluses and deficits proportionate to their participation in the JPA.

**NOTE 13. OPERATING LEASES**

On October 30, 2009, the City and California-American Water Company (CAW) entered into an Amended and Restated Lease Agreement whereby CAW leases and operates the desalination facility plant. CAW will hold the leased property for a term of thirty (30) years. At June 30, 2019, leased property carried at cost is as follows:

Building	\$ 8,065,207
Equipment	<u>1,835,430</u>
	9,900,637
Less: Accumulated depreciation	<u>3,655,641</u>
Net property under operating lease	<u>\$ 6,244,996</u>

The depreciation expense relating to the facility was \$385,173 for the year ended June 30, 2019.

**NOTE 13. OPERATING LEASES (Continued)**

On May 15, 2007, the City and T-Mobile entered into a Site Lease Agreement for certain premises of the property located at 1 Pendergrass Way, Sand City, California. The term of the lease started on the first day of December 2007 and continued for 60 months, expiring on November 30, 2012 with the right to renew the lease for up to 5 additional 60-month periods. The current renewal period is until November 30, 2022. On January 25, 2013, the City was notified that T-Mobile entered into an agreement with an affiliate of Crown Castle International Corp. to control and operate the site.

The minimum future rentals under these leases as of June 30, 2019 are as follows:

<u>June 30</u>	<u>CAW</u>	<u>Crown Castle</u>	<u>Total</u>
2020	\$ 850,000	\$ 16,571	\$ 866,571
2021	850,000	16,571	866,571
2022	850,000	16,571	866,571
2023	-	-	-
Thereafter	<u>105,000</u>	<u>-</u>	<u>105,000</u>
Total	<u>\$ 2,655,000</u>	<u>\$ 49,713</u>	<u>\$ 2,704,713</u>

Rental revenue recognized for the year ended June 30, 2019 was \$867,109.

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

In the fiscal year ending June 30, 2019, the City has various service and project contracts totaling \$640,750, of which \$210,423 on contract commitments still remained as of June 30, 2019.

**NOTE 15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Sand City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On October 18, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number SC-11-104. Accordingly, the City established the Successor Agency Trust fund, a private-purpose trust fund, which is a fiduciary type fund.

Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution. In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the 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.

**NOTE 15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

Following are disclosures specific to the Successor Agency Trust Funds:

**NOTE A. DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy that complies with California Government Code Section commencing with 53630 (Public Deposits). As of June 30, 2019, \$1,114,181 of the Fiduciary Fund's bank balance of \$1,364,181 was exposed to custodial credit risk as uninsured, but was collateralized by the pledging bank's trust department not in the City's name. All cash held by the Fiduciary Fund must be used to repay enforceable obligations.

**Investments** – The Fiduciary Fund investments consist of money market funds and certificates of deposit held with various financial institutions. All investments are recorded at fair value. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. Investments at June 30, 2019 consisted of the following:

Money Market Funds	\$ 225,045
Certificates of Deposit	<u>1,058,228</u>
Total	<u>\$ 1,283,273</u>

As of June 30, 2019, all of the Fiduciary Fund's investments had a maturity of less than one year.

**NOTE B. CAPITAL ASSETS**

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Capital assets not being depreciated –				
Land	\$ 1,127,500	\$ –	\$ –	\$ 1,127,500
Total capital asset not being depreciated	<u>1,127,500</u>	<u>–</u>	<u>–</u>	<u>1,127,500</u>
Capital assets being depreciated:				
Land improvements	182,631	–	–	182,631
Sculpture	40,217	–	–	40,217
Total capital assets being depreciated	<u>222,848</u>	<u>–</u>	<u>–</u>	<u>222,848</u>
Less accumulated depreciation for:				
Land improvements	180,076	1,614	–	181,690
Sculpture	40,217	–	–	40,217
Total accumulated depreciation	<u>220,293</u>	<u>1,614</u>	<u>–</u>	<u>221,907</u>
Total capital assets being depreciated - net	<u>2,555</u>	<u>(1,614)</u>	<u>–</u>	<u>941</u>
Capital assets-net	<u>\$ 1,130,055</u>	<u>\$ (1,614)</u>	<u>\$ –</u>	<u>\$ 1,128,441</u>

**NOTE 15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**

**NOTE C. DEVELOPER FEES RECEIVED IN ADVANCE**

The former Redevelopment Agency entered into a Disposition and Development Agreement (DDA) with a developer that required the developer to pay certain negotiation fees. In the event that the DDA is terminated by either party, the DDA requires a portion of the fees in the amount of \$1,455,000 be refunded to the developer. The fees subject to refund will not be earned until the property connected with the DDA is conveyed to the developer, at which time the fees will be recognized as revenue.

**NOTE D. LONG-TERM DEBT**

*Taxable Tax Allocation Bonds, 2008 Series B* – Taxable Tax Allocation Bonds, 2008 Series B in the amount of \$2,135,000 were issued January 30, 2008 at a discount of \$50,916, to help finance redevelopment activities within and for the benefit of the Sand City Redevelopment Project. The Bonds consist of Term Bonds as follows: \$465,000 at a 4.75% interest rate, due November 1, 2013, \$720,000 at a 5.50% interest rate, due November 1, 2018 and \$950,000 at a 5.75% interest rate, due November 1, 2023. Interest on the Bonds is payable semi-annually on each May 1 and November 1, commencing May 1, 2008. All Bonds are subject to mandatory redemption, in part by lot, from sinking account payments scheduled to begin November 1, 2010 and ending November 1, 2023 at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption. The Bonds are payable solely from tax increment revenue, which has been pledged for repayment of the Bonds.

*2017 Subordinate Tax Allocation Refunding Bonds* – 2017 Subordinate Tax Allocation Refunding Bonds in the amount of \$4,690,000 were issued August 10, 2017 to advance refund the Tax Allocation Bonds, 2008 Series A bonds. The Bonds consist of coupon bonds with a price of \$115,000 at an interest rate of 2.850%. Interest on the Bonds is payable semi-annually on each May 1<sup>st</sup> and November 1<sup>st</sup>, commencing November 1, 2017. The Bonds are subject to mandatory sinking fund redemption in part by lot on November 1, 2017, and on each November 1<sup>st</sup> thereafter, to and including November 1, 2027. The Bonds are not subject to optional redemption prior to maturity. The Bonds are payable solely from tax increment revenue, which has been pledged for repayment of the Bonds.

*Loans from the City* – The former Redevelopment Agency received loans from the City to pay its share of administrative expenses and make payments on non-tax increment borrowings. The City accrued interest at a rate of 7% on these advances. There is no formal repayment schedule in place at this time. In the year ending June 30, 2013, interest on these loans was recalculated based on the average Local Agency Investment Fund rate of return for the period in which the loans existed as required by Assembly Bill 1484, in the amount of \$3,626,058 for Operating Expenditures and \$4,650,000 for Costco/Seaside.

*Reimbursements Payable* – The City issued Certificates of Participation (Certificates) to refinance certain real property legally owned by the former Redevelopment Agency. Under a Reimbursement Agreement with the City, the former Redevelopment Agency agreed to reimburse the City for all the Base Rental Payments made by the City to the Trustee of Certificates. The Reimbursements were to be made from available monies of the former Redevelopment Agency; therefore no formal repayment schedule is in place at this time.

**NOTE 15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**

SERAF – The California State Legislature enacted ABx4 26 requiring redevelopment agencies to make certain payments to its County Supplemental Education Revenue Augmentation Fund (SERAF). The Agencies were allowed to borrow the amount required from the Housing Set-aside Fund. The Debt Service Fund borrowed the amount from the Housing Set-aside Fund to make the required payments. The City elected to assume the housing function of the former Redevelopment Agency; as such they will receive the payback of the funds. There is no formal repayment schedule in place at this time.

Long-term debt balances and transactions for the fiscal year ended June 30, 2019 are as follows:

	<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/19</u>	<u>Due Within One Year</u>
Bonds, loans and reimbursements:					
Tax Allocation Bonds, 2008 Series A	\$ 4,980,000	\$ -	\$ 4,980,000	\$ -	\$ -
Tax Allocation Bonds, 2008 Series B	1,110,000	-	160,000	950,000	170,000
2017 Subordinate Tax Allocation Refunding Bonds	<u>4,330,000</u>	<u>-</u>	<u>305,000</u>	<u>4,025,000</u>	<u>315,000</u>
Subtotal	<u>10,420,000</u>	<u>-</u>	<u>5,445,000</u>	<u>4,975,000</u>	<u>485,000</u>
Loans from the City:					
Operating Expenditures	3,626,058	-	-	3,626,058	-
Costco/Seaside	4,650,000	-	-	4,650,000	-
SERAF	<u>518,349</u>	<u>-</u>	<u>60,134</u>	<u>458,215</u>	<u>-</u>
Subtotal	<u>8,794,407</u>	<u>-</u>	<u>60,134</u>	<u>8,734,273</u>	<u>-</u>
Reimbursement due to City	<u>1,454,766</u>	<u>-</u>	<u>-</u>	<u>1,454,766</u>	<u>-</u>
Total bonds, loans and reimbursement	<u>\$ 20,669,173</u>	<u>\$ -</u>	<u>\$ 5,505,134</u>	<u>\$ 15,164,039</u>	<u>\$ 485,000</u>

Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	<u>Series B Bonds</u>		<u>2017 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 170,000	\$ 49,737	\$ 315,000	\$ 110,224
2021	180,000	39,675	325,000	101,104
2022	190,000	29,037	335,000	91,699
2023	200,000	23,862	345,000	52,009
2024-2028	<u>210,000</u>	<u>-</u>	<u>2,705,000</u>	<u>172,211</u>
	<u>\$ 950,000</u>	<u>\$ 142,311</u>	<u>\$ 4,025,000</u>	<u>\$ 527,247</u>

**NOTE 15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**

**NOTE E. DEFERRED ROPS REVENUE**

The deferred ROPS revenue represents Real Property Tax Transfer Funds (RPTTF) received in advance for future obligation payments. The revenue will be recognized in the period in which the obligation payments are made. At June 30, 2019 this amount was \$1,072,242.

**NOTE 16. AUTHORITATIVE PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED**

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2019. Earlier application is encouraged. The City has no plan for early implementation of this Statement. At this time the City is not certain of the effect the adoption of Statement No. 84 will have on the accompanying financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020. Earlier application is encouraged. The City has no plan for early implementation of this Statement. At this time the City is not certain of the effect the adoption of Statement No. 87 will have on the accompanying financial statements.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type



**NOTE 16. AUTHORITATIVE PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED (Continued)**

activity or enterprise funds. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City has no plans for early implementation of this Statement. At this time the City is not certain of the effect of the adoption of Statement No. 89 will have on the accompanying financial statements.

In August 2018, GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement established that ownership of majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City has no plans for early implementation of this Statement. At this time the City is not certain of the effect of the adoption of Statement No. 90 will have on the accompanying financial statements.

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier implementation is encouraged. The City has no plan for early implementation of this Statement. At this time the City is not certain of the effect of the adoption of Statement No. 91 will have on the accompanying financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**



**CITY OF SAND CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL – GENERAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 270,500	\$ 263,600	\$ 276,070	\$ 12,470
Sales tax	2,705,000	2,700,000	2,885,338	185,338
Transaction tax	2,400,000	2,400,000	2,524,709	124,709
Utility user's tax	150,000	150,000	148,068	(1,932)
Franchise taxes	117,500	117,000	94,986	(22,014)
Business licenses	488,000	488,000	487,302	(698)
Licenses and permits	146,820	72,420	31,819	(40,601)
Fines, forfeits and penalties	3,500	3,500	4,052	552
Charges for current services	133,900	100,900	82,679	(18,221)
Revenue from other agencies	280,850	330,950	268,904	(62,046)
Investment earnings	78,600	139,050	191,489	52,439
Rental income	868,000	868,000	867,109	(891)
Other revenue	103,900	105,200	102,066	(3,134)
<b>Total revenues</b>	<u>7,746,570</u>	<u>7,738,620</u>	<u>7,964,591</u>	<u>225,971</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,557,920	2,351,485	1,685,556	665,929
Public safety	2,956,200	3,255,200	3,218,060	37,140
Public works	1,001,300	1,151,100	971,268	179,832
Planning	408,100	457,400	429,597	27,803
Parks	48,500	21,500	11,550	9,950
Community development	146,000	142,000	144,501	(2,501)
Debt Service:				
Principal	16,200	16,200	16,165	35
Interest and other charges	2,100	2,100	2,101	(1)
Capital outlay	2,015,000	303,500	338,286	(34,786)
<b>Total expenditures</b>	<u>9,151,320</u>	<u>7,700,485</u>	<u>6,817,084</u>	<u>883,401</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,404,750)</u>	<u>38,135</u>	<u>1,147,507</u>	<u>1,109,372</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	-	14,555	14,555
Proceeds from financing	-	-	148,033	148,033
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>162,588</u>	<u>162,588</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,404,750)</u>	<u>\$ 38,135</u>	<u>\$ 1,310,095</u>	<u>\$ 1,271,960</u>

See Accompanying Notes to Required Supplementary Information.

**CITY OF SAND CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1.    BUDGETARY DATA**

The City legally adopts an annual budget for the General Fund. The City adopts the budget before June 30 for each ensuing fiscal year.

Budgets submitted to the Council include both proposed appropriations and the means of financing them. A mid-year budget review is performed and the budget is amended by passage of a resolution. Additional appropriations or interfund transfers not included in the amended budget resolution must be approved by the City Council.

All budgets have been prepared on a basis consistent with generally accepted accounting principles, which is the same basis of accounting as used to reflect actual revenues and expenditures.

Appropriations lapse at each fiscal year end and then are rebudgeted for the coming fiscal year. Encumbrance accounting is not used.

**CITY OF SAND CITY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Last 10 Years\***  
**FOR THE YEAR ENDED JUNE 30, 2019**

Measurement Period	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered employee payroll	Proportionate share of the net pension liability as percentage of covered employee payroll	Plan's fiduciary net position	Plan fiduciary net position as a percentage of the total pension liability
2014						
Miscellaneous Plan	0.03280%	\$ 2,041,105	\$ 979,700	208.34%	\$ 10,639,461,174	81.15%
Safety Plan	0.02186%	\$ 1,360,244	\$ 1,018,285	133.58%	\$ 13,968,041,341	78.83%
2015						
Miscellaneous Plan	0.07699%	\$ 2,112,302	\$ 957,621	220.58%	\$ 10,896,036,068	79.89%
Safety Plan	0.03227%	\$ 1,329,846	\$ 1,095,485	121.39%	\$ 14,011,269,803	77.27%
2016						
Miscellaneous Plan	0.07245%	\$ 2,516,961	\$ 973,812	258.46%	\$ 10,923,476,287	75.87%
Safety Plan	0.04925%	\$ 1,744,395	\$ 1,179,383	147.91%	\$ 13,782,056,004	72.69%
2017						
Miscellaneous Plan	0.07161%	\$ 2,823,013	\$ 964,572	292.67%	\$ 12,074,499,781	75.39%
Safety Plan	0.03447%	\$ 2,059,738	\$ 1,306,040	157.71%	\$ 15,169,595,595	71.74%
2018						
Miscellaneous Plan	0.06325%	\$ 2,383,530	\$ 968,615	246.08%	\$ 13,122,440,092	77.69%
Safety Plan	0.03322%	\$ 1,949,412	\$ 1,346,212	144.81%	\$ 13,782,056,004	72.69%

**Notes to Schedule:**

**Benefit Changes:**

In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions:**

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance to the CalPERS Experience Study and review of Actuarial Assumptions December 2017.

\* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**CITY OF SAND CITY**  
**SCHEDULE OF CONTRIBUTIONS – PENSIONS**  
**Last 10 Years\***  
**FOR THE YEAR ENDED JUNE 30, 2019**

Fiscal Year	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015					
Miscellaneous Plan	\$ 232,159	\$ 232,159	\$ -	\$ 957,621	24.24%
Safety Plan	\$ 214,913	\$ 214,913	\$ -	\$ 1,095,485	19.62%
2016					
Miscellaneous Plan	\$ 272,359	\$ 272,359	\$ -	\$ 973,812	27.97%
Safety Plan	\$ 213,436	\$ 213,436	\$ -	\$ 1,179,383	18.10%
2017					
Miscellaneous Plan	\$ 284,073	\$ 284,073	\$ -	\$ 964,572	29.45%
Safety Plan	\$ 274,606	\$ 274,606	\$ -	\$ 1,306,040	21.03%
2018					
Miscellaneous Plan	\$ 602,399	\$ 602,399	\$ -	\$ 968,615	62.19%
Safety Plan	\$ 404,055	\$ 404,055	\$ -	\$ 1,346,212	30.01%
2019					
Miscellaneous Plan	\$ 322,974	\$ 322,974	\$ -	\$ 980,084	32.95%
Safety Plan	\$ 367,990	\$ 367,990	\$ -	\$ 1,517,774	24.25%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year are as follows:

- FYE 2014-2015 - June 30, 2013 funding valuation report
- FYE 2015-2016 - June 30, 2014 funding valuation report
- FYE 2016-2017 - June 30, 2015 funding valuation report
- FYE 2017-2018 - June 30, 2016 funding valuation report
- FYE 2018-2019 - June 30, 2017 funding valuation report

Actuarial Cost Method	Entry age normal cost method
Amortization Method/Period	Level percentage of payroll
Asset Valuation Method	Market value
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15%
Retirement Age	The probabilities of Retirement are based on results of a actuarial experience study for the period from 1997 to 2015.
Mortality	The mortality tables used was developed based on CalPERS specific data. The table includes 15 years mortality improvements using Society of Actuaries 90 percent scale MP 2016.

\* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**CITY OF SAND CITY**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS**  
For the Measurement Periods Ended June 30

Measurement Period	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 241,203	\$ 234,000
Interest on the total OPEB liability	178,950	157,000
Benefit payments	<u>(66,192)</u>	<u>(83,000)</u>
Net change in total OPEB liability	353,961	308,000
Total OPEB liability - beginning	<u>2,443,000</u>	<u>2,135,000</u>
Total OPEB liability - ending (a)	<u>2,796,961</u>	<u>2,443,000</u>
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	316,453	2,733,000
Net investment income	224,625	173,000
Benefit payments	(66,192)	(83,000)
Administrative expense	<u>(5,502)</u>	<u>(1,000)</u>
Net Change in plan fiduciary net position	469,384	2,822,000
Plan fiduciary net position - beginning	<u>2,822,000</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>3,291,384</u>	<u>2,822,000</u>
<b>Net OPEB liability/(asset) - ending (a)-(b)</b>	<u>\$ (494,423)</u>	<u>\$ (379,000)</u>
Plan fiduciary net position as percentage of the total OPEB liability	117.68%	115.51%
Covered-employee payroll	\$ 2,314,827	\$ 2,270,612
Net OPEB liability/(asset) as a percentage of covered-employee payroll	21.36%	16.69%

**Notes to Schedule:**

Fiscal year 2018 was the 1st year of implementation, therefore, only two years are shown. Future years' information will be displayed up to 10 years as information becomes available.

**CITY OF SAND CITY**  
**SCHEDULE OF CONTRIBUTIONS – OPEB**  
**Last 10 Years\***  
**FOR THE YEAR ENDED JUNE 30, 2019**

Fiscal Year Ended June 30	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 232,000	\$ 225,000
Contributions in relation to the ADC	<u>(78,451)</u>	<u>(83,000)</u>
Contribution deficiency (excess)	<u>\$ 153,549</u>	<u>\$ 142,000</u>
Covered-employee payroll	\$ 2,497,858	\$ 2,314,827
Contributions as a percentage of covered-employee payroll	3.14%	3.59%

**Notes to Schedule:**

\*Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 were from the June 30, 2018 actuarial valuation.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market Value
Inflation	2.75% annually
Payroll Growth	3% annually
Investment Rate of Return	6.75%
Healthcare cost-trend rates	7.50% decreasing to 4.00%
Retirement Age	<u>Misc</u> <u>Police</u>
Hired < 1/1/13	3% @ 60    3% @ 55
Hired > 12/31/12	2% @ 55    2% @ 50
Hired >= 1/1/13	
Classis Member	2% @ 55    2% @ 50
New Member	2% @ 62    2.7% @ 57
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Fiscal year 2018 was the 1st year of implementation, therefore, only two years are shown. Future years' information will be displayed up to 10 years as information becomes available.

**REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



## HAYASHI | WAYLAND

### 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

#### INDEPENDENT AUDITORS' REPORT

**The Honorable Mayor and City Council  
City of Sand City  
Sand City, 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, each major fund, and the aggregate remaining fund information of the **City of Sand City**, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the **City of Sand City's** basic financial statements, and have issued our report thereon dated December 5, 2019.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the **City of Sand City's** internal control over financial reporting (internal control) to determine the 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 the **City of Sand City's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **City of Sand 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2019-01 that we consider to be a material weakness.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *City of Sand 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 determination of financial statement amounts. 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*.

### **City of Sand City's Response to Findings**

*City of Sand City's* response to the findings identified in our audit is described in the accompanying schedule of findings. *City of Sand City's* response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

December 5, 2019

*Hayashi Wayland, LLP*

**CITY OF SAND CITY**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Reportable Condition in Internal Control**

**Material Weakness**  
**2019-01 Reconciliations**

**Condition:** During our audit we noted that there were numerous schedules/subsidiary ledgers that were not properly reconciled that led to misstatements in the general ledger.

**Criteria:** Internal controls should be in place that provide reasonable assurance that schedules/subsidiary ledgers are properly reconciled.

**Cause:** The City does not have a formal month end closing process that reconciles supporting schedules to the general ledger.

**Effect:** The lack of proper reconciliation of schedules/subsidiary ledgers led to ten adjusting entries that were made through the audit process, some of which had a material effect on the financial statements. Substantially all of the entries were to correct bookkeeping errors or to make accruals and other adjustments that should have been made by the City staff prior to the audit. We believe that a proper review of the general ledger to supporting schedules as part of the monthly closing procedures would have caught and prevented the need for the adjusting entries by the auditors.

**Recommendation:** We recommend that the City institute a monthly closing process that includes reconciliation of all balance sheet accounts to the relevant supporting schedules.

**Views of Responsible Officials and Planned Corrective Actions:** City staff will work on implementing a closing procedure.



**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

**Comment Number**

2019-01

**Comment Title**

Reconciliations

**Corrective Action Plan** - Staff is currently working on a monthly, quarterly, mid-year and end of fiscal year closing process to ensure that the general ledger is correct, and has been reconciled to the subsidiary ledgers and schedules.

City Hall  
1 Sylvan Park,  
Sand City, CA  
93955

Administration  
(831) 394-3054

Planning  
(831) 394-6700

FAX  
(831) 394-2472

Police  
(831) 394-1451

FAX  
(831) 394-1038

Incorporated  
May 31, 1960

**AGENDA ITEM**

**8B**

**CITY OF SAND CITY**

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**STAFF REPORT**

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**NOVEMBER 27, 2019**  
**(For City Council consideration on December 17, 2019)**

**TO: Mayor & City Council**

**FROM: Charles Pooler, City Planner**

**SUBJECT: Conditional Use Permit for San Juan Pools at 756 California Avenue**

**BACKGROUND**

An application was submitted by Dominico Garneri of San Juan Pools (the "Applicant") for conditional use permit approval regarding material and equipment storage and accessory office activities of his swimming pool contractor operation (the "Applicant's Use") within a 1,500 portion of 2,675 square foot unit, shared concurrently with Tenji Incorporated, of a new commercial building at 756 California Avenue (portion of APN 011-192-025) in Sand City (the "Subject Property"). The Applicant has previously utilized the Subject Property as a fenced open storage yard with an office trailer for many years prior to construction of the new commercial building. The Subject Property has a non-coastal Planned Mixed-Use (MU-P) zoning designation and a General Plan land use designation of "Mixed Use development". The Applicant's Use at the Subject Property qualifies for a categorical exemption, under State CEQA (California Environmental Quality Act) Guidelines, Section 15301.

**Site Description:**

The Subject Property is 10,864 square feet, trapezoidal in shape, 100-feet deep along the westerly property line, 107-feet along the easterly property line, and 100-feet wide. A new metal frame commercial building of approximately 7,060 square feet is currently under construction with two side-by-side 2,675 square foot units, each unit with 856 square foot mezzanines. Prior to construction of the new building, the Subject Property was utilized as a fenced storage yard with an office trailer by San Juan Pools, a swimming pool installation/maintenance contractor, to store swimming pools, contractor vehicles, and associated materials and equipment. The Applicant intends to co-occupy Unit B with Tenji Incorporated, using about 1,500 square feet for office and storage. Once construction is complete, the site will provide ten regulation sized parking stalls and a drive aisle with a single driveway. Street improvements (i.e. sidewalk, raised curbs, and gutters) are being installed as part of the construction project and should be completed prior to the Applicant's occupancy of the building. Utilities (gas, elect., water, sewer, etc.) are available to serve the Subject Property. The industrial Granite Rock batch plant facility is located directly to the rear (east) of the building and Subject Property.

## DISCUSSION

### Project Description:

The Applicant proposes to utilize approximately 1,500 square feet of an approximate 2,700 square foot unit (including 856 sq.ft. mezzanine) for office and storage of material and equipment in addition to parking one (1) company work truck in the parking area on-site. The Applicant will share this unit with Tenji Incorporated, an aquarium design and development operation (considered by City Council at the December 3, 2019 Council Meeting). The Applicant's operation currently has two tractors, three trailers, and four employees who will be at contract job sites throughout most of the work day. Once construction of the new building and site are completed, the Applicant's tractors and trailers will be off-site and not stored/parked at the Subject Property. Only the company truck will be parked on-site during non-business hours. Items to be stored within the building will include tools and construction equipment plus plumbing, electrical, and pool repair parts on racks and in bins.

Land Use: The Subject Property has a General Plan land use and Zoning Map designation of "Planned Mixed Use". Section 18.13.040(L) of the City's Zoning Ordinance lists 'service commercial' as an allowable use subject to the issuance of a conditional use permit pending review of potential impacts upon a mixed residential/commercial neighborhood. The Applicant's Use is consistent with the Zoning Code's definition of 'Service Commercial' (section 18.04.483) as they are primarily engaged in rendering services for building construction and maintenance services. Therefore, staff finds the proposed use marginally consistent with the intent of the mixed use zoning. However, if the Applicant cannot abide by the standard conditions that mitigate overflow truck parking and outside material/equipment storage, then the use would not be considered compatible.

Unit B of the Subject Property would facilitate both the Applicant's Use and Tenji Incorporated. They will be co-habitants, but each with their own individual conditional use permits. If one tenant vacates, the other could then occupy the entire unit per the conditions of their permit. Staff took this approach to segment administration of each permit and permittee, enabling staff to enact enforcement individually. Any conflict between these tenants in the joint occupation and use of the Subject Property and Unit B is the responsibility of the property owner/leasing agent and not the City, which should be included as a condition of permit approval.

Hours of Operation: The Applicant's does not have standard hours of operation as their employees are typically at contract job sites. However, the typical practice for the Applicant's Use is for truck workers to pick up a company vehicle and supplies at around 8:00 a.m. before heading to job sites; then returning and vacating the site at around 4:30 p.m. Staff finds these hours acceptable for this type of operation; but should be limited to weekdays (Monday through Friday) with the permit limiting Saturday hours of 10:00 a.m. to 5:00 p.m. This would be consistent with other conditional use permits for the mixed-use district to mitigate potential impacts upon residential uses (existing and future). On-site office and janitorial activities beyond permit specified hours of operation are acceptable, provided such activities do not pose a nuisance to surrounding properties.

Parking: Once construction is completed the Subject Property will provide ten (10) on-site parking spaces perpendicular to the westerly property line, one of which will be designated as handicapped. Drive access will be from California Avenue via one driveway apron and an on-site drive aisle; with no parking “back-out” egress into the California Avenue right-of-way, a primary traffic connector through Sand City.

The Applicant intends to use 1,500 square feet, which requires two (2) parking spaces based on a 1/700 parking ratio for service commercial uses. Taking into account that out of the 2,675 square feet (includes mezzanine), the Applicant’s 1,500 sq.ft will leave 1,175 square feet for Tenji Incorporated, resulting in two (2) spaces (rounded down from 2.14 spaces) required for San Juan Pools, and two (2) spaces (rounded up from 1.7 spaces) required for Tenji Incorporated for a total of four (4) spaces. If one or the other tenant vacates the unit, the parking requirement for the entire unit would remain at four (4) spaces (rounded up from 3.8) using the 1/700 parking ratio applicable to both uses. The permit should require that all on-site parking spaces be shared between all tenants of the Subject Property and that the Property Owner is responsible for allocating and managing the parking spaces for all tenants; provided zoning and use permit requirements are satisfied.

Loading/Unloading: There are occasional deliveries via UPS during weekday hours and supplies delivered a few times a week from a supplier. No information was provided regarding the size of truck from suppliers. Staff recommends trailer-truck (i.e. 18-wheelers/semi-trucks) shipments/deliveries and related loading/unloading activities be limited to no more than two (2) times per year to be consistent with conditions recommended for the other tenants of this property (i.e. Kelly Print Plus Inc. and Tenji Inc.), unless otherwise granted special written permission by the City; in order to minimize and control impediment of general public traffic flow and driver visibility along California Avenue, a primary collector street through Sand City. Additionally, any loading/unloading activities at the Subject Property for the Applicant’s Use should be restricted to staff’s recommended hours of operation (see discussion under “Hours of Operation”). Deliveries via Federal Express, UPS, or the US Postal Service via box trucks or smaller vehicles that are quick drop offs and/or can use curbside parking are not anticipated to drastically impede traffic circulation and should be allowed on California Avenue.

Hazardous Materials: According to the Applicant, there will be at most ten (10) 1-gallon containers of acid and ten (10) 1-gallon containers of chlorine for pool use maintained on the site. The Applicant will have no compressed gasses or hazardous solids on-site. The Monterey County Health Department and the City’s contracted Fire Department were notified of this application by staff via the Advisory Agency Notice that includes a description of the Applicant’s operation, materials, and activities. The City’s Fire and County’s Health Departments did not express concerns with the Applicant’s Use.

Trash: The Subject Property will provide for a trash enclosure facing California Avenue of sufficient size to accommodate bins and dumpsters. Staff recommends the permit require the Applicant to either maintain refuse and trash receptacles within their unit of

the building and/or the enclosure. The permit should also prohibit the storage of refuse bins/dumpsters on the street except curbside on scheduled trash collection days.

Signs: The Applicant indicated that he does intend to establish a commercial sign for his operation at the Subject Property. When the development permit was approved and issued for construction of the new commercial building/site, it was required that any signs on the site would be part of a Uniform Sign Program for the Subject Property; to be initiated with the application for a sign permit. A sign permit and/or uniform sign program are subject to the City's Design Review Committee (the "DRC") review and approval. This should be included as a condition of the Applicant's use permit.

**Water:**

The Applicant's Use of office and storage qualifies as a Group I occupancy in accordance with the Monterey Peninsula Water Management District (MPWMD) regulations for storage and office. Water was allocated by the City to the Subject Property to accommodate the development of the site based upon Group I uses and occupancy. Therefore, on-site allocated water credit is adequate to facilitate the Applicant's Use (and Tenji Incorporated who is sharing the unit) and no further water allocation from the City is deemed necessary. If the MPWMD staff determines in the future that additional water is required, the City could then review and decide at that time whether to allocate any additional water. However, the permit should contain the standard language stating that approval of the permit does not arbitrarily grant any privilege or right to the Applicant and/or property owner for any allocation of water from the City or other entity.

**Stormwater Control:**

The Applicant's Use is of a new commercial building currently under construction. That development project is required to install on-site storm water control infrastructure that will have to be completed and operational prior to City issuance of a certificate of occupancy and the Applicant's occupancy of the Subject Property. Upon completion of current construction activities, the Applicant does not propose to install or replace pavement or implement physical modifications of the site or building that would otherwise trigger further storm water control regulations. Therefore, storm water control regulations do not apply specifically to this application.

**Advisory Agencies:**

Information on the Applicant's Use was circulated to the City's advisory agencies. Responding agencies expressed no concern with the Applicant's Use. The Seaside County Sanitation District commented that the Applicant is not to discharge any chemicals into the sanitary sewer system and that the Applicant is to contact Monterey One Water to establish sewer service. The Monterey County Health Department stated that they had no setback or requirement for the scope of this project. No other comments were received at the time of preparing this report.

**STAFF RECOMMENDATION**

Staff recommends **APPROVAL** of the Conditional Use Permit for the Applicant, with the conditions/restrictions proposed by staff and as discussed in this report.



Findings:

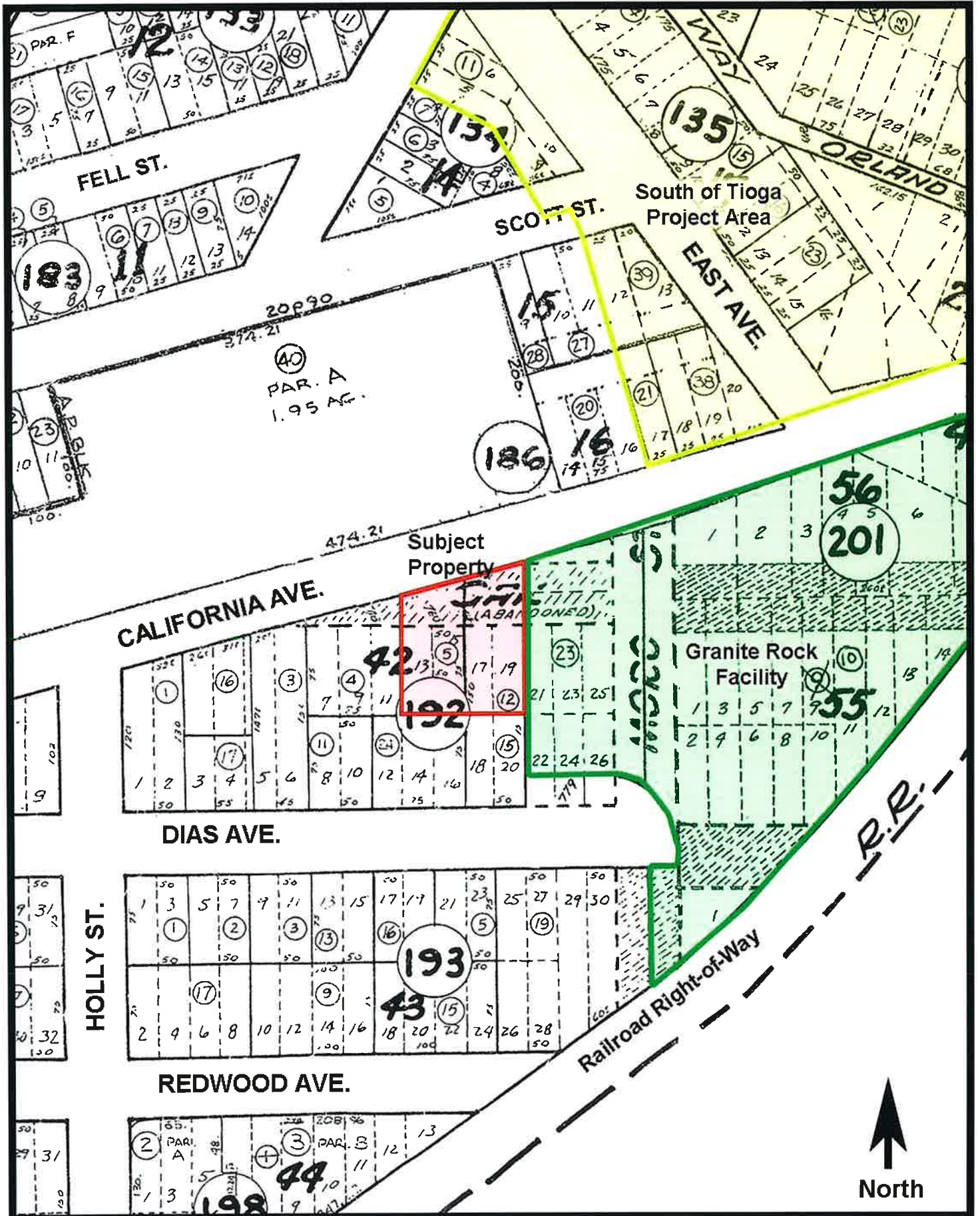
1. The Applicant's Use is of a scope and scale that is marginally compatible with the future South of Tioga development; and consistent with the non-coastal "Planned Mixed-Use" zoning designation of the Subject Property, provided the Applicant abides by all storage and parking requirements of the permit.
2. The Subject Property (upon completion of construction) will provide ten (10) on-site parking spaces that will satisfy Zoning Code parking requirements for both the Applicant's Use and Tenji Incorporated (co-occupants of the unit) and a future manufacturing and/or storage use within the adjacent unit.
3. The Subject Property has water credit based on a Monterey Peninsula Water Management District (MPWMD) 'Group I' classification, which is the same group classification for the Applicant's intended storage and office activities; and therefore, no further allocation of water is deemed necessary for the Applicant's Use at the Subject Property.
4. Utilities (electricity, gas, water, sewer, etc.) are sufficiently available to facilitate the Applicant's Use at the Subject Property.
5. Loading/unloading activities by the Applicant's Use are not anticipated to pose an impediment of traffic flow and/or driver visibility along California Avenue (a primary collector street) due to the scope/scale of operation described by the Applicant and as mitigated with staff's recommended permit conditions.
6. The Project qualifies for a categorical exemption, under State CEQA Guidelines, Section 15301.

Exhibits:

- A. Location Map
- B. Aerial Map
- C. Site Plan/Floor Plan
- D. Applicant's Letter of Intent
- E. Hazardous Material Questionnaire (Mont. Cnty. Health Dept.)

Attachment:

- Draft Resolution to approve a Conditional Use Permit (CUP)



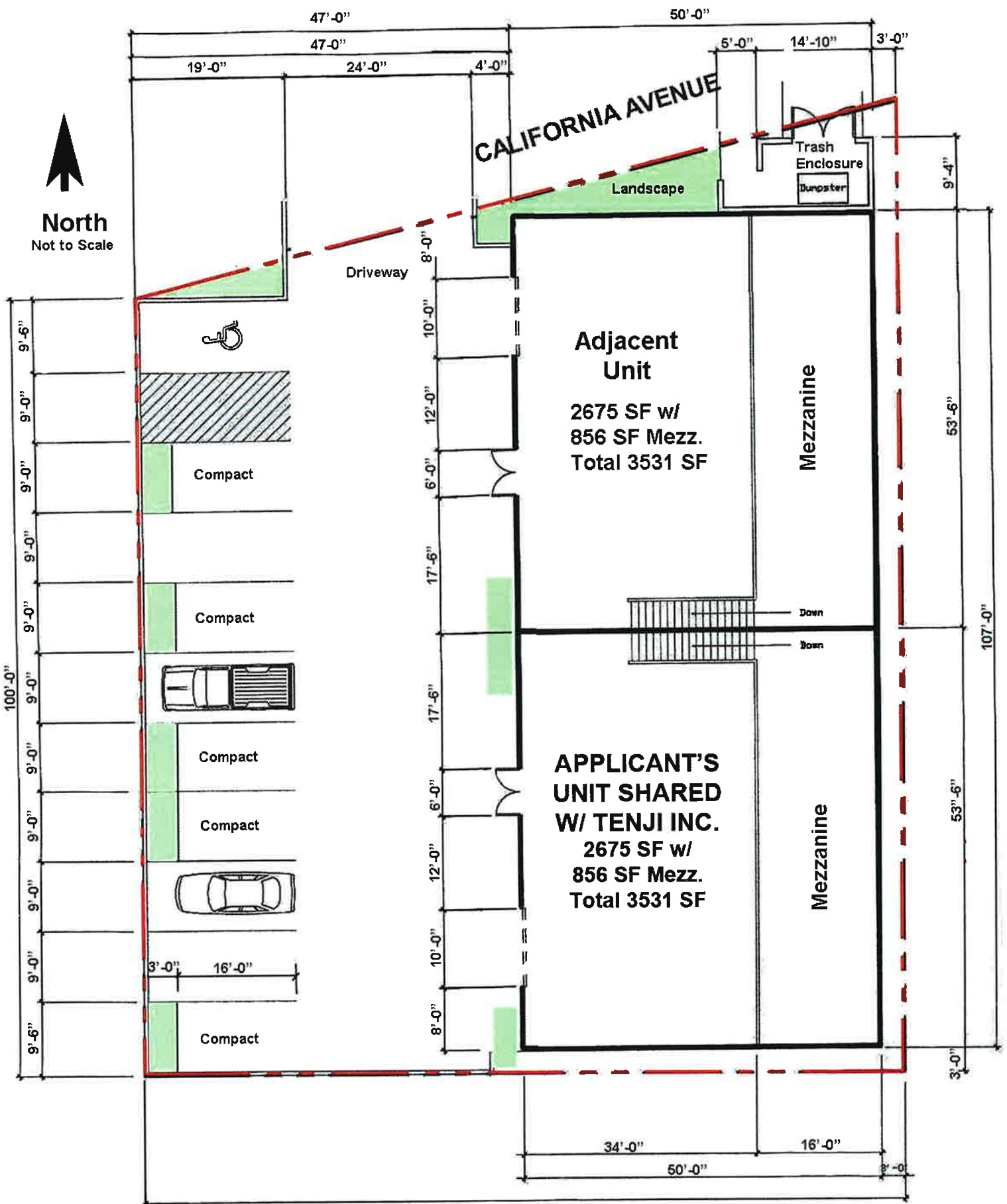
Location Map





**Aerial Map** (via Google Earth)





**Site Plan & Floor Plan**

**EXHIBIT C**



To the City of Sandcity.

San Juan Pools of Monterey inc has the intent the lease 1500 sq ft of space in unit B of 756 California ave 93955 from Pier Garneri. We will not have set hours as our business will be mostly conducted off site. It is normal for the company to have employees pick up a work truck and supplies around 8am then leave till 4:30pm. San Juan Pools currently has 4 employees and 1 work truck that stays on site overnight. There are occasional deliveries from UPS during the day and supplies delivered a few times a week from SCP supply at the end of the day.

San Juan Pools of Monterey, Inc currently has 2 tractors and 3 trailers that will normally be offsite and normally stored offsite once the construction of the new building is complete. The 1500 sq ft will be used to store tools and basic construction equipment indoors. This includes plumbing, electrical parts and pool repair parts. These supplies will be stored on racks and bins. San Juan Pools of Monterey, Inc will share the bathroom and office with the other tenant for the duration of the lease.

Monterey County Health Department  
 1270 Natividad Road, Room B301  
 Salinas, CA 93906  
 (831) 755-4511  
 Fax (831) 755-8954

Jurisdiction Name Sand City  
 Use Permit # 00P 638  
 Or  
 Building Permit # \_\_\_\_\_  
 Contact Name Charles Parker  
 Phone # chuck@sandcity.ca.com

**HAZARDOUS MATERIAL QUESTIONNAIRE**

Business Name San Juan Pools Monterey Type of Business Pool - SPA Construction  
 Site Location 756 California ave City Sand City APN: 011-192-025  
 Mailing Address 67 Seca place Salinas CA 93955  
 Business Contact Domenico Garneri Phone Number 871-601-4128  
 Property Owner Pico Garneri Name Phone Number 871-601-8312

- Will your business/proposed project be using any hazardous materials such as oil, fuels, solvents, compressed gases, acids, corrosives, pesticides, fertilizers, paints or other chemicals?  
 Yes  No
- Will your business/proposed project be using hazardous materials in quantities of 55 gallons and above for liquids, 500 lbs. and above for solids and/or 200 cubic feet and above for compressed gases?  
 Yes  No
- Will your business/proposed project be using any quantities of acutely hazardous materials such as ammonia, chlorine, sulfuric acid, formaldehyde, hydrogen peroxide, methyl bromide or other restricted pesticides?  
 Yes  No
- Will your business/proposed project be using underground storage tanks to store hazardous materials?  
 Yes  No *1 gallon containers of acid or chlorine for pool use no more than 10 containers each.*
- Will your business/proposed project be generating any quantities of hazardous waste such as waste oil, waste solvents, etc?  
 Yes  No
- Will your business/proposed project be emitting any hazardous air emissions?  
 Yes  No

**CERTIFICATION:**

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge and belief.

**ANY QUESTIONS REGARDING THIS FORM CAN BE DIRECTED TO:**

Monterey County Health Department  
 Division of Environmental Health  
 1270 Natividad Road, Room B301  
 Salinas, CA 93906  
 (831) 755-4511

Executed AT:

\_\_\_\_\_  
 City, State  
 Print Name of Owner/Operator: Domenico Garneri  
 Signature of Owner/Operator: [Signature]

**For Local Jurisdiction Use Only:**

- Is there a known or proposed school, hospital, day care, or long term care facility within 1,000 feet of this site location?  
 Yes  No
- Is there a known or proposed school, hospital, day care, or long term care facility 1/4 mile of this site location?  
 Yes  No

Health Department Clearance

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

Air Pollution District Clearance

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

CITY OF SAND CITY

RESOLUTION SC \_\_\_\_\_, 2019

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY APPROVING  
CONDITIONAL USE PERMIT 638 FOR SAN JUAN POOLS WITHIN A  
PORTION OF A COMMERCIAL UNIT AT 756 CALIFORNIA AVENUE**

**WHEREAS**, Domenico Gerner of San Juan Pools (the "Applicant") submitted an application to the City of Sand City (the "City") for conditional use permit approval regarding storage and office activities for his swimming pool contractor operation (the "Applicant's Use") as co-occupancy and use with Tenji Incorporated within an approximate 2,700 square foot unit of a new commercial building at 756 California Avenue (portion of APN 011-192-025) in Sand City (the "Subject Property"); and

**WHEREAS**, the Applicant's Use at the Subject Property, at the scale and intensity described in the application and with the appropriate mitigation required, is considered marginally consistent with the non-coastal "Planned Mixed-Use" (MU-P) zoning designation of the Subject Property and compatible with neighboring mixed-use and manufacturing zoned properties; and

**WHEREAS**, the Subject Property provides sufficient on-site parking to satisfy both Zoning Code parking requirements (section 18.64.050.K) and anticipated parking demand for the Applicant's Use while maintaining parking for other tenants of the building; and

**WHEREAS**, issues pertaining to large truck-trailer loading/unloading for the Applicant's Use is appropriately mitigated as to prevent the Applicant's activities at the Subject Property from imposing a routine obstruction, impediment, and/or interference with public traffic along California Avenue, a primary City collector street, or other public rights-of-way; and

**WHEREAS**, the Subject Property and Applicant's Unit have a water credit based upon a Monterey Peninsula Water Management District (MPWMD) Group I classification, which is the same as the Applicant's Use; and therefore, no further water allocation for the Applicant's Use of the Subject Property is deemed necessary; and

**WHEREAS**, the Applicant's Use within an existing commercial building qualifies as a Categorical Exemption under CEQA (California Environmental Quality Act) Guidelines, Section 15301; and

**WHEREAS**, the City Council of the City of Sand City, on \_\_\_\_\_, 2019, has found and determined that the Applicant's storage and office activities, as identified by the Applicant and appropriately conditioned, will not adversely impact the character of the surrounding neighborhood, nor be injurious or detrimental to adjoining properties or the rights of the owners therein, and therefore, Conditional Use Permit 638 shall be granted upon the conditions hereinafter set forth; and

**WHEREAS**, the City Council of the City of Sand City has accepted the analysis and findings for approving Conditional Use Permit 638 ("CUP 638") as outlined in the City staff report, dated November 27, 2019.

1. CUP 638 is not valid, and the Applicant's Use of the Subject Property shall not commence unless and until two copies of this Resolution/Permit, signed by the permittee and the Subject Property's owner (the "Property Owner"), acknowledging receipt of the Permit and acceptance of the terms and conditions, is returned to the City's Planning Department. Failure to return said signed/executed document may be grounds for City termination of CUP 638. Furthermore, the Applicant shall not occupy the building or commence operation on the Subject Property until site and building construction is complete and the City issues a certificate of occupancy for the Subject Property.
2. Purpose: CUP 638 is for the express purpose of authorizing a swimming pool contractor, at the scope and scale described in the Applicant's application, for material and equipment storage and accessory office activities within an approximate 2,700 square foot commercial unit of an existing commercial building at 756 California Avenue (portion of APN 011-192-025); subject to the terms and conditions specified in CUP 638. The Applicant may also park/store one company truck on-site within the building and/or the Subject Property's parking area during non-business hours (see Condition No. 3 "Hours of Operation"). Residential occupancy of the Applicant's unit on the Subject Property is prohibited. There shall be no expansion to the scope or intensity of the Applicant's Use beyond that as authorized by CUP 638 without either an amendment of said Permit or the issuance of a new land use entitlement permit.
3. Hours of Operation: Hours of operation for the Applicant's Use at the Subject Property shall only occur between the hours of 7:00 a.m. to 6:00 p.m. Monday through Friday and 10:00 a.m. to 5:00 p.m. on Saturdays. All activities associated with the Applicant's Use at the Subject Property shall only occur within these aforementioned permitted hours of operation, and such activities are prohibited on Sundays. Office and/or janitorial activities on-site by the Applicant may extend beyond the aforementioned hours/days provided that the Applicant's unit is not open to the public.
4. Co-Occupancy of Unit B of the Subject Property: The Applicant's Use, in accordance with the terms specified in CUP 638, may co-occupy segments of a single commercial unit of the Subject Property with one other tenant, each with their own conditional use permits enforceable upon each permittee. If one of these co-occupant tenant vacates, the other may then occupy that entire unit in accordance with the conditions of their permit. Any conflict between these tenants in the joint occupation and use of the Subject Property and Unit B is the responsibility of the property owner/leasing agent and not the City, which should be included as a condition of permit approval.
5. On-Site Parking: A minimum of ten (10) on-site parking spaces shall be maintained on the Subject Property to be shared between all tenants of the commercial building on the Subject Property. The Subject Property's owner and/or property manager shall be responsible for managing parking and addressing and resolving tenant disputes



regarding on-site parking, provided City zoning and permit requirements are met to the satisfaction of the City. On-site parking spaces shall not be used for any purpose that impedes vehicle parking, with exception of on-site loading/unloading activities. Failure to maintain these spaces for vehicle parking shall be sufficient reason for the City to terminate CUP 638. The Applicant is prohibited from parking any non-operational vehicles on the Subject Property.

6. Truck & Trailer Street Parking: In accordance with Sand City Municipal Code (the "SCMC") Chapter 10.08, the Applicant shall not park or store trucks, trailers, or other large vehicles, as listed in SCMC Chapter 10.08, within any City street at any time unless actively involved with loading/unloading or otherwise has a valid City issued annual parking permit. Violation of this condition may result in the issuance of citations in accordance with SCMC Chapter 10.08.
7. Loading/Unloading: All deliveries/shipments and/or loading/unloading of inventory and/or any other item associated with the Applicant's Use at the Subject Property shall only occur during CUP 638's authorized hours of operation (see Condition No. 3 "Hours of Operation"). Trailer-truck (i.e. 18-wheelers, semi-trucks) deliveries of to the Subject Property are limited to no more than two (2) times per year unless otherwise granted special written permission by the City. At no time shall loading/unloading activities, associated with the Applicant's Use impede 2-way traffic circulation on California Avenue or any other public right-of-way within Sand City. Short term (approximately 5-minute) loading/unloading via private shipment companies (i.e. Federal Express, UPS, etc.) is exempt and allowed, provided it does not impede traffic circulation of public streets.
8. Storage: All materials, parts, tools, equipment, packaging, pallets, and/or any other item associated and/or manufactured by the Applicant's operation stored on the Subject Property, shall only be stored within the Applicant's unit and prohibited from being stored beyond the confines of the Applicant's unit and the building. The placement of a self-contained portable storage unit on-site, beyond the confines of the building, is hereby prohibited; and the need of the Applicant to do so shall be considered by the City as justification that the Applicant's Use has expanded beyond the Subject Property's ability to sufficiently accommodate the Applicant's operation; and thus be sufficient reason for the City to terminate CUP 638.
9. Property Maintenance: The Subject Property shall be maintained in a clean, orderly, weed-free, and litter-free condition. There shall be no storage of waste material or debris on-site, except as otherwise allowed by CUP 638. The Applicant and/or the Property Owner shall be responsible for maintenance and upkeep of the Applicant's leased area of the Subject Property for the duration of the Applicant's Use at the Subject Property as authorized by CUP 638.
10. Signs: Commercial signs on the exterior of the building or anywhere on the Subject Property, identifying the Applicant's Use, shall be reviewed and approved by the Sand City Design Review Committee (the "DRC") in the issuance of a sign permit and/or uniform sign program prior to the establishment of any sign such at the Subject

Property. Signs attached to the building shall also obtain a City building permit prior to installation of said sign. The Applicant shall not place any free-standing sign anywhere within City limits without City Planning Department approval.

11. General Waste: Trash, litter, boxes, crates, pallets, debris, or other used and/or discarded materials generated/used by the Applicant's Use shall be stored in an appropriate waste collection bin or dumpster. Except on a designated trash collection day, said bin(s) or dumpster(s) shall be maintained either within the building or within the City approved trash enclosure on the Subject Property. The Applicant shall work and coordinate with the City's franchised waste hauler to implement material recycling and recovery as part of this operation's regular routine when/where feasible.
12. Hazardous Waste: Any and all hazardous materials and/or waste used/generated by the Applicant's Use shall be legally stored and disposed of in accordance with the regulations of the City, the County of Monterey, and the State of California. The Applicant shall concede to any direction of the City's Fire Department, City Code Enforcement Officer, and/or the Monterey County Health Department regarding the storage and/or handling of hazardous materials on the Subject Property. Any illegal material storage, dumping, and/or disposal shall be sufficient grounds for City termination of CUP 638.
13. Water Runoff: The Applicant's Use shall not create water run-off within the City in accordance with SCMC Chapter 13.05 regarding Storm Water Management. There shall be no washing of vehicles on the Subject Property.
14. Water: Issuance of CUP 638 does not grant the Applicant and/or Subject Property's owner any right or privilege to any allocation of water from the City of Sand City or other entity. The Applicant's Use shall be limited to that water credit currently available to the Subject Property, in accordance with the regulations of the Monterey Peninsula Water Management District (MPWMD).
15. Local/Regional Compliance: All requirements of the City's contracted Building and Fire Departments, the City Engineer, the Sand City Code Enforcement officer(s), the Seaside County Sanitation District, Monterey One Water (formerly 'Monterey Regional Water Pollution Control Agency'), and Monterey County Health Department, shall be implemented to the satisfaction of each department and inspector thereof. Police Department requirements pertaining to security, street parking, code enforcement, and law enforcement shall be implemented to the satisfaction of the City's Police Chief.
16. Air District: The Applicant shall be responsible for complying with applicable regulations of the Monterey Bay Air Resources District. Failure to comply shall be sufficient grounds for City termination of CUP 638.
17. Fire Department: The Applicant's Use of the Subject Property, as authorized by CUP 638, must conform to storage and operational requirements specified in the California Fire Code and to the satisfaction of the City's Fire Department inspector. The Subject Property shall be available and open for Fire Department and/or City code

enforcement safety inspections during CUP 638's identified operation hours (see Condition No. 3 "Hours of Operation"). Failure to comply with Fire Inspector and/or code enforcement requirements may be sufficient grounds for City issuance of a 'Cease and Desist' order for closure of the Applicant's Use and City termination of CUP 638.

18. Nuisance: The Applicant's Use of the Subject Property shall be conducted as to not constitute a nuisance to surrounding units and/or properties or the occupants thereof. The Applicant shall be considered responsible for the impacts created by the Applicant's Use and activities. The Applicant shall implement all mitigation necessary to inhibit any noise, vibration, particulate, odors, overflow parking, and/or other negative impacts that this operation may or will generate. If the City Council finds at any time that any use of the Subject Property constitutes a nuisance, or is otherwise detrimental to the neighborhood or to the community, such use shall be discontinued or modified as may be required by the City. Failure to effectively implement mitigation required by this Permit, or other direction/notification by the City deemed necessary to abate negative impacts generated by the Applicant's Use, may be adequate grounds for the City to amend or terminate CUP 638. Failure to comply with such City direction may result in the amendment or revocation of CUP 638.
19. Violation/Termination: If the City determines that any term or condition of CUP 638 has been violated, and/or use of the Subject Property constitutes a nuisance or is otherwise detrimental to the neighborhood or the community, written notice shall be issued to the Applicant and/or Property Owner, that if such violation is not corrected or removed within a specified time, a public hearing may then be scheduled where the City Council may consider amending or revoking CUP 638, and may then order said Permit amended or revoked. The Applicant and the Property Owner shall be notified of any such public hearing, and provided an opportunity to address the City Council prior to any action by the City Council to amend or terminate CUP 638.
20. Interpretation: Any questions of intent or interpretation regarding any condition within CUP 638 shall be resolved by the City's Planning Department.
21. The issuance of CUP 638 shall not supersede or override any requirements of any other City, County, State, or Federal agency.
22. Indemnification: To the extent permitted by law, the Applicant and Property Owner shall indemnify and hold harmless the City, its City Council, its officers, employees, consultants, and agents (the "indemnified parties") from and against any claim, action, or proceeding brought by a third party against the indemnified parties, the Applicant, and/or Property Owner in connection with this Permit, including but not limited to any such action to attack, set aside, or void, any permit or approval authorized hereby, including (without limitation) reimbursing the City for its actual attorney's fees and costs incurred in defense of the litigation. The City may, in its sole discretion, elect to defend any such action with attorneys of its own choice.
23. Business License: The Applicant shall acquire, maintain, and annually renew a Sand City business license for the duration of the Applicant's Use within Sand City. Failure

to maintain a current City business license may be sufficient grounds for termination of CUP 638.

**PASSED AND ADOPTED** by the City Council of Sand City this \_\_\_\_ day of December, 2019, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Linda K. Scholink, City Clerk

\_\_\_\_\_  
Mary Ann Carbone, Mayor

This is to certify that the Conditional Use Permit (CUP) 638 contains the conditions specified by the City Council in approving said Permit.

\_\_\_\_\_  
Charles Pooler, City Planner

**APPLICANT ACCEPTANCE (CUP 638)**

The Conditional Use Permit is hereby accepted upon the express terms and conditions hereof, and the undersigned agrees to strictly conform to and comply with each and all of the said terms and conditions therein.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
**Applicant**

**CONSENT OF OWNER (CUP 638)**

Consent is hereby granted to the permittee to carry out the terms and conditions of the Conditional Use Permit.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
**Property Owner**

**AGENDA ITEM**

**8C**

CITY OF SAND CITY

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STAFF REPORT

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DECEMBER 2, 2019

(For City Council consideration on December 17, 2019)

**TO: Mayor & City Council**

**FROM: Charles Pooler, City Planner**

**SUBJECT: Conditional Use Permit for Kelly Print Plus LLC at 756 California Avenue**

**BACKGROUND**

An application was submitted by Jeffrey and Paula Johnson of Kelly Print Plus LLC (the "Applicant") for conditional use permit approval regarding office and product storage for their printing brokerage firm (the "Applicant's Use") within a 2,675 square foot unit of a new commercial building at 756 California Avenue, Unit A (portion of APN 011-192-025) in Sand City (the "Subject Property"). The Applicant currently operates in the City of Marina. The Subject Property has a non-coastal Planned Mixed-Use (MU-P) zoning designation and a General Plan land use designation of "Mixed Use development". The Applicant's Use at the Subject Property qualifies for a categorical exemption, under State CEQA (California Environmental Quality Act) Guidelines, Section 15301.

**Site Description:**

The Subject Property is 10,864 square feet, trapezoidal in shape, 100-feet deep along the westerly property line, 107-feet along the easterly property line, and 100-feet wide. A new metal frame commercial building of approximately 7,060 square feet is currently under construction with two side-by-side 2,675 square foot units that include 856 square foot mezzanines. Prior to construction of the new building, the Subject Property was utilized as a fenced storage yard with an office trailer by San Juan Pools, a swimming pool installation/maintenance contractor, to store swimming pools, contractor vehicles, and associated materials and equipment. Once construction is complete, the site will provide ten regulation sized parking stalls and a drive aisle with a single driveway. Street improvements (i.e. sidewalk, raised curbs, and gutters) are being installed as part of the construction project and should be completed prior to the Applicant's occupancy of the building. Utilities (gas, elect., water, sewer, etc.) are available to serve the Subject Property. The industrial Granite Rock batch plant facility is located directly to the rear (east) of the building and Subject Property.

**DISCUSSION**

**Project Description:**

The Applicant proposes to utilize the entire 3,531 square foot commercial unit for office and product storage for their printing brokerage firm. Products would be shipped to the Subject

Property from individual manufacturers/printers and then stored by the Applicant until either picked up by, or delivered to, clients. Finished products include brochures, wearables, business cards, and other various printed items. The Applicant will not do printing or item production on-site; rather, the Applicant acts as a liaison between clients and print shops. Once items are printed, they would be shipped to the Subject Property via Federal Express, UPS, or the like. Shipments are on an 'as needed' basis. There are no company vehicles to be stored/parked at the Subject Property with exception to daytime employee personal vehicle parking. There are currently four (4) employees (including the applicants). Items stored/used on site are standard office equipment (computers, phones, scanners, etc.) and a pallet jack for moving customer pallets on-site.

Land Use: The Subject Property has a General Plan land use and Zoning Map designation of "Planned Mixed Use". Section 18.13.040(C) of the City's Zoning Ordinance lists 'office' and 'service commercial' as allowable uses subject to the issuance of a conditional use permit pending review of potential impacts upon a mixed residential/commercial neighborhood. Service commercial, as defined by Zoning Code section 18.04.483, defines service commercial to include construction contractors as well as businesses "*....that render services to other businesses such as advertizing,....*". This closely describes the Applicant's Use, who acts as a broker between clients and print shops to get items with advertizing or other messaging. Therefore, staff finds the proposed use consistent and compatible with the intent of the General Plan and Zoning Code.

Hours of Operation: Intended hours of operation at the Subject Property will be 9:00 a.m. to 4:00 p.m. Monday through Thursday with four (4) employees that include the Applicants. Staff typically recommends, as a permit condition, commercial activities between 7:00 a.m. to 6:00 p.m. Monday through Friday and 10:00 a.m. to 5:00 p.m. on Saturdays to minimize impact(s) upon residential dwellings. Staff recommends the permit specify these standard hours for consistency with other use permit requirements and allow the Applicant reasonable operational flexibility. On-site office and janitorial activities beyond permit specified hours of operation are acceptable, provided such activities do not pose a nuisance to surrounding properties.

Parking: Once construction is completed the Subject Property will provide ten (10) on-site parking spaces perpendicular to the westerly property line, one of which will be designated as handicapped. Drive access will be from California Avenue via one driveway apron and on-site drive aisle; with no parking "back-out" egress into the California Avenue right-of-way, a primary traffic connector through Sand City.

The Applicant's Use will be for office, product storage, and distribution activities. Based on applying a 1/700 parking ratio for the Applicant's Use to the 3,531 square feet of the Applicant's Unit (floor + mezzanine), a total of five (5) off-street parking spaces are required (rounded down from 5.04). These five spaces are sufficient to accommodate the estimated four (4) on-site employees and any customer/patron that may visit the site with parking left over. The Zoning's parking requirement for storage/warehouse uses is lower (1space/1000sf.) than service commercial; therefore, in applying the higher parking requirement, all aspects of the Applicant's Use are compliant with zoning

parking requirements. The permit should require that all on-site parking spaces be shared between all tenants of the Subject Property and that the Property Owner is responsible for management of parking between all tenants.

Loading/Unloading: According to the Applicant, once items are printed at various contracted printing shops, those items would then be shipped to the Subject Property via Federal Express, UPS, or the like. There is no standard shipment schedule, as shipments to the site will be on an 'as needed' basis. No large trucks (i.e. semi-trucks, 18-wheelers, etc.) are anticipated for this use. Staff recommends trailer-truck (i.e. 18-wheelers/semi-trucks) shipments/deliveries and related loading/unloading activities be limited to no more than two (2) times per year to be consistent with conditions recommended for the other tenants of this property (i.e. San Juan Pools and Tenji Inc.), unless otherwise granted special written permission by the City; in order to minimize and control impediment of general public traffic flow and driver visibility along California Avenue, a primary collector street through Sand City. Additionally, any loading/unloading activities at the Subject Property for the Applicant's Use should be restricted to staff's recommended hours of operation (see discussion under "Hours of Operation"). Deliveries via Federal Express, UPS, or the US Postal Service by box trucks or smaller vehicles that are quick drop offs are not anticipated to drastically impede traffic circulation and should be allowed on California Avenue.

Storage: Items stored on-site will consist of finished products such as brochures, wearables (t-shirts, hats, etc.), business cards, and other various printed items. Items stored/used on site are standard office equipment (computers, phones, scanners, etc.) and a pallet jack for moving customer pallets on-site. There will be no printing equipment (beyond standard computer printers) for item production. No hazardous materials are intended/proposed for storage by the Applicant. Staff recommends the permit include the standard language that prohibits outside storage of materials, equipment, and items associated with the Applicant's use. The permit should also prohibit the placement of storage containers/pods in the parking area/driveway. If the Applicant needs to place a storage container in the parking area to accommodate activities/storage, then that would indicate that this operation has exceeded the Subject Property's ability to accommodate this use.

Trash: The Subject Property will provide for a trash enclosure facing California Avenue of sufficient size to accommodate bins and dumpsters. Staff recommends the permit require the Applicant to either maintain refuse and trash receptacles within their unit of the building and/or the enclosure. The permit should also prohibit the storage of refuse bins/dumpsters on the street except curbside on scheduled trash collection days.

Impacts: Staff does not anticipate negative impacts from the Applicant's Use. The office and product storage with shipments and deliveries are considered benign activities that do not produce excessive detrimental noise, vibrations, dust, fumes, particulate, or the like. Shipping and receiving will primarily be via Federal Express, UPS, and similar quick turn-over services that are not anticipated to pose an impediment to traffic flow along California Avenue. The Applicant's intended hours of operation are within the typical daytime/weekday business hours. Provided the



Applicant abides by the permit conditions recommended by staff, the Applicant's Use should not pose a public nuisance or blighting influence.

Signs: The Applicant indicated that he does intend to establish a commercial sign for his operation at the Subject Property. When the development permit was approved and issued for construction of the new commercial building/site, it was required that any signs on the site would be part of a Uniform Sign Program for the Subject Property; to be initiated with the application for a sign permit. A sign permit and/or uniform sign program are subject to the City's Design Review Committee (the "DRC") review and approval. This should be included as a condition of the Applicant's use permit.

**Water:**

The Applicant's Use qualifies as a Group I occupancy in accordance with the Monterey Peninsula Water Management District (MPWMD) regulations for office and storage uses. Water was allocated by the City to the Subject Property to accommodate the development of the site based upon a Group I uses and occupancy. Therefore, on-site allocated water credit is adequate to facilitate the Applicant's Use and no further water allocation from the City is deemed necessary. If the MPWMD staff determines in the future that additional water is required, the City could then review and decide at that time whether to allocate any additional water. However, the permit should contain the standard language stating that approval of the permit does not arbitrarily grant any privilege or right to the Applicant and/or property owner for any allocation of water from the City or other entity.

**Stormwater Control:**

The Applicant's Use is of a new commercial building currently under construction. That development project is required to install on-site storm water control infrastructure that will have to be completed and operational prior to City issuance of a certificate of occupancy and the Applicant's occupancy of the Subject Property. Upon completion of current construction activities, the Applicant does not propose to install or replace pavement or implement physical modifications of the site or building that would otherwise trigger further storm water control regulations. Therefore, storm water control regulations do not apply specifically to this application.

**Advisory Agencies:**

Information on the Applicant's Use was circulated to the City's advisory agencies. Responding agencies expressed no concern with the Applicant's Use. The Monterey County Health Department stated that they had no setback or requirement for the scope of this project. The Seaside County Sanitation District had no concern, but commented that the Applicant must contact Monterey One Water to arrange sewer service. No other comments were received at the time of preparing this report.

**STAFF RECOMMENDATION**

Staff recommends **APPROVAL** of the Conditional Use Permit for the Applicant, with the conditions/restrictions proposed by staff and as discussed in this report.

Findings:

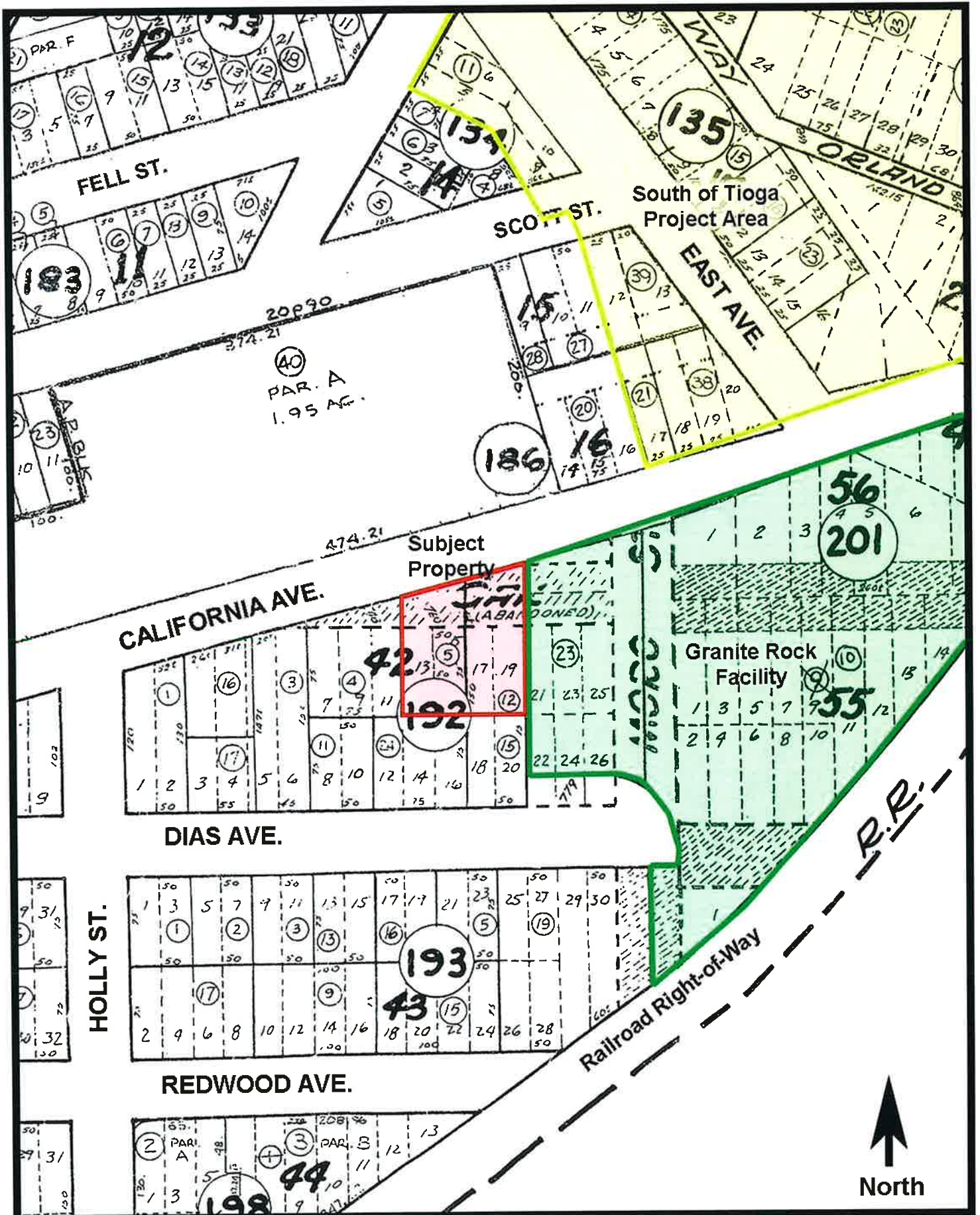
1. The Applicant's Use is of a type, scope, and scale that is compatible with the future South of Tioga development; and consistent with the non-coastal "Planned Mixed-Use" zoning designation of the Subject Property.
2. The Subject Property (upon completion of construction) will provide sufficient on-site parking to meet Zoning Code parking requirements for the Applicant's Use and the adjacent unit.
3. The Subject Property has water credit based on a Monterey Peninsula Water Management District (MPWMD) 'Group I' classification, which is the same group classification for the Applicant's 'manufacturing' operation; and therefore, no further allocation of water is deemed necessary for the Applicant's Use at the Subject Property.
4. Utilities (electricity, gas, water, sewer, etc.) are sufficiently available to facilitate the Applicant's Use at the Subject Property.
5. Loading/unloading activities by the Applicant's Use are not anticipated to pose an impediment of traffic flow and/or driver visibility along California Avenue (a primary collector street) due to the scope/scale of operation described by the Applicant and as mitigated with staff's recommended permit conditions.
6. The Project qualifies for a categorical exemption, under State CEQA Guidelines, Section 15301.

Exhibits:

- A. Location Map
- B. Aerial Map
- C. Site Plan/Floor Plan
- D. Applicant's Letter of Intent
- E. Hazardous Material Questionnaire (Mont. Cnty. Health Dept.)
- F. Excerpts from the Applicant's Website (2 sheets) ([www.kelleyprintplus.com](http://www.kelleyprintplus.com))

Attachment:

- Draft Resolution to approve a Conditional Use Permit (CUP)



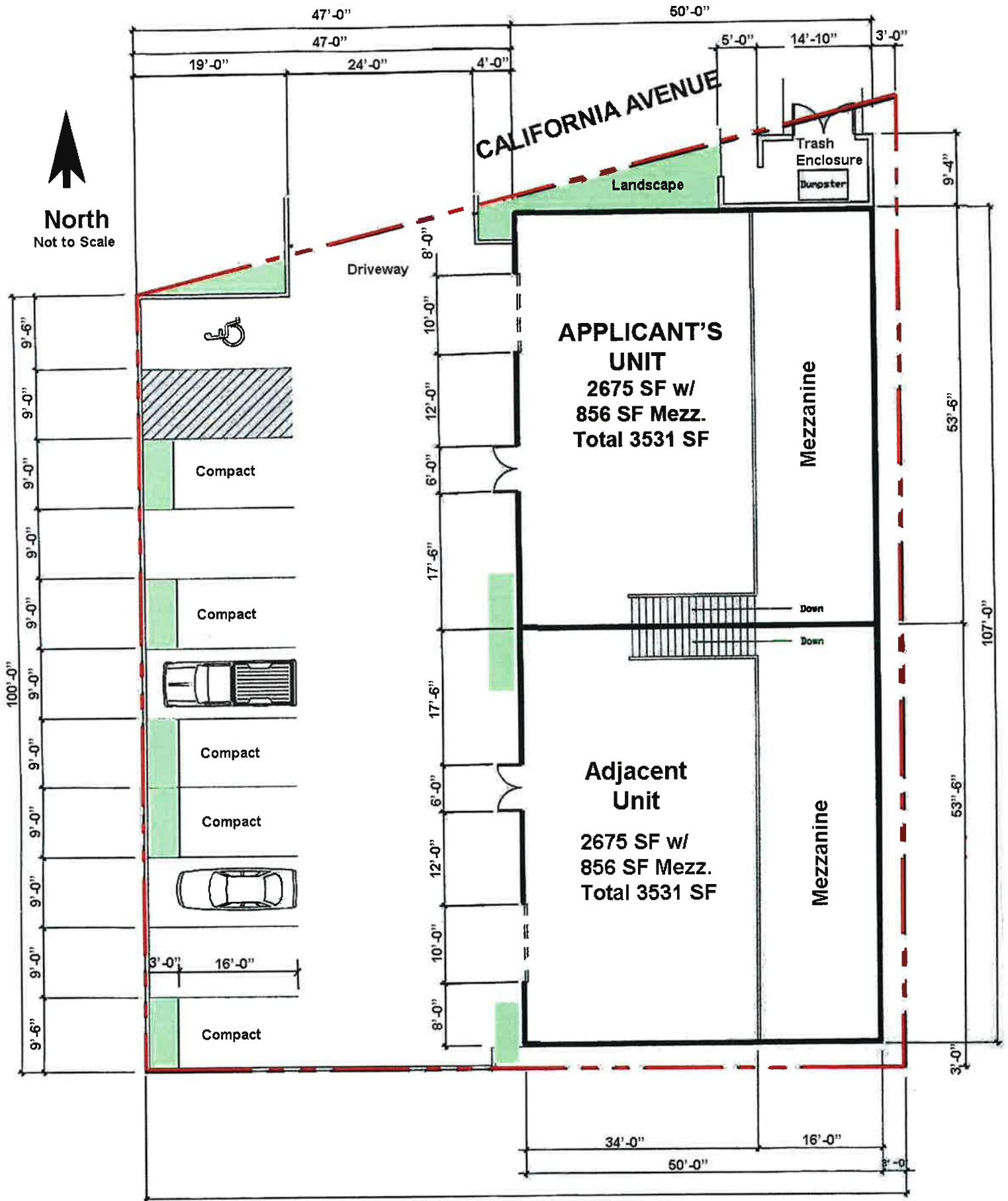
Location Map





**Aerial Map** (via Google Earth)





**Site Plan & Floor Plan**

**EXHIBIT C**

**Letter of Intent to Lease Business/Warehouse Space in Sand City**

**RECEIVED**

**NOV 18 2019**

**CITY OF SAND CITY**

Jeffrey and Paula Johnson  
Kelley Print Plus LLC.  
3056 Del Monte Blvd. #205  
Marina, CA 93933

November 5, 2019

Charles Pooler, City Planner  
City of Sand City  
1 Pendergrass Way Sand City, CA 93955

Dear Mr. Pooler,

The purpose of this letter is to express our interest and intent to lease a business/warehouse space owned by Pier and Domenico Garneri and located at 756 California Avenue Unit A, Sandy City, CA 93955

Our company, Kelley Print Plus LLC., operates as a Printing Brokerage Firm providing services between the printer(s) and our customers. Our services allow us to engage with our customers in designing and procuring all printing needs they have to advertise their business. These items include brochures, wearables, business cards and other various printed material. While we do not perform any printing functions ourselves, our business acts as the "go between" the printer and the customer. Once the printing of items is completed, they are shipped to our location via Fed Ex or UPS and we notify our customer of their availability for pick-up or delivery. Shipments to our location are on an as needed basis, but on average we have 4 deliveries a week.

Our business hours of operation are Monday through Thursday 9:00am – 4:00pm. We currently have 4 employees which include the Owner/President - Jeffrey Johnson, Co-Owner – Paula Johnson, Office Manager – Charlotte Tinker and Warehouse Employee – Jose Valencia. We have no company vehicles; however, we will have up to 3 different private vehicles utilizing parking space at any given time during the above-mentioned days/hours throughout the week.

Materials etc., which are stored on site include our customers products until pick up or delivery, as well as standard office equipment such as computers, printers and scanners. We will also have a pallet jack for moving customers pallets of materials as needed. Beyond that, there is no other major equipment or vehicles which will be used or stored onsite.

Should you require an additional information in order to proceed with our request, please do not hesitate to contact myself, Jeff Johnson at 831-206-5327.

Sincerely,



Jeff and Paula Johnson  
Kelley Print Plus, LLC

**Letter of Intent**

**EXHIBIT D**

152

Monterey County Health Department  
1270 Natividad Road, Room B301  
Salinas, CA 93906  
(831) 755-4511  
Fax (831) 755-8954

Jurisdiction Name Sand City  
Use Permit # CUP 639  
Or  
Building Permit # \_\_\_\_\_  
Contact Name Charles Pooler  
Phone # chuck@sandcityca.org

### HAZARDOUS MATERIAL QUESTIONNAIRE

Business Name Kelley Print Plus LLC Type of Business Printing Broker  
Site Location 756 California Ave Unit A City Sand City APN: 011-192-025  
Mailing Address 3056 Del Monte Blvd #205 Marina, CA 93933  
Business Contact Jeffrey Johnson 831-206-5327  
*Name Phone Number*  
Property Owner Pier Garneri 831-601-8317  
*Name Phone Number*

- Will your business/proposed project be using any hazardous materials such as oil, fuels, solvents, compressed gases, acids, corrosives, pesticides, fertilizers, paints or other chemicals?  
 Yes  No
- Will your business/proposed project be using hazardous materials in quantities of 55 gallons and above for liquids, 500 lbs. and above for solids and/or 200 cubic feet and above for compressed gases?  
 Yes  No
- Will your business/proposed project be using any quantities of acutely hazardous materials such as ammonia, chlorine, sulfuric acid, formaldehyde, hydrogen peroxide, methyl bromide or other restricted pesticides?  
 Yes  No
- Will your business/proposed project be using underground storage tanks to store hazardous materials?  
 Yes  No
- Will your business/proposed project be generating any quantities of hazardous waste such as waste oil, waste solvents, etc?  
 Yes  No
- Will your business/proposed project be emitting any hazardous air emissions?  
 Yes  No

**CERTIFICATION:**

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge and belief.

ANY QUESTIONS REGARDING THIS FORM CAN BE DIRECTED TO:  
Monterey County Health Department  
Division of Environmental Health  
1270 Natividad Road, Room B301  
Salinas, CA 93906  
(831) 755-4511

Executed AT:

\_\_\_\_\_  
City, State

Print Name of Owner/Operator: \_\_\_\_\_

Signature of Owner/Operator: \_\_\_\_\_

**For Local Jurisdiction Use Only:**

- Is there a known or proposed school, hospital, day care, or long term care facility within 1,000 feet of this site location?  
 Yes  No
- Is there a known or proposed school, hospital, day care, or long term care facility ¼ mile of this site location?  
 Yes  No

Health Department Clearance

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_



**WHAT EXACTLY DO WE DO?**

The saying "One Stop Shopping for all your printing needs" goes a long way at Kelley Print Plus. We can handle any type of print media available today. From the basics to the most complex projects, there is always an answer to your requirements at Kelley Print Plus. Our available resources include promotional items, advertising products, forms and flyers, 4 color lithographic and digital printing, permanent labels, textiles, banners and signs, agriculture-based forms and PTI and traceability labels, thermal and direct thermal labels and ribbons, hospitality needs and much, much more!

Once you make the move to Kelley Print Plus you will always look to us for more. Our limits are controlled by our imagination and the imagination of our clients.

Our goal is to find the right sources for all your projects that will meet or exceed your every expectation.

**THE SIGNS ARE CLEAR!**

Give us a call and see what a difference a professional print broker can make for you. Our staff of experts can assist you in making your project a complete success.





## ABOUT US

Kelley Print Plus, founded in 1978 has been in the printing business for over 37 years. Kelley Print Plus is a comprehensive printing brokerage firm with a national client base located in the Monterey Bay area of Central California.

Kelley Print Plus's sole purpose is to help individuals and businesses close the gap on indecision when it comes to questions in printing.

We at Kelley Print Plus have aligned ourselves with some of the most imaginative printers in the industry. These printers work only with companies such as ours. Because of this arrangement we are able to offer you prices and services that are extremely competitive. And because we draw upon a wide variety of vendors, we can meet all the printing needs that you or your company may have.

CITY OF SAND CITY

RESOLUTION SC \_\_\_\_\_, 2019

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY APPROVING  
CONDITIONAL USE PERMIT 639 FOR KELLY PRINT PLUS LLC  
WITHIN A COMMERCIAL UNIT AT 756 CALIFORNIA AVENUE**

**WHEREAS**, Jeffrey and Paula Johnson of Kelly Print Plus LLC (the "Applicant") submitted an application to the City of Sand City (the "City") for conditional use permit approval regarding office and product storage for their printing brokerage firm (the "Applicant's Use") within an approximate 2,700 square foot unit of a new commercial building at 756 California Avenue (portion of APN 011-192-025) in Sand City (the "Subject Property"); and

**WHEREAS**, the Applicant's Use at the Subject Property, at the scale and intensity described in the application and with the appropriate mitigation required, is considered consistent with the non-coastal "Planned Mixed-Use" (MU-P) zoning designation of the Subject Property and compatible with neighboring mixed-use and manufacturing zoned properties; and

**WHEREAS**, the Subject Property provides sufficient on-site parking to satisfy both Zoning Code parking requirements (section 18.64.050.K) and anticipated parking demand for the Applicant's Use while maintaining parking for other tenants of the building; and

**WHEREAS**, issues pertaining to large truck-trailer loading/unloading for the Applicant's Use is appropriately mitigated as to prevent the Applicant's activities at the Subject Property from imposing a routine obstruction, impediment, and/or interference with public traffic along California Avenue, a primary City collector street, or other public right of way; and

**WHEREAS**, the Subject Property and Applicant's Unit have a water credit based upon a Monterey Peninsula Water Management District (MPWMD) Group I classification, which is the same as the Applicant's Use; and therefore, no further water allocation for the Applicant's Use of the Subject Property is deemed necessary; and

**WHEREAS**, the Applicant's Use within an existing commercial building qualifies as a Categorical Exemption under CEQA (California Environmental Quality Act) Guidelines, Section 15301; and

**WHEREAS**, the City Council of the City of Sand City, on \_\_\_\_\_, 2019, has found and determined that the Applicant's storage and office activities, as identified by the Applicant and appropriately conditioned, will not adversely impact the character of the surrounding neighborhood, nor be injurious or detrimental to adjoining properties or the rights of the owners therein, and therefore, Conditional Use Permit 639 shall be granted upon the conditions hereinafter set forth; and

**WHEREAS**, the City Council of the City of Sand City has accepted the analysis and findings for approving Conditional Use Permit 639 ("CUP 639") as outlined in the City staff report, dated December 2, 2019.

1. CUP 639 is not valid, and the Applicant's Use of the Subject Property shall not commence unless and until two copies of this Resolution/Permit, signed by the permittee and the Subject Property's owner (the "Property Owner"), acknowledging receipt of the Permit and acceptance of the terms and conditions, is returned to the City's Planning Department. Failure to return said signed/executed document may be grounds for City termination of CUP 639. Furthermore, the Applicant shall not occupy the building or commence operation on the Subject Property until site and building construction is complete and the City issues a certificate of occupancy for the Subject Property.
2. Purpose: CUP 639 is for the express purpose of authorizing, at the scope and scale described in the Applicant's application, office, storage, and distribution activities for their printing brokerage firm within an approximate 2,700 square foot commercial unit of an existing commercial building at 756 California Avenue (portion of APN 011-192-025); subject to the terms and conditions specified in CUP 639. Residential occupancy of the Applicant's unit on the Subject Property is prohibited. There shall be no expansion to the scope or intensity of the Applicant's Use beyond that as authorized by CUP 637 without either an amendment of said Permit or the issuance of a new land use entitlement permit.
3. Hours of Operation: Hours of operation for the Applicant's Use at the Subject Property shall only occur between the hours of 7:00 a.m. to 6:00 p.m. Monday through Friday and 10:00 a.m. to 5:00 p.m. on Saturdays. All activities associated with the Applicant's Use at the Subject Property shall only occur within these aforementioned permitted hours of operation. Office and/or janitorial activities on-site by the Applicant may extend beyond the aforementioned hours/days provided that the Applicant's unit is not open to the public.
4. On-Site Parking: A minimum of ten (10) on-site parking spaces shall be maintained on the Subject Property to be shared between all tenants of the commercial building on the Subject Property. The Subject Property's owner and/or property manager shall be responsible for managing parking and addressing and resolving tenant disputes regarding on-site parking, provided City zoning and permit requirements are met to the satisfaction of the City. On-site parking spaces shall not be used for any purpose that impedes vehicle parking, with exception of on-site loading/unloading activities. Failure to maintain these spaces for vehicle parking shall be sufficient reason for the City to terminate CUP 639. The Applicant is prohibited from parking any non-operational vehicles on the Subject Property.
5. Truck & Trailer Street Parking: In accordance with Sand City Municipal Code (the "SCMC") Chapter 10.08, the Applicant shall not park or store trucks, trailers, or other large vehicles, as listed in SCMC Chapter 10.08, within any City street at any time unless actively involved with loading/unloading or otherwise has a valid City issued

annual parking permit. Violation of this condition may result in the issuance of citations in accordance with SCMC Chapter 10.08.

6. Loading/Unloading: All deliveries/shipments and/or loading/unloading of inventory and/or any other item associated with the Applicant's Use at the Subject Property shall only occur during CUP 639's authorized hours of operation (see Condition No. 3 "Hours of Operation"). Trailer-truck (i.e. 18-wheelers, semi-trucks) deliveries of to the Subject Property are limited to no more than two (2) times per year unless otherwise granted special written permission by the City. At no time shall loading/unloading activities, associated with the Applicant's Use impede 2-way traffic circulation on California Avenue or any other public right-of-way within Sand City. Short term (approximately 5-minute) loading/unloading via private shipment companies (i.e. Federal Express, UPS, etc.) is exempt and allowed, provided it does not impede traffic circulation of public streets.
7. Storage: All materials, parts, tools, equipment, packaging, pallets, and/or any other item associated with the Applicant's operation on the Subject Property, shall only be stored within the Applicant's unit and prohibited from being stored beyond the confines of the Applicant's unit and the building. The placement of a self-contained portable storage unit on-site, beyond the confines of the building, is hereby prohibited; and the need of the Applicant to do so shall be considered by the City as justification that the Applicant's Use has expanded beyond the Subject Property's ability to sufficiently accommodate the Applicant's operation; and thus be sufficient reason for the City to terminate CUP 639.
8. Property Maintenance: The Subject Property shall be maintained in a clean, orderly, weed-free, and litter-free condition. There shall be no storage of waste material or debris on-site, except as otherwise allowed by CUP 639. The Applicant and/or the Property Owner shall be responsible for maintenance and upkeep of the Applicant's leased area of the Subject Property for the duration of the Applicant's Use at the Subject Property as authorized by CUP 639.
9. Signs: Commercial signs on the exterior of the building or anywhere on the Subject Property, identifying the Applicant's Use, shall be reviewed and approved by the Sand City Design Review Committee (the "DRC") in the issuance of a sign permit and/or uniform sign program prior to the establishment of any sign such at the Subject Property. Signs attached to the building shall also obtain a City building permit prior to installation of said sign. The Applicant shall not place any free-standing sign anywhere within City limits without City Planning Department approval.
10. General Waste: Trash, litter, boxes, crates, pallets, debris, or other used and/or discarded materials generated/used by the Applicant's Use shall be stored in an appropriate waste collection bin or dumpster. Except on a designated trash collection day, said bin(s) or dumpster(s) shall be maintained either within the building or within the City approved trash enclosure on the Subject Property. The Applicant shall work and coordinate with the City's franchised waste hauler to implement material recycling and recovery as part of this operation's regular routine when feasible.

11. Hazardous Waste: Any and all hazardous materials and/or waste used/generated by the Applicant's Use shall be legally stored and disposed of in accordance with the regulations of the City, the County of Monterey, and the State of California. The Applicant shall concede to any direction of the City's Fire Department, City Code Enforcement Officer, and/or the Monterey County Health Department regarding the storage and/or handling of hazardous materials on the Subject Property. Any illegal material storage, dumping, and/or disposal shall be sufficient grounds for City termination of CUP 639.
12. Water Runoff: The Applicant's Use shall not create water run-off within the City in accordance with SCMC Chapter 13.05 regarding Storm Water Management. There shall be no washing of vehicles on the Subject Property.
13. Water: Issuance of CUP 639 does not grant the Applicant and/or Subject Property's owner any right or privilege to any allocation of water from the City of Sand City or other entity. The Applicant's Use shall be limited to that water credit currently available to the Subject Property, in accordance with the regulations of the Monterey Peninsula Water Management District (MPWMD).
14. Local/Regional Compliance: All requirements of the City's contracted Building and Fire Departments, the City Engineer, the Sand City Code Enforcement officer(s), the Seaside County Sanitation District, Monterey One Water (formerly 'Monterey Regional Water Pollution Control Agency'), and Monterey County Health Department, shall be implemented to the satisfaction of each department and inspector thereof. Police Department requirements pertaining to security, street parking, code enforcement, and law enforcement shall be implemented to the satisfaction of the City's Police Chief.
15. Air District: The Applicant shall be responsible for complying with applicable regulations of the Monterey Bay Air Resources District. Failure to comply shall be sufficient grounds for City termination of CUP 639.
16. Fire Department: The Applicant's Use of the Subject Property, as authorized by CUP 639, must conform to storage and operational requirements specified in the California Fire Code and to the satisfaction of the City's Fire Department inspector. The Subject Property shall be available and open for Fire Department and/or City code enforcement safety inspections during CUP 639's identified operation hours (see Condition No. 3 "Hours of Operation"). Failure to comply with Fire Inspector and/or code enforcement requirements may be sufficient grounds for City issuance of a 'Cease and Desist' order for closure of the Applicant's Use and City termination of CUP 639.
17. Nuisance: The Applicant's Use of the Subject Property shall be conducted as to not constitute a nuisance to surrounding units and/or properties or the occupants thereof. The Applicant shall be considered responsible for the impacts created by the Applicant's Use and activities. The Applicant shall implement all mitigation necessary to inhibit any noise, vibration, particulate, odors, overflow parking, and/or other negative impacts that this operation may or will generate. If the City Council finds at any time that any use of the Subject Property constitutes a nuisance, or is otherwise

detrimental to the neighborhood or to the community, such use shall be discontinued or modified as may be required by the City. Failure to effectively implement mitigation required by this Permit, or other direction/notification by the City deemed necessary to abate negative impacts generated by the Applicant's Use, may be adequate grounds for the City to amend or terminate CUP 639. Failure to comply with such City direction may result in the amendment or revocation of CUP 639.

18. Violation/Termination: If the City determines that any term or condition of CUP 639 has been violated, and/or use of the Subject Property constitutes a nuisance or is otherwise detrimental to the neighborhood or the community, written notice shall be issued to the Applicant and/or Property Owner, that if such violation is not corrected or removed within a specified time, a public hearing may then be scheduled where the City Council may consider amending or revoking CUP 639, and may then order said Permit amended or revoked. The Applicant and the Property Owner shall be notified of any such public hearing, and provided an opportunity to address the City Council prior to any action by the City Council to amend or terminate CUP 639.
19. Interpretation: Any questions of intent or interpretation regarding any condition within CUP 639 shall be resolved by the City's Planning Department.
20. The issuance of CUP 639 shall not supersede or override any requirements of any other City, County, State, or Federal agency.
21. Indemnification: To the extent permitted by law, the Applicant and Property Owner shall indemnify and hold harmless the City, its City Council, its officers, employees, consultants, and agents (the "indemnified parties") from and against any claim, action, or proceeding brought by a third party against the indemnified parties, the Applicant, and/or Property Owner in connection with CUP 639, including but not limited to any such action to attack, set aside, or void, any permit or approval authorized hereby, including (without limitation) reimbursing the City for its actual attorney's fees and costs incurred in defense of the litigation. The City may, in its sole discretion, elect to defend any such action with attorneys of its own choice.
22. Business License: The Applicant shall acquire, maintain, and annually renew a Sand City business license for the duration of the Applicant's Use within Sand City. Failure to maintain a current City business license may be sufficient grounds for termination of CUP 639.

**PASSED AND ADOPTED** by the City Council of Sand City this \_\_\_\_ day of December, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Linda K. Scholink, City Clerk

\_\_\_\_\_  
Mary Ann Carbone, Mayor

This is to certify that the Conditional Use Permit (CUP) 639 contains the conditions specified by the City Council in approving said Permit.

\_\_\_\_\_  
Charles Pooler, City Planner

**APPLICANT ACCEPTANCE (CUP 639)**

The Conditional Use Permit is hereby accepted upon the express terms and conditions hereof, and the undersigned agrees to strictly conform to and comply with each and all of the said terms and conditions therein.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
**Applicant**

**CONSENT OF OWNER (CUP 639)**

Consent is hereby granted to the permittee to carry out the terms and conditions of the Conditional Use Permit.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
**Property Owner**

**AGENDA ITEM**

**9A**





# City of Sand City

Agenda  
Item  
9A

## STAFF REPORT

**DATE:** December 11, 2019  
**TO:** Agency Chair and Board Members of the Successor Agency  
**FROM:** Director of Admin Services/City Clerk *[Signature]*  
**SUBJECT:** ROPS Administrative Budget for Fiscal Year 2020-2021

---

Attached is the Administrative Budget for Fiscal Year 2020-2021. This budget is brought to the Successor Agency Board once a year to be approved before it goes to the County Oversight Board and then onto the Department of Finance, (DOF) for approval.

In accordance with AB 1484, after approval by the DOF the administrative cost allowance will be provided by the County Auditor from the real property tax trust fund, (RPTTF) to the Successor Agency for administrative expenses.

The attached Administrative Budget is for a total of approximately \$155,000.00. Staff is requesting the Agency Board approve the attached budget.

**SAND CITY SUCCESSOR AGENCY**

**RESOLUTION SA \_\_\_\_\_, 2019**

**RESOLUTION OF THE SAND CITY SUCCESSOR AGENCY APPROVING AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR JULY 2020 through JUNE 2021**

**WHEREAS**, Assembly Bill 1484 (AB 1484), the Redevelopment Clean Up legislation, allows the Sand City Successor Agency to have an administrative budget necessary to carry out its duties; and

**WHEREAS**, an administrative budget has been prepared which is attached and incorporated herein by this reference, and said budget includes an itemized list of services and related expenses necessary to carry out successor agency duties for Fiscal Year July 2020 through June 2021; and

**WHEREAS**, in accordance with AB 1484, an administrative cost allowance will be provided by the County Auditor from the property tax trust fund to be provided for administrative expenses of the Successor Agency.

**NOW, THEREFORE, BE IT RESOLVED** that the Sand City Successor Agency Board hereby approves the attached budget (Exhibit A).

**PASSED AND ADOPTED** by the Sand City Successor Agency on this \_\_, day of December 2019, by the following vote:

AYES: Agency Members

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mary Ann Carbone, Chair of the  
Successor Agency

\_\_\_\_\_  
Linda K. Scholink  
Clerk of the Successor Agency

## EXHIBIT A

<b>SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY</b>	
<b>PROPOSED ADMINISTRATIVE BUDGET</b>	
<b>July 1, 2020 through June 30, 2021</b>	
<b>EMPLOYEE COSTS:</b>	
Salaries	\$56,970.00
Deferred Compensation	\$900.00
PERS Retirement	\$10,185.00
Medicare	\$1,177.50
Health	\$11,400.00
Dental	\$776.25
Vision	\$150.00
LTD	\$562.50
Life	\$112.50
Workers Comp	\$4,485.00
Fitness	\$247.50
Auto	\$802.50
<b>SUBTOTAL</b>	<b>\$87,768.75</b>
<b>SUPPLIES &amp; SERVICES:</b>	
Audit Services	\$5,000.00
Attorney/Legal Services	\$24,000.00
Mgmt/Consultant Services	\$23,000.00
Office Supplies	\$500.00
Implementation of LRPMP	\$1,500.00
Appraisals	\$5,000.00
Bond Expenses	\$3,500.00
<b>SUBTOTAL</b>	<b>\$62,500.00</b>
<b>ALLOCATED COSTS:</b>	
Technical Support	\$500.00
Liability Insurance	\$2,500.00
Property Insurance	\$250.00
Misc. Expense ( Property/Taxes/Expenses)	\$1,500.00
<b>SUBTOTAL</b>	<b>\$4,750.00</b>
<b>TOTAL</b>	<b>\$155,018.75</b>

**AGENDA ITEM**

**9B**



# City of Sand City

Agenda  
Item  
**9B**

## STAFF REPORT

**DATE:** December 11, 2019  
**TO:** Mayor and City Council  
**FROM:** Director of Admin Services/City Clerk *J. J. J. J.*  
**SUBJECT:** ROPS 2020 -2021

---

The Recognized Obligation Payment Schedule (ROPS) before you for your consideration today is the ROPS 20-21 which covers the period from July 1, 2020- June 30, 2021. Staff is recommending that the City Council adopt the attached Resolution approving the Recognized Obligation Payment Schedule for July 2020 through June 2021 (ROPS 20-21A and ROPS 20-21B) .

Line 2	2008B Tax Allocation Bonds	\$ 112,425.
Line 3	Sand City- Admin Allowance	\$ 80,000.
Line 11	Tax Sharing Agreement	\$ 182,261.
Line 26	2017 Refunding Tax Allocation Bonds	\$ 215,368.
Line 27	Fiscal Agent Fees	\$ 2,000.
<hr/>		
	Total Requested	\$ 592,054.
	Total coming from Reserves	\$ 252,500.
	<b>Total for ROPS 20-21 A</b>	<b>\$844,554.</b>

The Period shown as 20-21B (January – June) is requesting funding for the following obligations:

Line 2	2008B Tax Allocation Bonds	\$ 17,250.
Line 2	2008B Towards next year's bond payment	\$ 95,000.
Line 3	Sand City- Admin Allowance	\$ 80,000.
Line 11	Tax Sharing Agreement	\$ 182,261.
Line 21	Fiscal Agent Fees	\$ 2,000.
Line 22	Bond Disclosure Services	\$ 1,250.
Line 26	2017 Refunding Tax Allocation Bonds	\$ 48,236.
Line 26	2017 Towards next year's bond payment	\$ 167,500.
<hr/>		
	Total Requested	\$ 593,497.
	Total coming from Reserves	\$ 0
	<b>Total for ROPs 20-21 B</b>	<b>\$ 593,497.</b>

**The total being requested is \$ 1,438,051.00**

Staff is also looking to work on the Seaside/Costco tax sharing agreement next year and have that listed on the next ROPS for Fiscal Year 2021-2022.

Staff is recommending approval of the attached ROPS, which will be sent over to the County for the County Oversight Board meeting in January 2020.

**SAND CITY SUCCESSOR AGENCY  
RESOLUTION SA \_\_\_\_\_, 2019**

**RESOLUTION OF THE CITY OF SAND CITY SERVING AS THE SUCCESSOR  
AGENCY TO THE FORMER REDEVELOPMENT AGENCY, APPROVING THE  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR  
JULY 2020 THROUGH JUNE 2021 (ROPS 20-21A and ROPS 20-21B)**

**WHEREAS**, Assembly Bill 1484 (AB1484) requires Successor Agencies to prepare a Recognized Obligations Payment Schedule (ROPS) for Fiscal Year 2020-21 and submit it to the Department of Finance (DOF) no later than February 1, 2020; and

**WHEREAS**, the City of Sand City has elected to be the Successor Agency for the former Sand City Redevelopment Agency and has therefore prepared a ROPS, to be known as ROPS 20-21 for the time period of July, 2020 through June, 2021; and

**WHEREAS**, the ROPS is not considered a project under the California Environmental Quality Act (CEQA) and therefore no environmental analysis is necessary.

**NOW, THEREFORE, BE IT RESOLVED** that the Sand City Successor Agency hereby adopts ROPS 20-21, attached hereto as "Exhibit A", and incorporated herein by this reference, and further directs the Deputy City Clerk to forward the ROPS to the County Auditor, Department of Finance, and place the ROPS on the Sand City website as required by law, following final approval and any amendments by the Oversight Board.

**PASSED AND ADOPTED** by the Sand City Successor Agency at a regular meeting of the Successor Agency on this \_\_\_\_\_, day of December, 2019 by the following vote:

AYES:            Agency Members  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mary Ann Carbone, Chair of the  
Successor Agency

\_\_\_\_\_  
Linda K. Scholink, Clerk of the  
Successor Agency

EXHIBIT A

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

**Successor Agency:** Sand City

**County:** Monterey

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
<b>A Enforceable Obligations Funded as Follows (B+C+D)</b>	<b>\$ 252,500</b>	<b>\$ -</b>	<b>\$ 252,500</b>
B Bond Proceeds	-	-	-
C Reserve Balance	252,500	-	252,500
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</b>	<b>\$ 592,054</b>	<b>\$ 593,497</b>	<b>\$ 1,185,551</b>
F RPTTF	512,054	513,497	1,025,551
G Administrative RPTTF	80,000	80,000	160,000
<b>H Current Period Enforceable Obligations (A+E)</b>	<b>\$ 844,554</b>	<b>\$ 593,497</b>	<b>\$ 1,438,051</b>

**Certification of Oversight Board Chairman:**

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

\_\_\_\_\_  
 Name Title

/s/ \_\_\_\_\_  
 Signature Date



**Sand City**  
**Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail**  
**July 1, 2020 through June 30, 2021**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$25,106,070		\$1,438,051	\$-	\$252,500	\$-	\$512,054	\$80,000	\$844,554	\$-	\$-	\$-	\$513,497	\$80,000	\$593,497
2	2008B Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	01/18/2008	11/01/2023	US Bank	Finance Redevelopment Activities	Sand City	895,000	N	\$314,675	-	90,000	-	112,425	-	\$202,425	-	-	-	112,250	-	\$112,250
3	Sand City	Admin Costs	02/01/2012	06/30/2020	City acting as Successor Agency	Administrative Cost Allowance	Sand City	160,000	N	\$160,000	-	-	-	-	80,000	\$80,000	-	-	-	-	80,000	\$80,000
5	City of Sand City	Miscellaneous	04/01/1995	06/30/2020	City of Sand City	COP Reimbursement	Sand City	1,454,766	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
6	SERAF Payment	SERAF/ERAF	05/10/2010	06/30/2020	City of Sand City	Repay loan from LMIHF	Sand City	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
7	SERAF Payment	SERAF/ERAF	05/04/2011	06/30/2020	City of Sand City	Repay loan from LMIHF	Sand City	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
10	McDonald Coastal Project	OPA/DDA/ Construction	06/20/2001	06/30/2020	John King - DDA	Contingency Reimbursement	Sand City	1,455,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
11	Tax Sharing Agreement	Litigation	05/18/1989	12/31/2027	City of Seaside	Judgment Entered 1-19-2016	Sand City	2,727,905	N	\$364,522	-	-	-	182,261	-	\$182,261	-	-	-	182,261	-	\$182,261
12	Sand City Redevelopment Project	City/County Loan (Prior 06/28/11), Cash exchange	01/20/1987	06/30/2020	City of Sand City	Repay loans for Staff and Facilities ***	Sand City	3,628,058	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
13	Sand City Redevelopment Project	City/County Loan (Prior 06/28/11), Cash exchange	01/20/1987	06/30/2020	City of Sand City	Repay for Monetary Loans (Seaside) ***	Sand City	6,448,068	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
21	Fiscal Agent Fees	Fees	01/30/2008	11/01/2023	US Bank	Annual Fiscal Agent for bond issues	Sand City	6,250	N	\$2,000	-	-	-	-	-	\$-	-	-	-	2,000	-	\$2,000
22	Bond Disclosure Services	Fees	01/17/2017	11/01/2027	HdL Coren & Cone	Annual continuing disclosure/ dissemination services for bond issues	Sand City	3,750	N	\$1,250	-	-	-	-	-	\$-	-	-	-	1,250	-	\$1,250

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
23	PERS Unfunded Liability-Pension	Unfunded Liabilities	05/18/1989	11/01/2027	Sand City	Unfunded liability due to PERS	Sand City	700,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
24	PERS Unfunded Liability-OPEB	Unfunded Liabilities	05/18/1989	11/01/2027	Sand City	Unfunded liability due to OBEP	Sand City	1,550,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
25	CalPERS	Unfunded Liabilities	01/27/2017	12/31/2017	Bartel Associates, LLC	Actuarial Study to determine the Unfunded accrued liability related to CalPers	Sand City	6,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
26	Subordinate Tax Allocation Refunding Bonds, Series 2017	Bonds Issued After 12/31/10	08/10/2017	11/01/2027	US Bank	Refinance RDA Activities	Sand City	4,157,023	N	\$593,604	-	162,500	-	215,368	-	\$377,868	-	-	-	215,736	-	\$215,736
27	Fiscal Agent Fees	Fees	08/10/2017	11/01/2027	US Bank	Annual Fiscal Agent for bond issues	Sand City	14,250	N	\$2,000	-	-	-	2,000	-	\$2,000	-	-	-	-	-	\$-
28	Sand City Redevelopment Project	City/County Loan (Prior 06/28/11), Cash exchange	01/20/1987	06/30/2020	City of Sand City	Repay for Monetary Loans (Costco) ***	Sand City	1,900,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

**\$2,135,000.00**

Tax Allocation Refunding Bonds  
Series 2008B - Taxable New Money  
Sand City Redevelopment Agency

## Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
05/01/2008	-	-	29,401.22	29,401.22
11/01/2008	-	-	58,156.25	58,156.25
05/01/2009	-	-	58,156.25	58,156.25
11/01/2009	-	-	58,156.25	58,156.25
05/01/2010	-	-	58,156.25	58,156.25
11/01/2010	105,000.00	4.750%	58,156.25	163,156.25
05/01/2011	-	-	55,662.50	55,662.50
11/01/2011	115,000.00	4.750%	55,662.50	170,662.50
05/01/2012	-	-	52,931.25	52,931.25
11/01/2012	120,000.00	4.750%	52,931.25	172,931.25
05/01/2013	-	-	50,081.25	50,081.25
11/01/2013	125,000.00	4.750%	50,081.25	175,081.25
05/01/2014	-	-	47,112.50	47,112.50
11/01/2014	130,000.00	5.500%	47,112.50	177,112.50
05/01/2015	-	-	43,537.50	43,537.50
11/01/2015	135,000.00	5.500%	43,537.50	178,537.50
05/01/2016	-	-	39,825.00	39,825.00
11/01/2016	145,000.00	5.500%	39,825.00	184,825.00
05/01/2017	-	-	35,837.50	35,837.50
11/01/2017	150,000.00	5.500%	35,837.50	185,837.50
05/01/2018	-	-	31,712.50	31,712.50
11/01/2018	160,000.00	5.500%	31,712.50	191,712.50
05/01/2019	-	-	27,312.50	27,312.50
11/01/2019	170,000.00	5.750%	27,312.50	197,312.50
05/01/2020	-	-	22,425.00	22,425.00
11/01/2020	180,000.00	5.750%	22,425.00	202,425.00
05/01/2021	-	-	17,250.00	17,250.00
11/01/2021	190,000.00	5.750%	17,250.00	207,250.00
05/01/2022	-	-	11,787.50	11,787.50
11/01/2022	200,000.00	5.750%	11,787.50	211,787.50
05/01/2023	-	-	6,037.50	6,037.50
11/01/2023	210,000.00	5.750%	6,037.50	216,037.50
<b>Total</b>	<b>\$2,135,000.00</b>	-	<b>\$1,203,207.47</b>	<b>\$3,338,207.47</b>

219,675

RECEIVED

\$4,690,000

ment Agency

Successor Agency of the Former Sand City Redevelopment Agency  
Subordinate Tax Allocation Refunding Bonds, Series 2017

DEC 30 2017

CITY OF SAND CITY

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Annual Total	Reoffering Price
11/01/17	\$360,000.00	2.850%	\$30,074.63	\$390,074.63	\$390,074.63	100.000
05/01/18			61,702.50	61,702.50		
11/01/18	305,000.00	2.850%	61,702.50	366,702.50	428,405.00	100.000
05/01/19			57,356.25	57,356.25		
11/01/19	315,000.00	2.850%	57,356.25	372,356.25	429,712.50	100.000
05/01/20			52,867.50	52,867.50		
11/01/20	325,000.00	2.850%	52,867.50	377,867.50	430,735.00	100.000
05/01/21			48,236.25	48,236.25		
11/01/21	335,000.00	2.850%	48,236.25	383,236.25	431,472.50	100.000
05/01/22			43,462.50	43,462.50		
11/01/22	345,000.00	2.850%	43,462.50	388,462.50	431,925.00	100.000
05/01/23			38,546.25	38,546.25		
11/01/23	495,000.00	2.850%	38,546.25	533,546.25	572,092.50	100.000
05/01/24			31,492.50	31,492.50		
11/01/24	680,000.00	2.850%	31,492.50	711,492.50	742,985.00	100.000
05/01/25			21,802.50	21,802.50		
11/01/25	695,000.00	2.850%	21,802.50	716,802.50	738,605.00	100.000
05/01/26			11,898.75	11,898.75		
11/01/26	720,000.00	2.850%	11,898.75	731,898.75	743,797.50	100.000
05/01/27			1,638.75	1,638.75		
11/01/27	115,000.00	2.850%	1,638.75	116,638.75	118,277.50	100.000
	<u>\$4,690,000.00</u>		<u>\$768,082.13</u>	<u>\$5,458,082.13</u>	<u>\$5,458,082.13</u>	

Accrued Interest	\$0.00
Days of Accrued Interest	0
Original Issue Premium/(Discount)	0.00
Arbitrage Yield	2.850480%
Weighted Average Life	5.746322 years
Dated Date	8/10/17
Closing Date	8/10/17

**AGENDA ITEM**

**9C**



**CITY OF SAND CITY**

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**STAFF REPORT - ADDENDUM 1**

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**DECEMBER 2, 2019**  
**(For City Council consideration on December 17, 2019)**

**TO: Mayor & City Council**

**FROM: Charles Pooler, City Planner**

**SUBJECT: South of Tioga Park Dedication / In-Lieu Fee Requirement**

**BACKGROUND**

The City Council conducted a discussion at the June 18, 2019 Council meeting in regard to applicable Park Dedication In-Lieu Fee / Quimby Act requirements for the South of Tioga project. The item was continued indefinitely at the request of Don Orosco of DBO Development #30 (the "Developer"). As the development agreement between Sand City (the "City") and the Developer is getting closer to execution, the issue of the Park Dedication In-Lieu Fee / Quimby Act requirements must be resolved in order to be incorporated into that agreement. The outstanding issues regarding the Park Dedication In-Lieu fee are:

- 1) Should the recreational courtyard open spaces on the residential pads, closed to the general public but available for those residents, be counted as a credit towards the in-lieu fees?
- 2) What is the "fair market value of land" for calculating the in-lieu fees?

This Park Dedication In-Lieu Fee / Quimby Act requirement is being brought back to the City Council for further discussion and potential determination regarding the inclusion or exclusion of on-site private public recreation as a credit to the in-lieu fee.

**DISCUSSION**

Staff prepared a report (dated May 24, 2019) that was presented to the City Council at its June 18, 2019 Council meeting regarding Sand City Municipal Code (SCMC) Chapter 17.68, the parkland in-lieu fee, and how that Chapter and fees relate to the South of Tioga Project. That report discusses the issues of fee calculation and recreational open spaces, in addition to the CEQA determination, required timing of payment per the project's Vesting Tentative Map, and SCMC requirements regarding fee commitments and refunds. Please refer to that report (see Attachment 1).

**Recreational Open Spaces:**

SCMC Section 17.68.030(C)(11) states that “Planned development and real estate developments....shall be eligible to receive a credit, as determined by the City, against the amount of land required to be dedicated or the amount of the fee imposed.....for the value of private open space within the development which is usable for active recreational uses.” Both residential development pads (Pad R1 and R2) provide private courtyards for their residents that meet the definition of “private open space” usable for “active recreation” The SCMC ordinance is thus phrased in a way that gives the City discretion in determining whether or not to allow ‘private open space’ as a credit towards the in-lieu fee. SCMC section 17.68.030(C)(11) is consistent with Government Code section 66477(e) regarding land dedications. The VTM states that the South of Tioga Project shall receive credit for areas that qualify under the provisions of SCMC Chapter 17.68.

Furthermore, the Court of Appeals held, in the case *Branciforte Heights, LLC v. City of Santa Cruz*, 138 Cal. App. 4th 914, 936 (2006), that the legislature did not intend a private open space credit to be an absolute right to developers. It should also be noted the law also does not prohibit the credit from being applied discretionarily by the City.

The potential builder of Parcel R2 (Mr. Lee Newell) provided staff with an email correspondence in June of 2019 (see Exhibit A) regarding the open space issue that was not included in the May 24<sup>th</sup> staff report. This correspondence makes the argument that the private spaces on-site should be counted as a credit towards the overall in-lieu fee; reciting his past 38-years of experience in multi-family development. This correspondence also states that the City of Palm Desert credited park fees for club house and pools, similar to that proposed for the South of Tioga project. It should be noted that the credit afforded by Palm Desert appears to have been discretionary on their part, and not mandated by law. In an inquiry to the cities of Santa Cruz and Salinas, those cities have exercised their discretion to not credit developers for private open spaces.

The SCMC is clear that the park easements and the parklet improvements (or any other public recreational improvement paid for by the developer) are automatic credits to the City’s in-lieu fee. The outstanding question for Council is whether the recreational courtyards of Parcels R1 and R2 should count as a credit where the SCMC section 17.68.030(C)(11) has delegated that determination to the City.

Parcel R2 proposes the following private on-site recreational areas/amenities for its residents:

Building 1 Courtyard	11,500 square feet (inclusive of 1,700 sf pool and 90 sf spa).
Building 2 Courtyard	9,300 square feet.
Clubhouse (Bldg 1)	6,350 square feet (includes a gym)
Clubhouse open area	1,500 square feet (west side of clubhouse)
<u>Sky Deck (Bldg 1)</u>	<u>1,400 square feet (roof level)</u>
TOTAL	30,050 square feet

The courtyards proposed for Parcel R2 include, fire troughs, custom shade structures with seating and entertainment wall, day beds near the pool, custom community tables, and

outdoor kitchens/BBQ areas with refrigerators. Building 1 also provides an approximate 1,700 square foot swimming pool, a 90 square foot water spa, and numerous cabanas. Building 2 provides for table tennis and hammocks. The sky deck provides for open rooftop seating only. There is no specific information regarding the clubhouse/gym except for floor area square footage. (Note: The sky deck and clubhouse/gym of Parcel R2 were not included in the credit calculations of this report; however the 1,500 sf of clubhouse open area was included - See "Calculating Credit Amounts".)

Parcel R1 is still conceptual in design and detailed information on the recreational amenities is not currently available, but it will include a clubhouse and private courtyard of 11,468 square feet with swimming pool and outdoor seating. A rooftop restaurant on this Parcel would be a commercial activity; and therefore, cannot be considered a credit towards the in-lieu fee.

In summary, whether the recreational courtyards are considered as a credit against the in-lieu fee is ultimately at the discretion of the City. The law supports this as a discretionary determination but does not prohibit such action.

#### **Determining Land Value:**

The SCMC (section 17.68.030(B)(4)) specifically states that the in-lieu fees are "*...to be based on current market value of land and development costs in areas where park facilities are planned.*" Earlier this year, the City Planner reached out to an appraiser for assistance in determining what the dollar value per square foot (\$/sq.ft.) market rate should be for this fee. After tenuous research, the appraiser was unable to assist staff in determining what the \$/sq.ft. should be for park land or the in-lieu fee. The Appraiser agreed that staff's best ability to calculate the in-lieu fee is to base it on an average of the most recent appraisals.

For the May 24<sup>th</sup> staff report (see Attachment 1), staff used the Lang property appraisal for discussion purposes only as no other pertinent data was available at that time. That amount was \$57.77 / sq.ft. resulting in an in-lieu fee of \$6,068,160.80 (without applying credits). Since the June 18<sup>th</sup> Council discussion, recent appraisals have been conducted for the South of Tioga Area; which include the Tioga Lift Station site and the 'to be' abandoned right-of-way segments of Lincoln Avenue and Beach Way. The Tioga Lift Station property is encumbered by sewer pump equipment that will incur expense to the Developer to either remove or relocate that equipment. The Lang property is also a commercially developed parcel where the property value is influenced by existing site improvements (i.e. building, pavement, etc.). The currently vacant unimproved right-of-way segments of Lincoln Avenue and Beach Way that were appraised are closer to public park land value than encumbered or improved properties.

Based on just the recent street appraisals, the average cost per square foot is \$31.95 (based on averaging the \$/sq.ft. of the aforementioned street appraisals). Including the Tioga Avenue lift station site appraisal increases the cost per square foot to \$32.30. Staff's calculations for these are attached as Exhibit B. Either of these scenarios are substantially less than the \$57.77/sq.ft. from the Lang property appraisal. The \$31.95 value results in an in-lieu fee of \$3,356,028.00, before credit deductions are applied (see this report's Exhibits C.1 & C.2); whereas if the Tioga Avenue lift station property is included, it would result in an



in-lieu fee of \$3,392,792.00 without credit deductions (see this report's Exhibits D.1 & D.2), an increase of \$36,764. The \$31.95 /sq.ft. amount is also closer in value to the Catalina Lofts 2013 vacant land appraisal of \$34.00/sq.ft. Staff excluded the Lang property appraisal for this round of analysis as the Lang site is encumbered with existing development that will incur demolition expense to the Developer, diluting the true land value.

### **Calculating Credit Amounts:**

Automatic credits to the in-lieu fee are the dedicated park easement areas of Parcels R1 and R2 (cumulatively 8,442 sq.ft. as identified by the Developer and as illustrated on the draft Final Map currently under review) and the Developer's estimated improvement costs for the parklets (\$231,000 est.). The parklet improvements are a direct dollar expense for dollar fee credit. However, until a \$/sq.ft. value is determined, the amount of the park dedication credit cannot be calculated. Furthermore, any improvements made by the Developer to the dedicated park easements (i.e. playground equipment, BBQ pits, seating, etc.) would also be automatically credited against the in-lieu fee [SCMC section 17.68.030(C)(7)]. However, staff is not aware of any such improvements intended for these easement areas at this time.

#### Estimating Park Easements Credit:

The 8,442 square feet of combined easement areas of Parcels R1 and R2 either results in a credit of \$269,721 using the \$31.95/sq.ft. value or a credit of \$272,670 using the \$32.30/sq.ft. value. This is a difference of \$2,954.10 depending upon which of the two \$/sq.ft. valuations are applied.

#### Estimating Courtyard Credits:

If the courtyards of both Parcel R1 and R2 are considered a credit toward the in-lieu fee (subject to the discretion of the City), it would result in a credit of \$1,078,887.60 using the \$31.95/sq.ft. valuation or a credit of \$1,090,706.40 using the 32.30/sq.ft. valuation. This is a difference of \$11,818.80 depending upon which of the two \$/sq.ft. valuations are applied. These estimates do include the clubhouse's 1,500 square feet of open area to the west side; but does not include the clubhouse, gym, or sky-deck of Parcel R2; only the outside courtyards.

### **PLANNING STAFF'S CONCLUSIONS**

Planning staff supports the private courtyards (for the use of those residents within Parcels R1 and R2) as a credit towards the overall in-lieu fee. These are usable open recreational spaces that will serve that segment of the City's future residents of Parcels R1 and R2, reasonably satisfying SCMC section 17.68.020 that states "*...for the purpose of providing park or recreational facilities to serve the subdivision.*" and SCMC section 17.68.030(B)(4) that states "*....for the purpose of providing park and recreational facilities which will serve residents of the development and the local community...*".

Furthermore, Planning staff supports using the \$31.95/sq.ft. valuation for calculating the in-lieu fee, which is based solely upon the street right-of-way averaged appraisal values (see Exhibits B, C1 & C2). These are the most recent appraisals of undeveloped land that would be most comparable to vacant unimproved parkland. Properties such as the Tioga Avenue lift station and the Lang Property appraisals have some level of encumbrance

due to existing development, which increases market value while also increasing development expense to demolish and would therefore not be a fair value comparison.

### **COUNCIL ACTION**

This item is for Council discussion and direction to staff regarding the inclusion or exclusion of on-site private public recreation as a credit to the in-lieu fee. Furthermore, if Council has no objection, staff will utilize the \$31.95/sq.ft. valuation for calculating the in-lieu fee.

#### **Exhibits:**

- A. Lee Newell email (dated 6-18-19)
- B. Staff calculations of 'average' \$/sq.ft. based on recent R-O-W appraisals.
- C. Staff's revised calculations of In-Lieu Fee with and without courtyard credits applied (2 sheets) based on \$31.95 / sq.ft. valuation.
- D. Staff's revised calculations of In-Lieu Fee with and without courtyard credits applied (2 sheets) based on a \$32.30/sq.ft. valuation.
- E. DBO Development #30 response to this Addendum Staff Report

#### **Attachments:**

- 1) Staff Report w/ Exhibits, dated May 24, 2019 (as presented at the 6/18/19 Council Meeting)

## Chuck Pooler

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**From:** Lee Newell [REDACTED]  
**Sent:** Tuesday, June 18, 2019 2:48 PM  
**To:** Chuck@SandCityCA.org  
**Cc:** William Silva; Matt Nohr; Don Orosco; Lee Newell  
**Subject:** PARK FEE IN LIEU FEE CREDIT

Mr Charles Pooler  
City Planner  
City of Sand City

Subject: Park Fee In Lieu Fee Credit

Dear Chuck,

As I am unable to be at the City Council meeting tonight, I wanted to provide commentary to your Staff Report on the "South of Tioga Park Dedication/In Lieu Fee Requirement".

After reading the Staff Report, I have just a couple comments:

First, it is and has been my experience over 38 years of being in the development business that it would be uncommon when dealing with Multifamily Residential developments to not provide park in lieu fee credits for developer installed open space recreational amenity spaces. In the case of our Parcel R2 Bay Club Apartments development, we chose the name "Bay Club" because we plan to have a 5,000 square foot Club House amenity and large courtyard pool and spa areas which will provide active open space areas dedicated to fitness and exercise, as well as some passive relaxation areas.

The fitness and exercise areas will have a full complement of fitness and exercise machines and treadmills. There will also be a separate yoga and floor exercise area and juice bar. Bathrooms will serve these areas as well. Lastly, a roof top terrace with Monterey Bay views will facilitate passive gatherings of the tenants, as will the Community Room with kitchen located in the Club House.

Second, to further provide evidence of the custom and practice of this in lieu park fee credit within the industry, the City of Palm Desert where we are about to break ground on a 388 unit apartment project, credited 100% of the park fees for The Sands project by agreeing that the construction of a 9,000 square foot Club House and 2 pools with similar amenities as to what we will construct at the Bay Club in Sand City fully satisfied the park and open space needs of the development's tenants.

Lastly, Sand City residents and the Bay Club tenants are the obvious beneficiaries of the Monterey Bay Beach within a 5 minute walk of the the project.....and that is a big park amenity!

I hope you, the City Attorney and the City Council members agree that the multiple developer installed recreational amenities contained in the Bay Club apartments will be given proper credit toward the Park In Lieu Fee.

**EXHIBIT A**

Thank you for your consideration of the above.

Lee Newell  
Managing Partner  
New Cities Investment Partners, LLC

**TIOGA AVENUE APPRAISAL:**

Valuation: \$75,000  
Land Area: 2,250 sq.ft.

$$\$75,000 \div 2,250\text{sq.ft} = \mathbf{\$33.33/\text{sq.ft}}$$

Note: This parcel is encumbered by the sewer pump equipment.

**LINCOLN AVE. & BEACH WAY APPRAISALS:**

- 1) Wilson Trust fronting Lincoln Avenue

Valuation: \$80,000  
Land Area: 2,507 sq.ft.

$$\$80,000 \div 2,507\text{sq.ft} = \$31.91/\text{sq.ft}$$

- 2) Gill Trust fronting Beach Way

Valuation: \$12,000  
Land Area: 375 sq.ft.

$$\$12,000 \div 375\text{sq.ft} = \$32.00/\text{sq.ft}$$

- 3) Gill Trust fronting Lincoln Avenue

Valuation: \$128,000  
Land Area: 4,006 sq.ft.

$$\$128,000 \div 4,006\text{sq.ft} = \$31.95/\text{sq.ft}$$

**Average Street Appraisals:**

$$\frac{\$31.91 + \$32.00 + \$31.95}{3} = \mathbf{\$31.95/\text{sq.ft.}}$$

3

**AVERAGE OF ALL APPRAISALS:**

Tioga Avenue	\$ 33.33/sq.ft
Wilson Tr. (Lincoln)	\$ 31.91/sq.ft
Gill Tr. (Beach)	\$ 32.00/sq.ft
<u>Gill Tr. (Lincoln)</u>	<u>\$ 31.95/sq.ft</u>
Total	$\$129.19/\text{sq.ft} \div 4 = \mathbf{\$32.30/\text{sq.ft.}}$

**Staff Calculations for \$ per sq.ft.**

**EXHIBIT B**

# SOUTH OF TIOGA PARK LAND FEE CALCULATIONS

## PARK AREAS AND LAND VALUATIONS

Land Value Factor <sup>5</sup> (\$/sf.)	# OF PERSONS PER D.U.	# OF PARK SQ.FT PER PERSON	# OF PROPOSED D.U.
\$31.95	2.27	130	356

**PARKLETS:**

Park Area <sup>3</sup>	sq.ft.	Monetary Value <sup>1</sup>
1 (Parcel H1 side)	n/a	\$54,000.00
2 (Parcel H2/R2 side)	n/a	\$48,000.00
3 (Parcel H1 side)	n/a	\$60,000.00
4 (Parcel R1 side)	n/a	\$69,000.00
<b>Total Parklet Area</b>	<b>0</b>	<b>\$231,000.00</b>

**FEE CALCULATION:**

Number of residents:	808
Sq.Ft. Req'd for Park <sup>6</sup> :	105,040
Acres Req'd for Park:	2.41
<b>Parkland Fee<sup>7</sup>:</b>	<b>\$3,356,028.00</b>

**PARCEL R1:**

Park Area <sup>4</sup>	sq.ft.	Monetary Value
Park Easement	2,860	\$91,377.00
Courtyard	11,468	\$366,402.60
<b>Total R1 Park Area</b>	<b>14,328</b>	<b>\$457,779.60</b>

**DEDUCTIONS:**

Value of land dedicated:	\$1,348,609.50
Value of improvements <sup>8</sup> :	\$231,000.00
<b>Total of Deductions:</b>	<b>\$1,579,609.50</b>

**PARCEL R2:**

Park Area <sup>2</sup>	sq.ft.	Monetary Value
Park Easement	5,582	\$178,344.90
Bldg. 1 Courtyard	11,500	\$367,425.00
Bldg. 2 Courtyard	9,300	\$297,135.00
Clubhouse open area	1,500	\$47,925.00
<b>Total R2 Park Area</b>	<b>27,882</b>	<b>\$890,829.90</b>

**TOTAL FEE DUE<sup>7</sup>:                    \$1,776,418.50**

<b>Total sq.ft. Provided</b>	<b>42,210</b>
<b>Total Park Value</b>	<b>\$1,579,609.50</b>

**NOTES:**

1 Monetary value for Parklets are based on improvement costs and not the square footage of parklet areas.
2 Parcel R2 sq.ft. based upon R2 entitlement review plans & developer. Park Easement sq.ft. provided by DBO.
3 Parklet locations based upon submitted draft public improvement plans.
4 Parcel R1 sq.ft. of 'park easement' provided by DBO. Other land areas are estimates as final site land areas are estimates as final site design are not available at time of calculating fees.
5 Land Value Factor based upon average of Lincoln/Bay street appraisals.
6 Park Area Calculation: 2.27 persons/du x356 = 808 persons (rounded down from 808.12) 808 persons x 130 sf/person = 105,040sf (2.41ac.)
7 Payment to City of Sand City (SCMC section 17.68.030.C.8)
8 If subdivider provides improvements to dedicated land, value of improvements & equipment is a credit against the payment of fees or land dedication (SCMC section 17.68.030.C.7)

**Courtyards as a Credit to fee**

**EXHIBIT C.1**

## SOUTH OF TIOGA PARK LAND FEE CALCULATIONS

PARK AREAS AND LAND VALUATIONS			Land Value Factor <sup>5</sup> (\$/sf.)	# OF PERSONS PER D.U.	# OF PARK SQ.FT PER PERSON	# OF PROPOSED D.U.
			\$31.95	2.27	130	356
<b>PARKLETS:</b>			<b>FEE CALCULATION:</b>			
Park Area <sup>3</sup>	sq.ft.	Monetary Value <sup>1</sup>	Number of residents:		808	
1 (Parcel H1 side)	n/a	\$54,000.00	Sq.Ft. Req'd for Park <sup>6</sup> :		105,040	
2 (Parcel H2/R2 side)	n/a	\$48,000.00	Acres Req'd for Park:		2.41	
3 (Parcel H1 side)	n/a	\$60,000.00	<b>Parkland Fee<sup>7</sup>:</b>		<b>\$3,356,028.00</b>	
4 (Parcel R1 side)	n/a	\$69,000.00	<b>DEDUCTIONS:</b>			
Total Parklet Area	0	\$231,000.00	Value of land dedicated:		\$269,721.90	
<b>PARCEL R1:</b>			Value of improvements <sup>8</sup> :		\$231,000.00	
Park Area <sup>4</sup>	sq.ft.	Monetary Value	<b>Total of Deductions:</b>		<b>\$500,721.90</b>	
Park Easement	2,860	\$91,377.00	<b>TOTAL FEE DUE<sup>7</sup>:</b>			
Courtyard <sup>9</sup>	0	\$0.00			<b>\$2,855,306.10</b>	
Total R1 Park Area	2,860	\$91,377.00				
<b>PARCEL R2:</b>						
Park Area <sup>2</sup>	sq.ft.	Monetary Value				
Park Easement	5,582	\$178,344.90				
Bldg. 1 Courtyard <sup>9</sup>	0	\$0.00				
Bldg. 2 Courtyard <sup>9</sup>	0	\$0.00				
Clubhouse open area	0	\$0.00				
Total R2 Park Area	5,582	\$178,344.90				
<b>Total sq.ft. Provided</b>		<b>8,442</b>				
<b>Total Park Value</b>		<b>\$500,721.90</b>				
<b>NOTES:</b>						
1 Monetary value for Parklets are based on improvement costs and not the square footage of parklet areas.						
2 Parcel R2 sq.ft. based upon R2 entitlement review plans & developer. Park Easement sq.ft. provided by DBO.						
3 Parklet locations based upon submitted draft public improvement plans.						
4 Parcel R1 sq.ft. of 'park easement' provided by DBO. Other land areas are estimates as final site land areas are estimates as final site design are not available at time of calculating fees.						
5 Land Value Factor based upon average of Lincoln/Bay street appraisals.						
6 Park Area Calculation: 2.27 persons/du x356 = 808 persons (rounded down from 808.12) 808 persons x 130 sf/person = 105,040sf (2.41ac.)						
7 Payment to City of Sand City (SCMC section 17.68.030.C.8)						
8 If subdivider provides improvements to dedicated land, value of improvements & equipment is a credit against the payment of fees or land dedication (SCMC section 17.68.030.C.7)						
9 Courtyard areas are not credited towards the parkland in-lieu fee.						

**Courtyards are NOT a credit**

**EXHIBIT C.2**

## SOUTH OF TIOGA PARK LAND FEE CALCULATIONS

### PARK AREAS AND LAND VALUATIONS

**PARKLETS:**

Park Area <sup>3</sup>	sq.ft.	Monetary Value <sup>1</sup>
1 (Parcel H1 side)	n/a	\$54,000.00
2 (Parcel H2/R2 side)	n/a	\$48,000.00
3 (Parcel H1 side)	n/a	\$60,000.00
4 (Parcel R1 side)	n/a	\$69,000.00
<b>Total Parklet Area</b>	<b>0</b>	<b>\$231,000.00</b>

**PARCEL R1:**

Park Area <sup>4</sup>	sq.ft.	Monetary Value
Park Easement	2,860	\$92,378.00
Courtyard	11,468	\$370,416.40
<b>Total R1 Park Area</b>	<b>14,328</b>	<b>\$462,794.40</b>

**PARCEL R2:**

Park Area <sup>2</sup>	sq.ft.	Monetary Value
Park Easement	5,582	\$180,298.60
Bldg. 1 Courtyard	11,500	\$371,450.00
Bldg. 2 Courtyard	9,300	\$300,390.00
Clubhouse open area	1,500	\$48,450.00
<b>Total R2 Park Area</b>	<b>27,882</b>	<b>\$900,588.60</b>

<b>Total sq.ft. Provided</b>	<b>42,210</b>
<b>Total Park Value</b>	<b>\$1,594,383.00</b>

Land Value Factor <sup>5</sup> (\$/sf.)	# OF PERSONS PER D.U.	# OF PARK SQ.FT PER PERSON	# OF PROPOSED D.U.
\$32.30	2.27	130	356

**FEE CALCULATION:**

Number of residents:	808
Sq.Ft. Req'd for Park <sup>6</sup> :	105,040
Acres Req'd for Park:	2.41
<b>Parkland Fee<sup>7</sup>:</b>	<b>\$3,392,792.00</b>

**DEDUCTIONS:**

Value of land dedicated:	\$1,363,383.00
Value of improvements <sup>8</sup> :	\$231,000.00
<b>Total of Deductions:</b>	<b>\$1,594,383.00</b>

<b>TOTAL FEE DUE<sup>7</sup>:</b>	<b>\$1,798,409.00</b>
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- NOTES:**
- 1 Monetary value for Parklets are based on improvement costs and not the square footage of parklet areas.
  - 2 Parcel R2 sq.ft. based upon R2 entitlement review plans & developer. Park Easement sq.ft. provided by DBO.
  - 3 Parklet locations based upon submitted draft public improvement plans.
  - 4 Parcel R1 sq.ft. of 'park easement' provided by DBO. Other land areas are estimates as final site land areas are estimates as final site design are not available at time of calculating fees.
  - 5 Land Value Factor based upon average of tioga lift statin and Lincoln/Bay street appraisals.
  - 6 Park Area Calculation: 2.27 persons/du x356 = 808 persons (rounded down from 808.12)  
808 persons x 130 sf/person = 105,040sf (2.41ac.)
  - 7 Payment to City of Sand City (SCMC section 17.68.030.C.8)
  - 8 If subdivider provides improvements to dedicated land, value of improvements & equipment is a credit against the payment of fees or land dedication (SCMC section 17.68.030.C.7)

**Courtyards as a Credit to fee**

**EXHIBIT D.1**



# SOUTH OF TIOGA PARK LAND FEE CALCULATIONS

## PARK AREAS AND LAND VALUATIONS

Land Value Factor <sup>5</sup> (\$/sf.)	# OF PERSONS PER D.U.	# OF PARK SQ.FT PER PERSON	# OF PROPOSED D.U.
\$32.30	2.27	130	356

### PARKLETS:

Park Area <sup>3</sup>	sq.ft.	Monetary Value <sup>1</sup>
1 (Parcel H1 side)	n/a	\$54,000.00
2 (Parcel H2/R2 side)	n/a	\$48,000.00
3 (Parcel H1 side)	n/a	\$60,000.00
4 (Parcel R1 side)	n/a	\$69,000.00
<b>Total Parklet Area</b>	<b>0</b>	<b>\$231,000.00</b>

### FEE CALCULATION:

Number of residents:	808
Sq.Ft. Req'd for Park <sup>6</sup> :	105,040
Acres Req'd for Park:	2.41
<b>Parkland Fee<sup>7</sup>:</b>	<b>\$3,392,792.00</b>

### DEDUCTIONS:

Value of land dedicated:	\$272,676.60
Value of improvements <sup>8</sup> :	\$231,000.00
<b>Total of Deductions:</b>	<b>\$503,676.60</b>

### PARCEL R1:

Park Area <sup>4</sup>	sq.ft.	Monetary Value
Park Easement	2,860	\$92,378.00
Courtyard <sup>9</sup>	0	\$0.00
<b>Total R1 Park Area</b>	<b>2,860</b>	<b>\$92,378.00</b>

**TOTAL FEE DUE<sup>7</sup>:                      \$2,889,115.40**

### PARCEL R2:

Park Area <sup>2</sup>	sq.ft.	Monetary Value
Park Easement	5,582	\$180,298.60
Bldg. 1 Courtyard <sup>9</sup>	0	\$0.00
Bldg. 2 Courtyard <sup>9</sup>	0	\$0.00
Clubhouse open area	0	\$0.00
<b>Total R2 Park Area</b>	<b>5,582</b>	<b>\$180,298.60</b>

<b>Total sq.ft. Provided</b>	<b>8,442</b>
<b>Total Park Value</b>	<b>\$503,676.60</b>

### NOTES:

- 1 Monetary value for Parklets are based on improvement costs and not the square footage of parklet areas.
- 2 Parcel R2 sq.ft. based upon R2 entitlement review plans & developer. Park Easement sq.ft. provided by DBO.
- 3 Parklet locations based upon submitted draft public improvement plans.
- 4 Parcel R1 sq.ft. of 'park easement' provided by DBO. Other land areas are estimates as final site land areas are estimates as final site design are not available at time of calculating fees.
- 5 Land Value Factor based upon average of tioga lift statin and Lincoln/Bay street appraisals.
- 6 Park Area Calculation: 2.27 persons/du x356 = 808 persons (rounded down from 808.12)  
808 persons x 130 sf/person = 105,040sf (2.41ac.)
- 7 Payment to City of Sand City (SCMC section 17.68.030.C.8)
- 8 If subdivider provides improvements to dedicated land, value of improvements & equipment is a credit against the payment of fees or land dedication (SCMC section 17.68.030.C.7)
- 9 Courtyard areas are not credited towards the parkland in-lieu fee.

**Courtyards are NOT a credit**

**EXHIBIT D.2**

# O ROSCO

December 10, 2019

Mr. Charles Pooler  
City of Sand City Planner  
City Hall - 1 Sylvan Park  
Sand City, CA 93955  
Tel: (831) 394-3054  
Email: [cpooler@sandcityca.org](mailto:cpooler@sandcityca.org)

Re: West End South of Tioga – Quimby Act In-Lie Fee

Dear Charles,

Pursuant to SCMC Section 17.68.030(C)(11), which allows developments to be eligible to receive a credit as determined by the City (at its discretion) against the amount of land required to be dedicated or the amount of the fee imposed for the value of private open space or capital improvements constructed within the development which are for recreation use and/or benefit to the subdivision, DBO Development NO. 30, LLC is requesting the Sand City City Council include the following areas and capital improvements outlined below.

Proposed Areas (please refer to Table 1 – Proposed On-site Recreational Areas/Amenities Areas):

- R1/R2 Park Easement Areas
- Tioga / California Corner Signage / Landscape Easement Area
- H1 / H2 Hotel Parcels Open Courtyard Area
- R2 Multi-family Parcel Areas Consisting of:
  - Bldg 1 - Outdoor area south of the 1st floor clubhouse
  - Bldg 1 - Pool / Courtyard Area
  - Bldg 1 - Clubhouse / Gym
  - Bldg 1 - Rooftop Skydeck
  - Bldg 2 – Courtyard
- R1 Multi-family Parcel Courtyard Area
- Dedicated Open Habitat Areas

Proposed Capital Improvements (please refer to Table 2 – Proposed On-site Recreational Areas/Amenities Capital Improvements):

- Parklet #1 Area Improvements
- Parklet #2 Area Improvements
- Parklet #3 Area Improvements
- Parklet #4 Area Improvements
- R1 Park Easement Area Improvements
- R2 Park Easement Area Improvements

Please refer to Table 1 - Proposed On-site Recreational Areas/Amenities Areas for a detailed summary of each area and a total project area calculation (calculated with two options (Option A excluding the habitat open area and Option B including the habitat open area). Table 2 identifies the capital improvements costs of the outdoor area. Table 3 is the proposed In-Lieu fee calculation for Option A and Option B. Please note that both Options A & B do not include the potential City Community Center being discussed at the 1<sup>st</sup> Floor of 600 Ortiz which would add further public benefit for the City's residents. Exhibits 1 through 6 graphically identify the areas being proposed.

Thank you,

Matt Nohr  
On behalf of DBO Development No. 30

10 HARRIS COURT, B-1 MONTEREY, CA 93940  
(831) 649 - 0220 TEL (831) 649 - 0394 FAX

**EXHIBIT E**

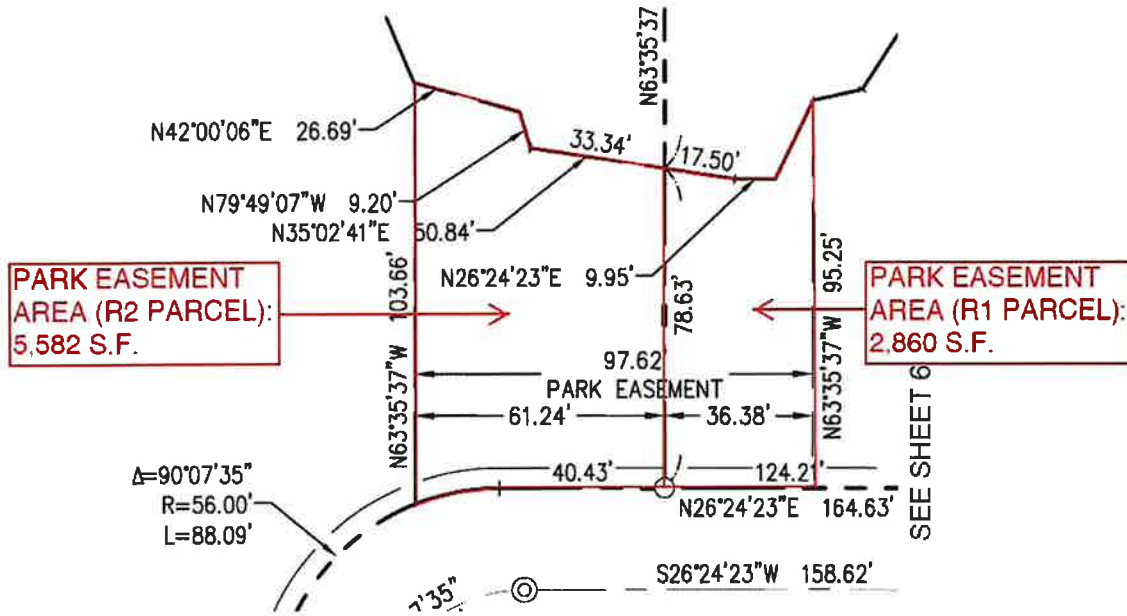
**188**

<b>Table 1 –Proposed On-site Recreational Areas/Amenities Areas (s.f.)</b>			
<b>Category Name</b>	<b>Parcel / Description</b>	<b>Area</b>	<b>Category Area Subtotal</b>
<b>R1/R2 Park Easement Area</b>			
	R1 Park Easement (park area at the knuckle of Morgan's Way straddling R1 & R2 parcels)	2,860 s.f.	
	R2 Park Easement (park area at the knuckle of Morgan's Way straddling R1 & R2 parcels)	5,582 s.f.	
	<b>Category Subtotal</b>		<b>8,442 s.f.</b>
<b>Tioga / California Corner Signage / Landscape Easement</b>			
	Easement Area	180 s.f.	
	<b>Category Subtotal</b>		<b>180 s.f.</b>
<b>H1 / H2 Hotel Parcels</b>			
	Open Courtyard Area	33,000 s.f.	
	<b>Category Subtotal</b>		<b>33,000 s.f.</b>
<b>R2 Multi-family Parcel</b>			
	Bldg 1 – Outdoor area south of the 1st floor clubhouse	1,500 s.f.	
	Bldg 1 – Pool / Courtyard Area	11,500 s.f.	
	Bldg 1 – Clubhouse / Gym	6,350 s.f.	
	Bldg 1 – Rooftop Skydeck	1,615 s.f.	
	Bldg 2 – Courtyard	9,300 s.f.	
	<b>Category Subtotal</b>		<b>30,265 s.f.</b>
<b>R1 Multi-family Parcel</b>			
	Courtyard	11,468 s.f.	
	<b>Category Subtotal</b>		<b>11,468 s.f.</b>
<b>Dedicated Open Habitat Area</b>			
	R1 Parcel southwest area	18,731 s.f.	
	R2 Parcel northwest area	17,424 s.f.	
	R2 parcel southwest area	3,920 s.f.	
	<b>Category Subtotal</b>		<b>40,075 s.f.</b>
<b>Total Area</b>			
	<b>(Total proposed area excluding habitat open area – Option A)</b>		<b>83,355 s.f. (1.91 acres)</b>
	Or		
	<b>Total proposed area including habitat open area – Option B)</b>		<b>123,430 s.f. (2.83 acres)</b>

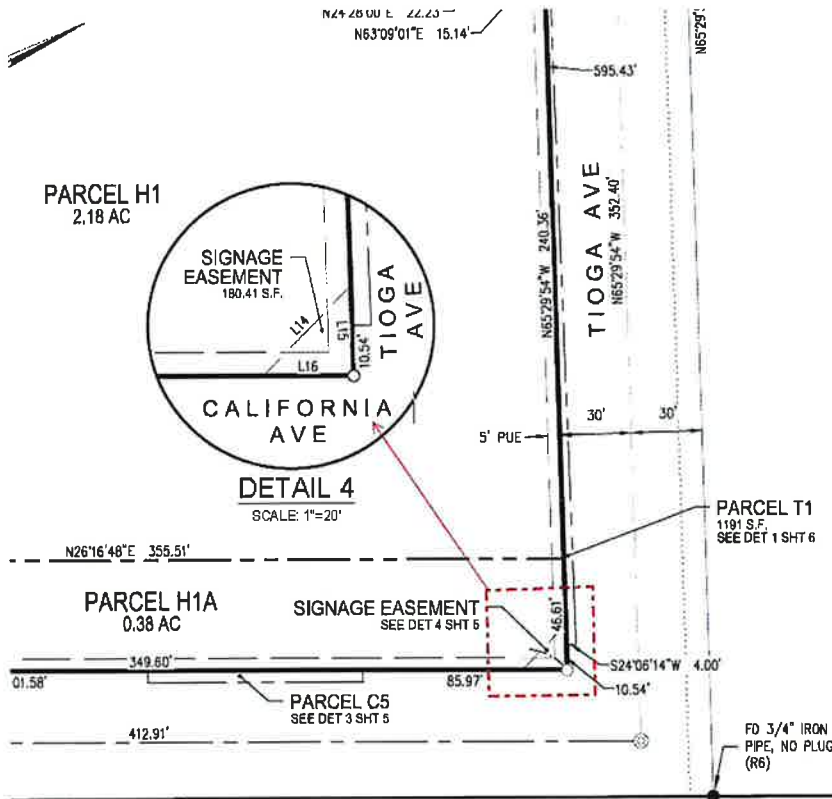
Table 2 – Proposed On-site Recreational Areas/Amenities Capital Improvements (Costs \$)			
Category Name	Parcel / Description	Cost Value	C
<b>Capital Improvements of Outdoor Areas</b>			
	Parklet #1 Area Improvements	\$54,000.00	
	Parklet #2 Area Improvements	\$48,000.00	
	Parklet #3 Area Improvements	\$60,000.00	
	Parklet #4 Area Improvements	\$69,000.00	
	R1 Park Easement Area Improvements	\$75,000.00	
	R2 Park Easement Area Improvements	\$75,000.00	
<b>Total</b>	<b>Total (all improvement areas)</b>		<b>\$381,000.00</b>

Table 3 – Proposed In-lieu Fee Calculation (Opt A & Opt B)							
	1	2	3	4	5	6	7
<b>O p t i o n</b>	<b>Total Developer Provided Area</b>	<b>Land Value</b>	<b>Total Developer Provided Land Value</b>	<b>Total Value of Developer Capital Improv.</b>	<b>Total Value of Developer In- lieu Fee</b>	<b>Total City Required Value of In- lieu Fee</b>	<b>Difference</b>
	(Table 1)	(agree upon value)	(A1 x A2) or B1 x B2)	(Table 2)	(A3 + A4) or (B3 + B4)		(A5-A6) or (B5-B6)
<b>A</b>	83,355 s.f.	\$31.9 5 / s.f.	\$2,663,192.25	\$381,000.00	3,044,192.25	\$3,356,028.00	<b>\$311,835.75</b> (Developer owes City Difference – this does not include potential Community Center at 1 <sup>st</sup> Floor of 600 Ortiz)
<b>B</b>	123,430 s.f.	\$31.9 5 / s.f.	\$3,943,588.50	\$381,000.00	\$4,324,588.50	\$3,356,028.00	<b>\$587,560.50</b> (Developer exceeds required amount of in-lieu fee – this does not include potential Community Center at 1 <sup>st</sup> Floor of 600 Ortiz)

**Exhibit 1 - R1/R2 Park Easement Area**



**Exhibit 2 - Tioga / California Corner Signage / Landscape Easement**

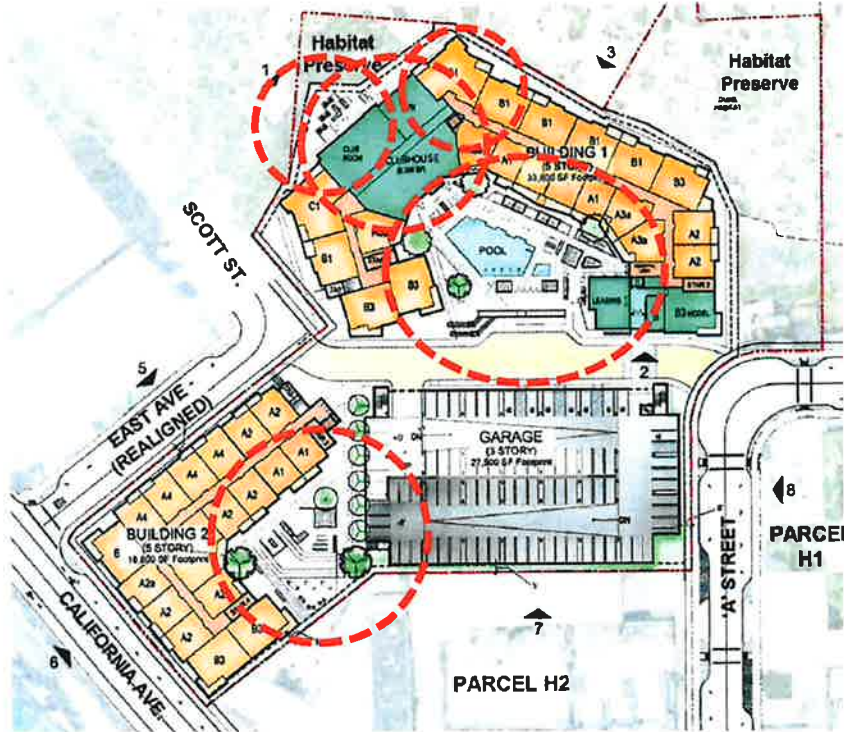




**Exhibit 3 - H1 / H2 Hotel Parcels**



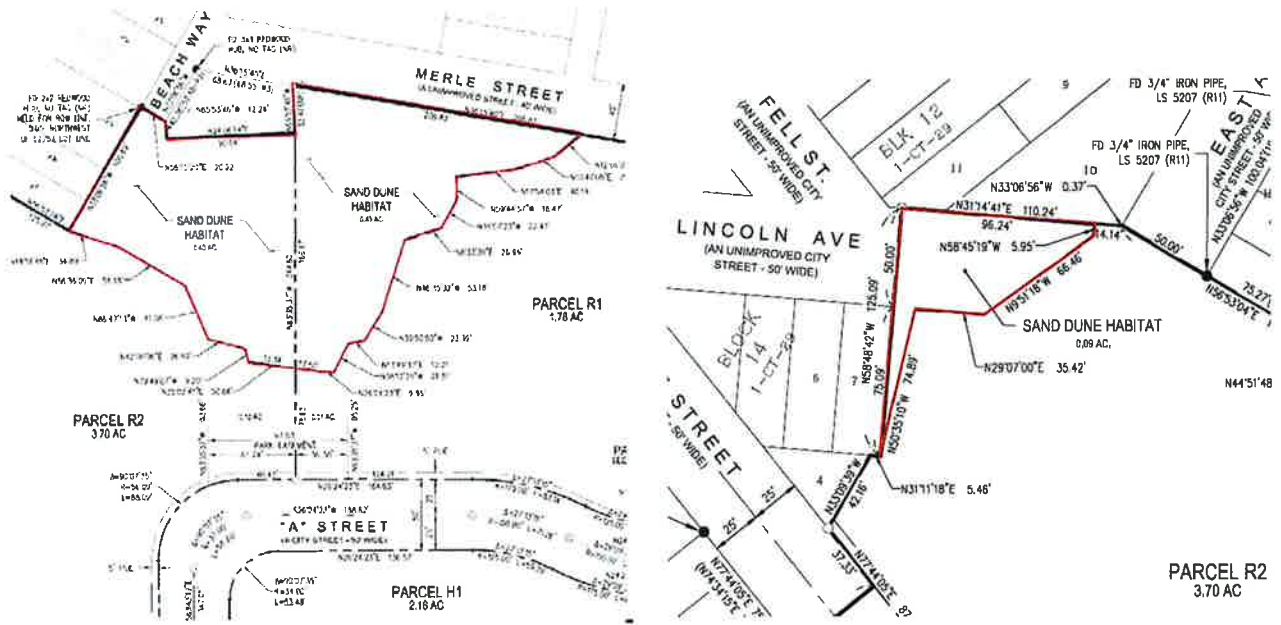
**Exhibit 4 - R2 Multi-family Parcel**



**Exhibit 5 -R1 Multi-family Parcel**



**Exhibit 6 - Dedicated Open Habitat Area**



**CITY OF SAND CITY**

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**STAFF REPORT**

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**MAY 24, 2019**  
**(For City Council consideration on June 18, 2019)**

**TO: Mayor & City Council**

**FROM: Charles Pooler, City Planner**  
**Vibeke Norgaard, City Attorney**

**SUBJECT: South of Tioga Park Dedication / In-Lieu Fee Requirement**

**BACKGROUND**

The overall South of Tioga project by DBO Development (the "Applicant") consists of a hotel and residential development on six (6) newly created parcels (the "Project") within the General Plan designated South of Tioga area. The Applicant received City Council certification of the Environmental Impact Report (the "EIR"), approval of the Vesting Tentative Map (the "VTM"), and approval of the mitigation monitoring program for the Project on June 5, 2018. The Hotel segment of the Project received City approval of land use/development entitlements in November of 2018. As part of the VTM approval, the South of Tioga Project was required to dedicate parkland, pay a fee in lieu of parkland dedication, or a combination of both (VTM Condition #1.2). The City Planner and City Attorney have reviewed the City's municipal code, the Project VTM, and relevant Government Codes in order to determine how to appropriately calculate the park in-lieu fee amount for the Project. This report is meant to summarize the particulars of the Municipal Code, VTM, and Government Code requirements pertaining to the park dedication/in-lieu fee requirement for the Project and to seek City Council direction regarding whether to allow credits towards those fees for 'private open space'.

**VESTING TENTATIVE MAP**

At the June 5, 2018 public hearing and City Council meeting, the VTM for the South of Tioga Project, dated May 31, 2018, was approved. The VTM authorized up to 125 residential dwelling units and a potential rooftop restaurant on Parcel R1 and up to 231 residential dwelling units on Parcel R2. Condition 1.2 of the VTM states as follows in regard to the park dedication:

"The applicant shall provide on-site parkland or a fee in lieu of parkland dedication, or combination thereof, in accordance with Municipal Code Chapter 17.68. Based on a Project of 356 residential units and an average per unit occupancy of 2.27 persons, the total Project population would be about 808 persons. The resulting parkland requirement, based on 130 square feet per each resident, is 2.4 acres. Park or recreation area provided by the applicant within the Project that qualifies under the

**ATTACHMENT 1**

Page 1 of 5



provisions of Chapter 17.68 shall be credited toward this requirement as determined by the City Planner. Remaining park requirements shall be compensated through an in-lieu payment the amount to be determined prior to recording the first Final Map by the City in accordance with the provisions of Chapter 17.86. Fees may be used for recreational amenities within the City's public rights-of-way within or adjacent to the Project, or for an off-site community or cultural center within the Sand city municipal limits. An in-kind contribution toward rent or facilities may be used in place of fees at the discretion of the City Administrator. One-half of the fee shall be paid prior to recording of the final map, or as otherwise agreed by the City Administrator in the case of in-kind contributions, and one-quarter of the fee shall be paid prior to issuance of the first building permit for each parcel."

## DISCUSSION

### **MUNICIPAL CODE CHAPTER 17.68:**

Sand City Municipal Code ("SCMC") Chapter 17.68 (see Exhibit A) establishes the City's requirements for park dedication(s) in conjunction with subdivisions, pursuant to Government Code section 66477 (Quimby Act). Park land must be suitable for active use and should directly benefit the subdivision. SCMC section 17.68.030.A states that a "*...subdivider shall dedicate usable open space, grant an easement, or pay a fee in-lieu of such dedication or...easement...in conformance with an adopted fee schedule ordinance.*" The land, fees, or combinations thereof can only be used for the purpose of providing park and recreational facilities that serve residents of the development (upon which the fee is imposed) and the local community (SCMC section 17.68.030.B.4). SCMC section 17.68.030.B.2 states that habitat areas are not to be considered as park land dedications; therefore, the habitat preserve mitigation for the South of Tioga Project cannot be credited towards meeting the park land requirement. Land dedications/easements need to be identified and included on the South of Tioga Project's final map when recorded for that dedication/easement to be considered official.

Land Dedication: The SCMC outlines the aforementioned fee schedule and dedication/easement requirements (SCMC section 17.68.030.B), and establishes that 130 square feet of parkland shall be provided per estimated person of the subdivision. The VTM (condition I.2, p.22) specifies that the resulting parkland requirement for the entire South of Tioga project is 2.4 acres, based upon a rate of 130 square feet per person and a residential population of 808 persons ( $2.27 \text{ persons} / \text{d.u.} \times 356 \text{ d.u.}$ ).

In-Lieu Fee: For subdivisions of fewer than 50 lots (the entire South of Tioga Area post-Final Map recording will be six lots), only the fee may be imposed by the City as a requirement (SCMC section 17.68.030.C.5). Therefore, the City can only "impose" a fee; however; this does not prevent a subdivider from voluntarily dedicating parkland towards meeting this requirement as a credit against the in-lieu fee. Furthermore, a fee in-lieu of land dedication shall be required when no portion of the proposed usable open space is planned to be located within the limits of the subdivision (section 17.68.020.C). In-lieu fees are to be based on current fair market value of land and development costs in areas where park facilities are planned.

## **CALCULATING THE IN-LIEU FEE:**

In order to calculate the in-lieu fee, a cost factor per square foot is needed to convert the required 2.4 acres of parkland into a dollar value. The SCMC states that in-lieu fees are *"to be based on current fair market value of land and development costs in the areas where park facilities are planned"*. For the purposes of discussion in this report, staff is using a land value of \$57.77 per square foot. This is based upon the recent Lang Property appraisal (see Exhibits C.1 & C.2). Staff is working with an appraiser to determine what the actual fair market value should be to calculate the fee; therefore, the \$57.77 is not a final value to determine the actual fee at this time.

The 2.4 acres (or 105,040 sq.ft.) of parkland area required equates to a fee of \$6,068,160.80 (105,040sf x \$57.77/sf). There are items that qualify, either automatically or discretionarily, as a credit against the in-lieu fee. First is land dedication/easement provided within the project area, second is the cost of park/recreational improvements, and third is private open recreational areas within the project.

Automatic Credit - Land Dedications / Easements: The draft South of Tioga Final Map currently in review by staff identifies two abutting public park easements (see Exhibit B). Parcel R1 provides a park easement of 2,860 square feet and Parcel R2 provides a park easement of 5,582 square feet fronting the proposed "A" Street through the Project. The VTM states that *"Park or recreation area provided by the applicant within the Project that qualifies under the provisions of Chapter 17.68 shall be credited....."*. These park easements qualify under the provisions of this Chapter as they provide a grant of land easement for usable open space (SCMC section 17.68.020.A). Therefore, the cumulative 8,442 square feet of park easements qualify to be credited towards the park in-lieu fee. This credit amounts to \$487,694.34 (\$57.77/sf. x 8,442 sf.). These easements are dedicated public open space per VTM condition E13, which states *"An easement shall be recorded with the final map to provide public access to and over park facilities provided on private parcels and intended for public access, use, and enjoyment."* Though there are currently no plans on how to develop these easements, they are intended for public access and recreational use.

Automatic Credit - Park & Recreational Improvements: SCMC section 17.68.030.C.7 states that *"...the value of the improvements together with any equipment.....shall be a credit against the payment of fees or dedication of land required...."* The parklet areas themselves within the proposed "A" Street are not a credit as this is to be dedicated public right-of-way; however, the cost of improvements and development of the amenities (i.e. benches, tables, etc.) within the parklets are improvements for general public use that satisfies the description above; and therefore, qualifies as a credit against the in-lieu fee. According to the Applicant, the recreational improvements for the parklets will cost \$231,000 (see Exhibit C for a cost breakdown for each of the 4 parklets). This amount can therefore be credited against the total in-lieu fee.

Discretionary Credit - Private Open Spaces: SCMC Section 17.68.030.C.11 states that *"Planned development and real estate developments....shall be eligible to receive a credit, as determined by the City, against the amount of land required to be dedicated"*

or the amount of the fee imposed.....for the value of private open space within the development which is usable for active recreational uses.” Both residential development pads (Pad R1 and R2) provide private courtyards for their residents that meet the definition of “private open space” usable for “active recreation” The SCMC ordinance is thus phrased in a way that clearly gives the City discretion in determining whether or not to allow ‘private open space’ as a credit towards the in-lieu fee. SCMC subsection C.11 specifies that such developments “...shall be eligible...as determined by the City,...”, which is not in the imperative; and therefore, is subject to the City’s discretionary determination. Finally, the VTM states that the South of Tioga Project gets credit for areas that qualify under the provisions of SCMC Chapter 17.68; therefore, if something does not qualify under the SCMC, then that credit is not applicable.

The City Planner and City Attorney both concur that Parcel R2's clubhouse and gym do not qualify as ‘open space’, and the rooftop skydeck is not for an ‘active’ recreational purpose; and therefore, the square footage of those areas are not applicable as credit towards the in-lieu fee. Beyond the courtyard and park easement, other specific on-site recreational amenities and their square footage for Parcel R1 are currently unknown until such time as Parcel R1's future developer provides staff with a more definitive development plan.

Applying the value of the 8,442 sq.ft. of park easements (value of \$487,694.34) and the parklet improvements of \$231,000 as credit, reduces the park fee to \$5,349,466.46. If the City Council decides that the private open spaces (i.e. courtyard areas) are subject to be credited towards the in-lieu fee amount, then the total fee would be further reduced to \$3,485,344.10 (see Exhibit C.1). If the Council decides the courtyards are NOT a credit, then the fee would be \$5,349,466.46 (see Exhibit C.2); a difference of \$1,864,122.36.

**TIMING OF PAYMENT:**

The VTM states that one half of the in-lieu fee is to be paid prior to recording the Project’s Final Map or as otherwise agreed upon by the City Administrator in the case of in-kind contributions. An additional quarter of the fee is due prior to City issuance of the first building permit for each parcel per the VTM. The remaining quarter fee payment schedule/due date is not identified by the VTM; nor does Chapter 17.68 provide any specifications on payment timing. This would be best resolved/clarified within the development agreement between the City and the Applicant.

**FEE COMMITMENT OR REFUND:**

SCMC section 17.68.030.C.4 specifies that the City must commit those park in-lieu fees collected in developing park or recreational facilities either within five (5) years of collection or upon issuance of building permits for half of the lots created, whichever is later. If such fees are not committed within that time frame, then the fees “...shall be distributed and paid to the then record owners of the subdivision in the same proportion that the size of their lot bears to the total of all lots within the subdivision.” In simpler terms, any uncommitted fees collected must be divided in proportion to the size of individual lots within the subdivision and paid to the property owners of those lots. It would be prudent to outline the intended

commitment of these funds in the development agreement between the City and Applicant.

**CEQA:**

The Environmental Impact Report (EIR) for the overall South of Tioga project was approved and certified as complete and adequate (including responses to comments) on June 5, 2018; which satisfies the CEQA review for the South of Tioga Project. In regards to the park in-lieu fee, the determination, application, and acceptance of fees, as established by SCMC Chapter 17.68, will not have a direct or reasonable indirect physical change upon the environment, and is therefore not subject to CEQA. Additionally, under Article 18 of CEQA (California Environmental Quality Act), for Statutory Exemptions, CEQA guideline section 15273 states that “*CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies...*”.

**CONCLUSION / DIRECTION**

Staff is seeking Council direction as to whether the private recreational areas of the Project, specifically the inner courtyards of Parcels R1 and R2, are to be considered as credit against the parkland in-lieu fee amount. As set forth in this report, this decision lies entirely within the City Council’s discretionary power. This concludes staff’s report.

**EXHIBITS:**

- A. Sand City Municipal Code Chapter 17.68
- B. Excerpt of Final Map illustrating Parcels R1 & R2 park easements
- C. Draft Parkland In-Lieu Fee calculations
  - 1. With courtyards counted as credit
  - 2. With courtyards not counted as credit

## Chapter 17.68

### PARK DEDICATIONS

#### Sections:

- 17.68.010** Generally.
- 17.68.020** Requirements.
- 17.68.030** Dedication and Fee Schedule.

#### **17.68.010** Generally.

This chapter is enacted pursuant to the authority granted by Article 3 of Chapter 4, Gov. Code 66475 et seq. of the Map Act. The park and recreational facilities, for which dedication of land and/or payment of a fee is required by this title, are in accordance with the open space element of the general plan, adopted by the City on July 15, 1980, and amended on January 17, 1984, and the local coastal land use plan, certified December 1982. (Ord. 84-5 §1)

#### **17.68.020** Requirements.

As a condition of approval of a final subdivision map or parcel map, the subdivider shall dedicate land, pay a fee in lieu thereof, or both, at the option of the City, for park or recreational purposes, at the time and according to the standards and formula contained in this section. The land, fees, or combinations thereof, are to be used only for the purpose of providing park or recreational facilities to serve the subdivision. Usable open space shall be composed of land that offers natural advantages for the type of facilities proposed to serve the area. Except in the case of condominium conversions, which shall be exempt from dedication requirements, the subdivider shall provide one of the following:

A. Dedication or grant of easement of all lands to be provided for usable open space;

B. The dedication of any portion of proposed usable open space lying within the boundaries of the subdivision, plus a fee to fulfill the requirements of this section as herein described;

C. A fee in lieu of such dedication shall be required, when no portion of the proposed usable open space is planned to be located within the limits of the subdivision;

D. Only the payment of a fee may be required in the case of a subdivision of fifty (50) or fewer parcels;

E. The reservation of permanently maintained private open spaces which meet the requirements of this section. (Ord. 84-5 §2)

#### **17.68.030** Dedication and Fee Schedule.

A. The subdivider shall dedicate usable open space, grant an easement, or pay a fee in lieu of such dedication or grant of easement, as specified by the City in conformance with an adopted fee schedule ordinance.

B. The fee schedule and dedication/easement requirements shall be based upon the following:

1. Minimum standard of at least one hundred thirty (130) square feet of park land per person;

2. Habitat areas are not considered as park land dedications;

3. Sandy beach dedication/easement available to the general public account for no more than seventy-five percent (75%) of park land dedication requirement;

4. In-lieu fees to be based on current fair market value of land and development costs in areas where park facilities are planned. The land, fees or combinations thereof are to be used only for the purpose of providing park and recreational facilities which will serve residents of the development and the local community, except for private park dedication for project residents.

C. Park dedication fees shall be applied as follows:

1. A minimum dedication of one hundred thirty (130) square feet of land per person in the subdivision and/or an in-lieu fee consistent with subsection (B)(4) of this section;

2. The land, fees, or combination thereof are to be used only for the purpose of developing new or rehabilitating existing park or recreational facilities to serve the subdivision and the local community;

3. The amount and location of land to be dedicated or the fees to be paid shall bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision;

4. The land or fees conveyed or paid to the City shall be scheduled specifying how, when and where it will use the land or fees, or both, to develop park or recreational facilities to serve the residents of the subdivision. Any fees collected under this chapter shall be committed within five (5) years after the payment of such fees or the issuance of building permits on one-half (1/2) of the lots created by the subdivision, whichever occurs later. If such fees are not committed, they shall be distributed and paid to the then record owners of the subdivision in the same proportion that the size of their lot bears to the total area of all lots within the subdivision;

5. Only the payment of fees may be required in subdivisions containing fifty (50) parcels or less;

6. Subdivisions containing less than five (5) parcels and not used for residential purposes shall be exempted from the requirements of this chapter; provided, however, that a condition may be placed on the approval of such parcel map that if a building permit is requested for construction of a residential structure or structures on one (1) or more of the parcels within four (4) years the fee may be required to be paid by the owner

of each such parcel as a condition to the issuance of such permit;

7. If the subdivider provides park and recreational improvements to the dedicated land, the value of the improvements together with any equipment located thereon shall be a credit against the payment of fees or dedication of land required by this chapter;

8. Land or fees required under this section shall be conveyed or paid directly to the City, which provides park and recreational services on a community-wide level and to the area within which the proposed development will be located, if such agency elects to accept the land or fee. The local agency accepting such land or funds shall develop the land or use the funds in the manner provided in this chapter;

9. In the event park and recreational services and facilities are provided by a public agency other than the City, the amount and location of land to be dedicated or fees to be paid shall, subject to this chapter, be jointly determined by the City having jurisdiction and such public agency;

10. The provisions of this chapter do not apply to commercial or industrial subdivisions; nor do they apply to condominium projects or stock cooperatives which consist of the subdivision of airspace in an existing apartment building which is more than five (5) years old when no new dwelling units are added;

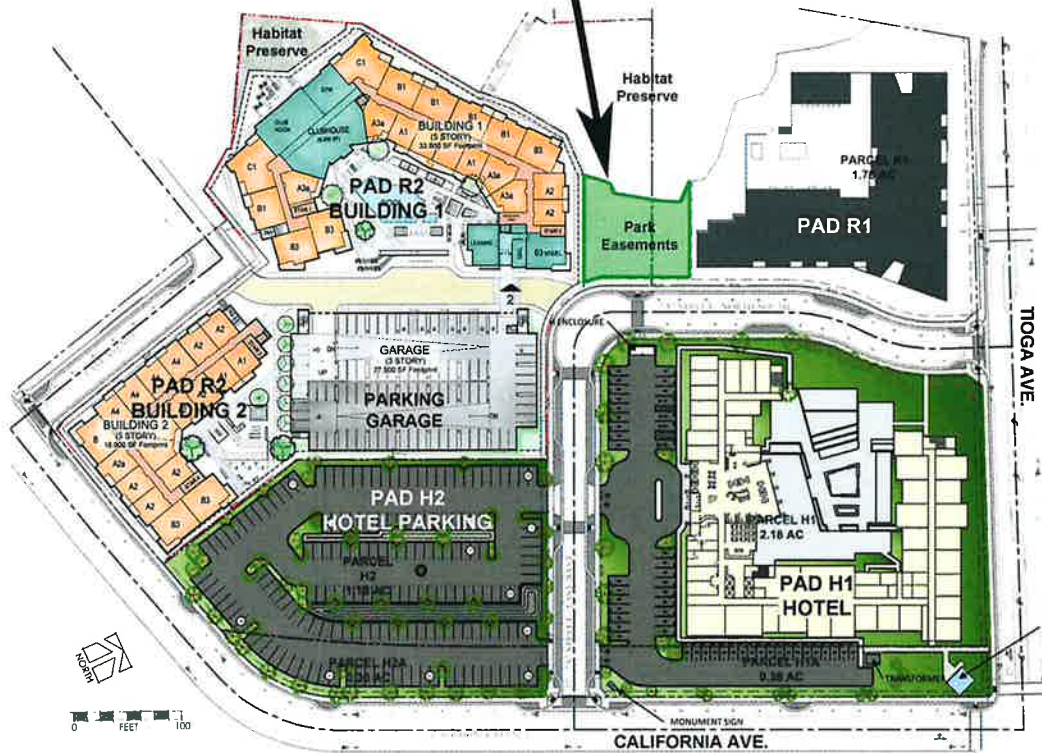
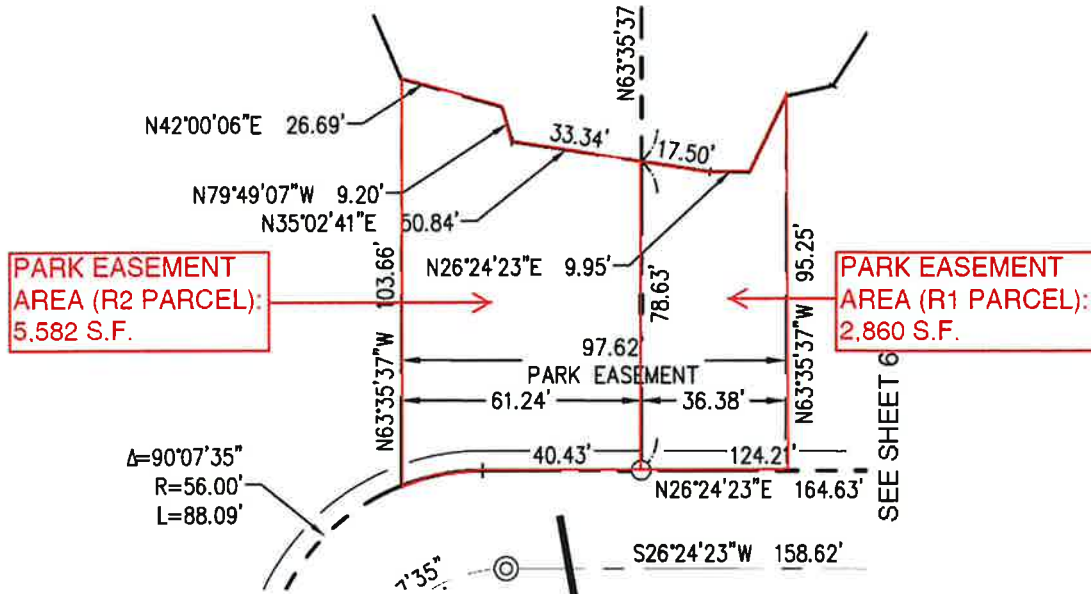
11. Planned developments and real estate developments, as defined in Sections 11003 and 11003.1, respectively, of the Business and Professions Code, shall be eligible to receive a credit, as determined by the City, against the amount of land required to be dedicated, or the amount of the fee imposed, pursuant to the ordinance codified in this chapter, for the value of private open space within the development which is usable for active recreational uses. (Ord. 84-5 §3)

**R1/R2 Park Easement Area**

R1 Easement Area: 2,860 s.f.

R2 Easement Area: 5,582 s.f.

Total Easement Area: 8,442 s.f.



South of Tioga Project Area



## SOUTH OF TIOGA PARK LAND FEE CALCULATIONS

### PARK AREAS AND LAND VALUATIONS

**PARKLETS:**

Park Area <sup>3</sup>	sq.ft.	Monetary Value <sup>1</sup>
1 (Parcel H1 side)	n/a	\$54,000.00
2 (Parcel H2/R2 side)	n/a	\$48,000.00
3 (Parcel H1 side)	n/a	\$60,000.00
4 (Parcel R1 side)	n/a	\$69,000.00
<b>Total Parklet Area</b>	<b>0</b>	<b>\$231,000.00</b>

**PARCEL R1:**

Park Area <sup>4</sup>	sq.ft.	Monetary Value
Park Easement	2,860	\$165,222.20
Courtyard	11,468	\$662,506.36
<b>Total R1 Park Area</b>	<b>14,328</b>	<b>\$827,728.56</b>

**PARCEL R2:**

Park Area <sup>2</sup>	sq.ft.	Monetary Value
Park Easement	5,582	\$322,472.14
Bldg. 1 Courtyard	11,500	\$664,355.00
Bldg. 2 Courtyard	9,300	\$537,261.00
<b>Total R2 Park Area</b>	<b>26,382</b>	<b>\$1,524,088.14</b>

<b>Total sq.ft. Provided</b>	<b>40,710</b>
<b>Total Park Value</b>	<b>\$2,582,816.70</b>

Land Value Factor <sup>5</sup> (\$/sf.)	# OF PERSONS PER D.U.	# OF PARK SQ.FT PER PERSON	# OF PROPOSED D.U.
\$57.77	2.27	130	356

**FEE CALCULATION:**

Number of residents:	808
Sq.Ft. Req'd for Park <sup>6</sup> :	105,040
Acres Req'd for Park:	2.41
<b>Parkland Fee<sup>7</sup>:</b>	<b>\$6,068,160.80</b>

**DEDUCTIONS:**

Value of land dedicated:	\$2,351,816.70
Value of improvements <sup>8</sup> :	\$231,000.00
<b>Total of Deductions:</b>	<b>\$2,582,816.70</b>
<b>TOTAL FEE DUE<sup>7</sup>:</b>	<b>\$3,485,344.10</b>

**NOTES:**

1 Monetary value for Parklets are based on improvement costs and not the square footage of parklet areas.
2 Parcel R2 sq.ft. based upon R2 entitlement review plans & developer. Park Easement sq.ft. provided by DBO.
3 Parklet locations based upon submitted draft public improvement plans.
4 Parcel R1 sq.ft. of 'park easement' provided by DBO. Other land areas are estimates as final site land areas are estimates as final site design are not available at time of calculating fees.
5 Land Value Factor based upon recent 'Lang Parcel' appraisal by taking the \$260,000 valuation and dividing by the land area of 4,500 square feet (50ft wide x 90ft deep).
6 Park Area Calculation: 2.27 persons/du x356 = 808 persons (rounded down from 808.12) 808 persons x 130 sf/person = 105,040sf (2.41ac.)
7 Payment to City of Sand City (SCMC section 17.68.030.C.8)
8 If subdivider provides improvements to dedicated land, value of improvements & equipment is a credit against the payment of fees or land dedication (SCMC section 17.68.030.C.7)



# SOUTH OF TIOGA PARK LAND FEE CALCULATIONS

## PARK AREAS AND LAND VALUATIONS

**PARKLETS:**

Park Area <sup>3</sup>	sq.ft.	Monetary Value <sup>1</sup>
1 (Parcel H1 side)	n/a	\$54,000.00
2 (Parcel H2/R2 side)	n/a	\$48,000.00
3 (Parcel H1 side)	n/a	\$60,000.00
4 (Parcel R1 side)	n/a	\$69,000.00
<b>Total Parklet Area</b>	<b>0</b>	<b>\$231,000.00</b>

**PARCEL R1:**

Park Area <sup>4</sup>	sq.ft.	Monetary Value
Park Easement	2,860	\$165,222.20
Courtyard <sup>9</sup>	0	\$0.00
<b>Total R1 Park Area</b>	<b>2,860</b>	<b>\$165,222.20</b>

**PARCEL R2:**

Park Area <sup>2</sup>	sq.ft.	Monetary Value
Park Easement	5,582	\$322,472.14
Bldg. 1 Courtyard <sup>9</sup>	0	\$0.00
Bldg. 2 Courtyard <sup>9</sup>	0	\$0.00
<b>Total R2 Park Area</b>	<b>5,582</b>	<b>\$322,472.14</b>

<b>Total sq.ft. Provided</b>	<b>8,442</b>
<b>Total Park Value</b>	<b>\$718,694.34</b>

NOTES:
1 Monetary value for Parklets are based on improvement costs and not the square footage of parklet areas.
2 Parcel R2 sq.ft. based upon R2 entitlement review plans & developer. Park Easement sq.ft. provided by DBO.
3 Parklet locations based upon submitted draft public improvement plans.
4 Parcel R1 sq.ft. of 'park easement' provided by DBO. Other land areas are estimates as final site land areas are estimates as final site design are not available at time of calculating fees.
5 Land Value Factor based upon recent 'Lang Parcel' appraisal by taking the \$260,000 valuation and dividing by the land area of 4,500 square feet (50ft wide x 90ft deep).
6 Park Area Calculation: 2.27 persons/du x356 = 808 persons (rounded down from 808.12) 808 persons x 130 sf/person = 105,040sf (2.41ac.)
7 Payment to City of Sand City (SCMC section 17.68.030.C.8)
8 If subdivider provides improvements to dedicated land, value of improvements & equipment is a credit against the payment of fees or land dedication (SCMC section 17.68.030.C.7)
9 Courtyard areas are not credited towards the parkland in-lieu fee.

Land Value Factor <sup>5</sup> (\$/sf.)	# OF PERSONS PER D.U.	# OF PARK SQ.FT PER PERSON	# OF PROPOSED D.U.
\$57.77	2.27	130	356

**FEE CALCULATION:**

Number of residents:	808
Sq.Ft. Req'd for Park <sup>6</sup> :	105,040
Acres Req'd for Park:	2.41
<b>Parkland Fee<sup>7</sup>:</b>	<b>\$6,068,160.80</b>

**DEDUCTIONS:**

Value of land dedicated:	\$487,694.34
Value of improvements <sup>8</sup> :	\$231,000.00
<b>Total of Deductions:</b>	<b>\$718,694.34</b>

<b>TOTAL FEE DUE<sup>7</sup>:</b>	<b>\$5,349,466.46</b>
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**Courtyards are NOT a credit**

# AGENDA ITEM

9E

# December 2019 - January 2020

December 2019

January 2020

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Dec 22		23	24	25	26	27	28
Dec 22 - 28			8:00am	CITY HALL OFFICES CLOSED TO THE PUBLIC			
29		30	31	Jan 1, 20	2	3	4
Dec 29 - Jan 4	CITY HALL OFFICES CLOSED TO THE PUBLIC						
5		6	7	8	9	10	11
Jan 5 - 11	CITY HALL OFFICES CLOSED TO THE PUBLIC						
12		13	14	15	16	17	18
Jan 12 - 18	CITY HALL OFFICES CLOSED TO THE PUBLIC						
19		20	21	22	23	24	25
Jan 19 - 25	CITY HALL OFFICES CLOSED TO THE PUBLIC						

**AGENDA ITEM**

**9F**

# Annual Leadership Luncheon

**Name:** Annual Leadership Luncheon

**Date:** January 28, 2020

**Time:** 11:30 AM - 1:30 PM PST

[Register Now](#)



## Event Description:

Save the Date - Annual Membership Luncheon

## Location:

The Inn at Spanish Bay Pebble Beach

## Date/Time Information:

Tuesday, January 28, 2020  
11:30am - 1:30pm

## Fees/Admission:

Prospective Members - \$75  
Existing Members - \$60

Set a Reminder:

Enter your email address below to receive a reminder message.

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243 El Dorado Street, Suite 200, Monterey, CA 93940 – 831-648-5350 – [info@montereychamber.com](mailto:info@montereychamber.com)



**Don't Miss  
Early Bird Rates,  
Register Now!**



**Thursday, January 23, 2020**  
Embassy Suites, Monterey Bay  
8:00 am – 4:00 pm



# 16<sup>th</sup> Annual Employment Law & Leadership Conference

LITTLER'S EMPLOYMENT UPDATE

AM GENERAL SESSION

**Keeping Your Organization on the Path of Legal Compliance!** Learn from the leading Littler Attorneys about the latest employment law twists and turns to bring you up to speed on the regulatory front as well as trends to watch for in the future. Learn about the many compliance issues that are of greatest concern to corporate counsel, human resource professionals, executives and other managers on a day-to-day basis. Littler's Employment Law Update is a thought-provoking overview and analysis of the most critical employment and labor law issues confronting employers right now.

AFTERNOON BREAK-OUT SESSIONS

12:45pm – 4:00pm

▶ **WAGE & HOUR: Mistakes Employers Still Make and What to Do About Them!**

**Mel Cole, Esq., Littler**  
Mel will cover commonly misunderstood and incorrectly applied principles of wage and hour compliance under California law and the Fair Labor Standards Act (FLSA) that (collectively) cost employers millions of dollars each year. Including properly classifying employees as exempt and what to do if someone has been misclassified; how to navigate the treacherous waters of piece rate compensation; new developments that limit the ways employers can pay commissions; the latest developments in the laws relating to meal and rest breaks, and much more!

▶ **HR Q&A: Balancing Both Legal and Leadership Perspectives!**

**Marlene Muraco, Esq., Littler Shareholder & Melissa Irwin, SPHR-CA, SHRM-SCP, TPO Senior Consultant/Training Specialist**  
Talk about brain power – a whole session with Marlene & Melissa sharing both legal & HR answers and advice about the most critical questions on the minds of our conference participants – many you didn't even know to ask. This fun and fast-paced session is back again by popular demand!

▶ **GREAT EMPLOYEES...THEY COME, AND THEY GO: The BIG Question is...WHAT Makes them STAY?**

**Tonja Possey, IPMA-SCP, TPO Senior Consultant/Training Specialist & Michelle Stanford, M.A., PHRca, TPO Consultant/Training Specialist**  
There is nothing more frustrating than losing GREAT employees. TPO will provide insights on PROVEN RETENTION ESSENTIALS to keep your most valued team members engaged. Tonja and Michelle are teaming up to share the latest research, and what leading experts have uncovered as the foremost answers to "what matters most" to today's top performers – and what makes them stay!

▶ **YOU CAN'T ALWAYS GET WHAT YOU WANT: But You Can Get What You Need!**

**Dennis Hungridge, M.A., SHRM-SCP, SPHR, TPO Consultant/Training & Development Specialist**  
It often takes Crucial Conversations to untangle what's going to conquer the most challenging issues at work. With his usual flare, Dennis will break this down into Actions, Tools and Attitudes for how to Resolve Conflict and improve Negotiation Outcomes. You will walk away with increased confidence and effectiveness to Align, Engage and Execute on the strategies you and your team need to achieve.

▶ **THE AG EMPLOYER: A 2020 Overview and What Lies Ahead!**

**Ryan Eddings, Esq., Littler Shareholder**  
Agricultural employers face a multitude of unique employment law issues in the areas of wage and hour law, immigration, health, safety and joint employer liability. Ryan, one of Littler's leading ag employment law experts, will address issues in those areas that are particularly relevant to the agricultural industry, including the new overtime rules, the proper way to implement piece rate compensation, rest and recovery period obligations, and ways to reduce potential liability when using farm labor contractors.

AFFILIATE SHOWCASE

7:30am – 2:30pm

An impressive collection of professional Affiliates providing high quality services and support to businesses. Be sure to take advantage of the opportunity to learn more about how our resourceful Affiliates can enhance and improve your business practices!

TPO Members Attend FREE, but Must Register!  
NON-MEMBER EARLY BIRD RATES THROUGH DECEMBER 15!

Go to: [www.tpohr.com](http://www.tpohr.com) for Complete Conference Information

