



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD., DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

REGULAR MEETING AGENDA OF THE CITY OF DEL REY OAKS CITY COUNCIL TUESDAY, APRIL 27, 2021 AT **6:00 P.M.**

**MEETING TO BE HELD VIRTUALLY ONLY
AT THE FOLLOWING ZOOM LINK PER GOVERNOR NEWSOM'S EXECUTIVE
ORDERS N-29-20 AND N-33-20 REGARDING COVID-19 PROTOCOLS:**

***Click on link below
Join Zoom Meeting***

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then copy and paste or type the link into your browser
You must have a computer with a camera or smart phone to participate in
the video portion of the meeting.***

- 1. 6:00 P.M. - ROLL CALL – Council**
- 2. PLEDGE OF ALLEGIANCE**
- 3. PUBLIC COMMENTS: General Public Comment must deal with matters subject to the jurisdiction of the City and the Council that are not on the Agenda. Anyone wishing to address the City Council on matters not appearing on the Agenda may do so now. The public may comment on any other matter listed on the Agenda at the time the matter is being considered. *There will be a time limit of not more than three minutes for each speaker. No action will be taken on matters brought up under this item and all comments will be referred to staff.***
- 4. PRESENTATIONS:**
 - A. FORTAG Update by TAMC**
 - B. An Overview of Sales Tax collection by HDL**

5. CONSENT AGENDA:***Action Items***

- A. MINUTES: (CEQA: as to all, not a project per Guidelines Article 20, Section 15378)**
 - 1. March 10, 2021 Regular Planning Commission Meeting**
 - 2. March 23, 2021 Regular City Council Meeting**
- B. MONTHLY REPORTS: (CEQA: as to all, not a project per Guidelines Article 20, Section 15378)**
 - 1. Claims, March 2021**
 - 2. Unpaid Bills Detail, All**
 - 3. Financials, March 2021 and March 2020**
 - 4. Fire Department Response Report, March 2021**
 - 5. Police Activity Report, March 2021**
- C. MISCELLANEOUS (CEQA: as to all, not a project per Guidelines Article 20, Section 15378)**
 - 1. Updated New Strategic Planning Grid**
 - 2. Resolution 2021-07 Adopt Feasibility Study to Establish a Central Coast Public Bank**
 - 3. Resolution 2021-08 Adopt the Monterey County Comprehensive Economic Development Strategy (CEDS)**
 - 4. Receive Recommendation to Update the City's Records Retention Policy**

6. NEW BUSINESS:

- A. Resolution 2021-09 Honoring Dino Pick
Requested by Vice Mayor Lintell and
Council Member Gaglioti** ***Action Item***
- B. Consider 5 step Development Plan** ***Action Item***
- C. Consider a Contract with Economic Planning
and Systems (EPS) for an Economic Study
of all City Owned Property Related to
Development** ***Action Item***
- D. Consider 2019-2020 Audit Report** ***Action Item***
- E. Consider Integral Innovation Inc. Lease
Termination for Public Works Building** ***Action Item***
- F. Discussion and possible action regarding
placing the Invocation back on the agenda.
Requested by Vice Mayor Lintell
and Council Member Gaglioti** ***Discussion/Action Item***

- G. Discussion and possible action of time limits for City Council Meetings. Requested by Council Members Gaglioti and Donaldson** *Discussion/Action Item*

7. STAFF REPORTS:

- A. City Manager Report**
- ADU Workshop
 - Garden Center Update

8. MAYOR AND COUNCIL REPORTS

9. CORRESPONDENCE

- TAMC Highlights
- MST Highlights
- American Rescue Plan Letter from Congressman Panetta
- AMBAG 2045 Public Flyer
- Veterans Advisory Committee Report
- Northern Salinas Valley Mosquito Abatement District Agenda/Report

10. NEXT MEETING DATE: Tuesday, May 25, 2021, at 6:00pm

11. ADJOURNMENT

Information distributed to the Council at the meeting becomes part of the public record. A copy of written material, pictures, etc. must be provided to the secretary for this purpose. All enclosures and materials regarding these agenda items are available for public review at the Del Rey Oaks City Hall, 650 Canyon Del Rey Road, Del Rey Oaks.

How do I join a Zoom meeting?

There are 3 ways to join a Zoom meeting:

1. With the Zoom app on your desktop
2. From the Zoom website
3. Telephone dial in

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Note: The host will have to start the meeting first so you can join.

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Enter the Meeting ID (See the box above) You can then choose whether to come into the meeting with your audio or video enabled or disabled

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CA Sales Taxes – Review & Trends

City of Del Rey Oaks

City Council Presentation

April 27, 2021

Sales & Use Tax Overview

- Tax on purchase or lease of tangible, personal property
 - Real property and services excluded
- Charged once – only when sold to the end user
- Significant exemptions...over \$12 billion annually
- Over 85% of tax generated by 5% of businesses

What Is Use Tax?

Use Tax:

- Charged on goods sold to California customers from out-of-state retailers
- When a place-of-sale location can not be determined
- Allocated to individual countywide pools where goods first used

Use tax is either:

- distributed to all agencies in Monterey Pool, based on their pro-rata share of sales tax, or
- directly paid to agency when above \$500,000



How is Monterey County Use Tax distributed?

Determining Where Online Sales Tax Goes...

**...IT'S
COMPLICATED!**

Where is Order Placed?	Where are the Goods when they are sold?	Sales Tax Allocated to:
Out-of-state	Out-of-state	County-wide pools
In-State	Out-of-state	County-wide pools
Out-of-state	In-state	Jurisdiction where goods are located and shipped from
Out-of-state	Picked up at store	Jurisdiction of store if drawn from store inventory; County pool if goods drop shipped to store from out of state
Out-of-state	Shipped from out-of-state "FOB Destination"	Jurisdiction where order is shipped

District (Transactions) Tax vs. Sales Tax

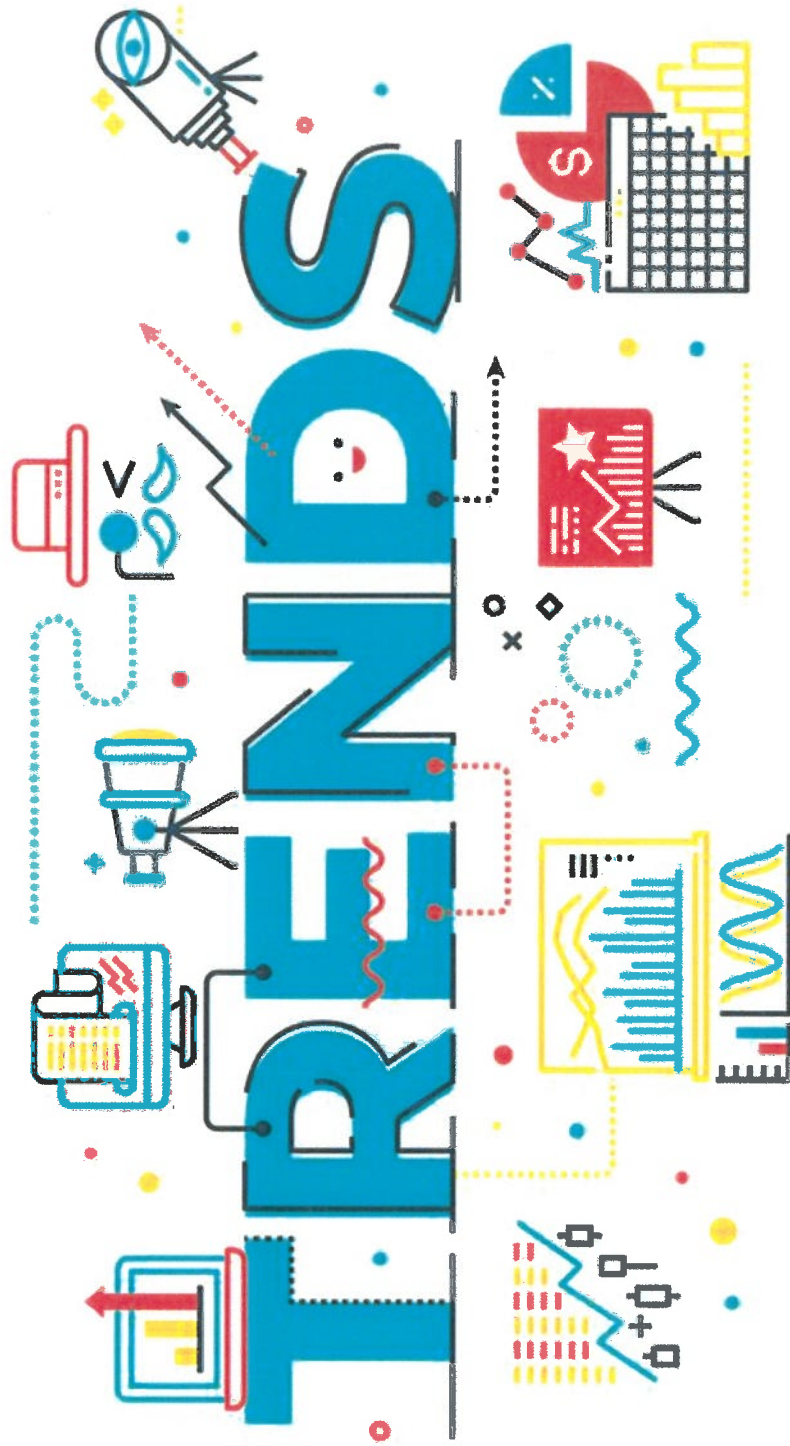
**Measures S & R

- District tax follows the merchandise.
- That is, the tax distributed to the district (city) where goods are delivered (and presumably used).

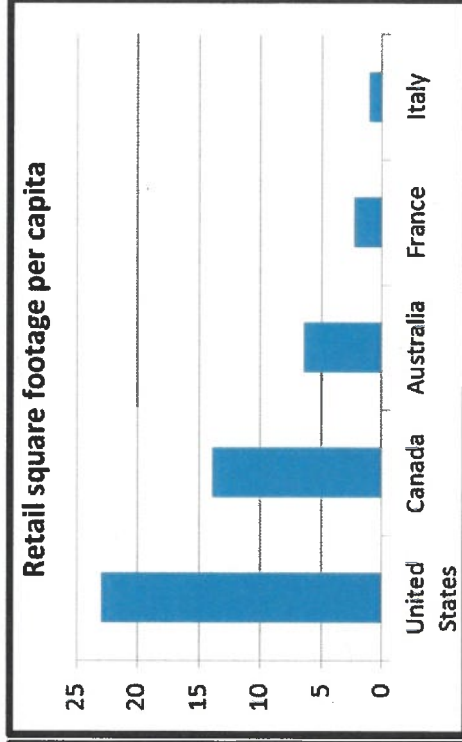
SALES TAX
Allocated to city
where the dealership
is located.



DISTRICT TAX
Allocated to
city where the
vehicle is registered.



Too Many Stores



E-commerce Came Along



- Retail stores used to be about 5 things:

Inspiration

Convenience

Immediate Gratification

Taction

Experience of being somewhere

Tendency Toward Experiences/Services



Digital Downloads – no sales tax

Social Networking – no sales tax

Focus on Experiences – little sales tax:
travel, gyms, classes, entertainment

Extreme Price Awareness – ouch!

Sharing Economy – no sales tax

The Rise Of Social Commerce

- **Facebook Takes Off the Training Wheels and becomes a retailer!**
- Over 80% of U.S. population uses social media
- 3.8 billion users by 2020
- 95% of adults 18-34 follow a brand
- Gen Zers and millennials are twice as influenced by social media than by “deals”



The Changing Economy

- Shift retail jobs from stores to warehouses
- Investment in data centers, distribution, and fulfillment centers
- Demand for technically adept employees



2,190

store closures
for 2021 announced by
US retailers year to date

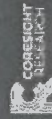
Recent closure announcements
Sears and Kmart: 20
Skechers: 23

2,160

store openings
for 2021 announced by
US retailers year to date

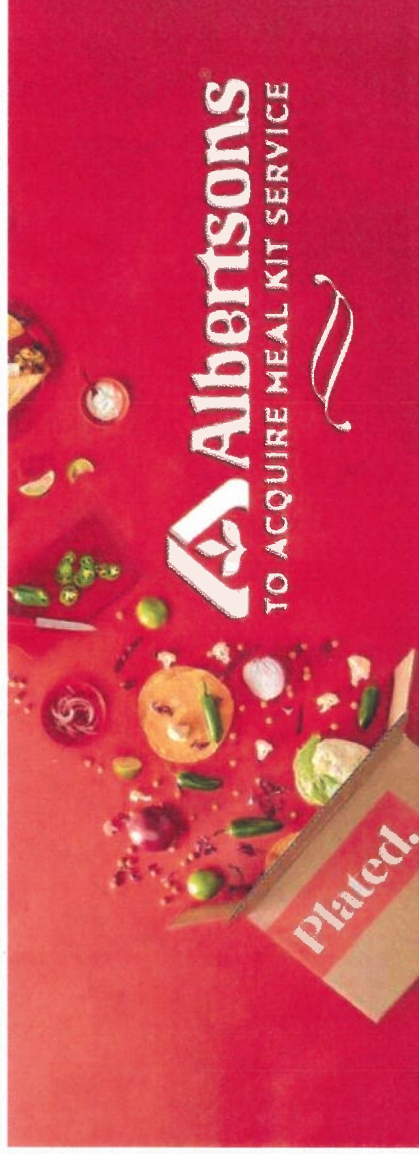
Recent opening announcements
Aldi: 100
At Home: 12-15
Five Below: 170
Murphy USA: 55

Year to date as of February 12, 2021
Source: Company reports/Coresight Research



However...
Physical Retail
Isn't Dead

Physical Needs Digital



Digital Needs Physical



April 27, 2021

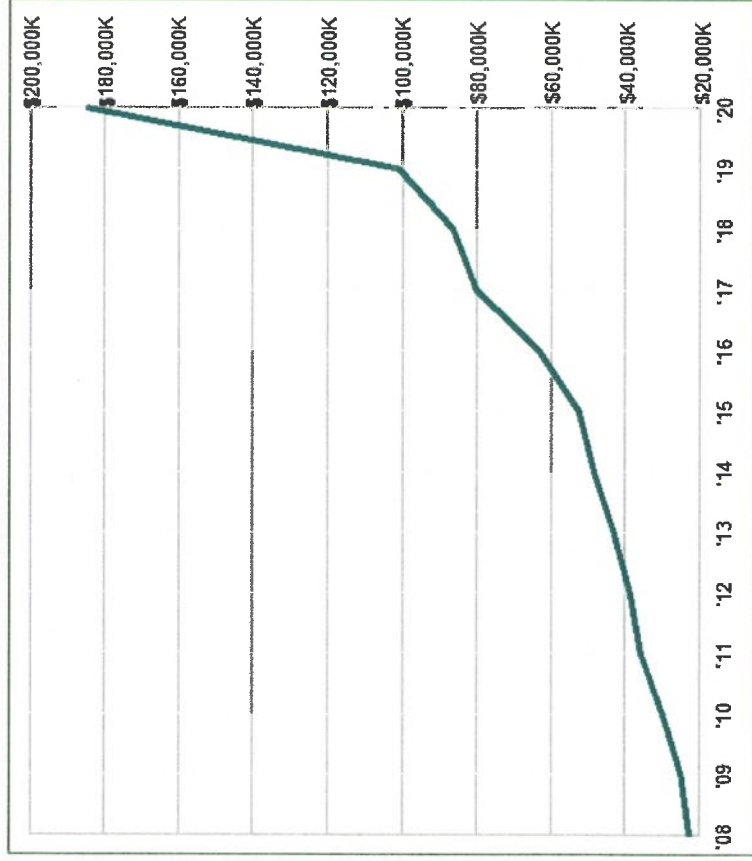
Del Rey Oaks Council Meeting

Consolidation Of Order Desks = Fewer Points Of Sale

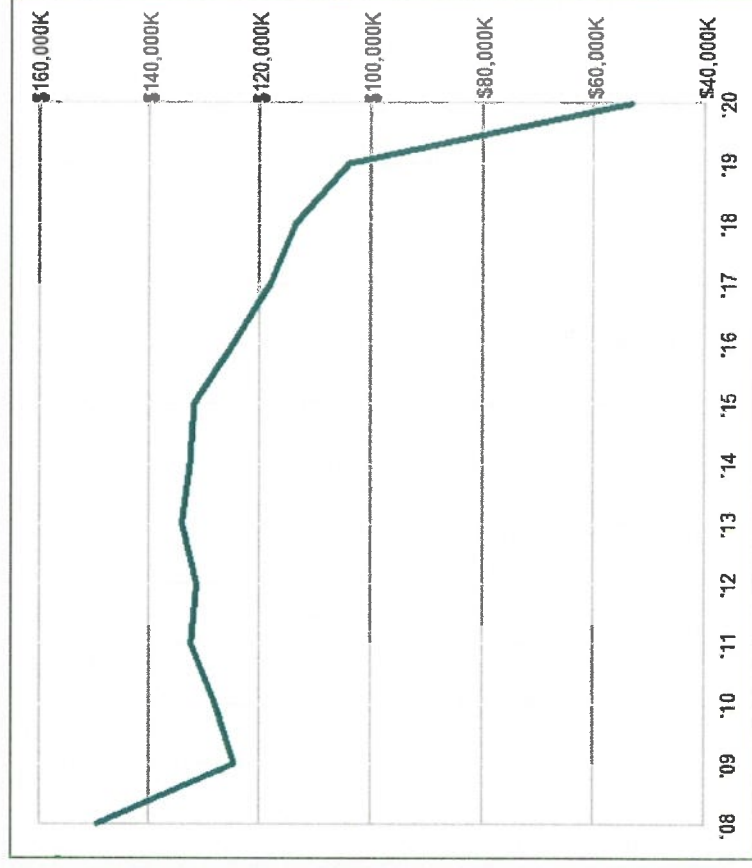


Fulfillment vs Dept. Store - 13 Year History

995 Fulfillment Centers



5,006 DEPARTMENT STORES

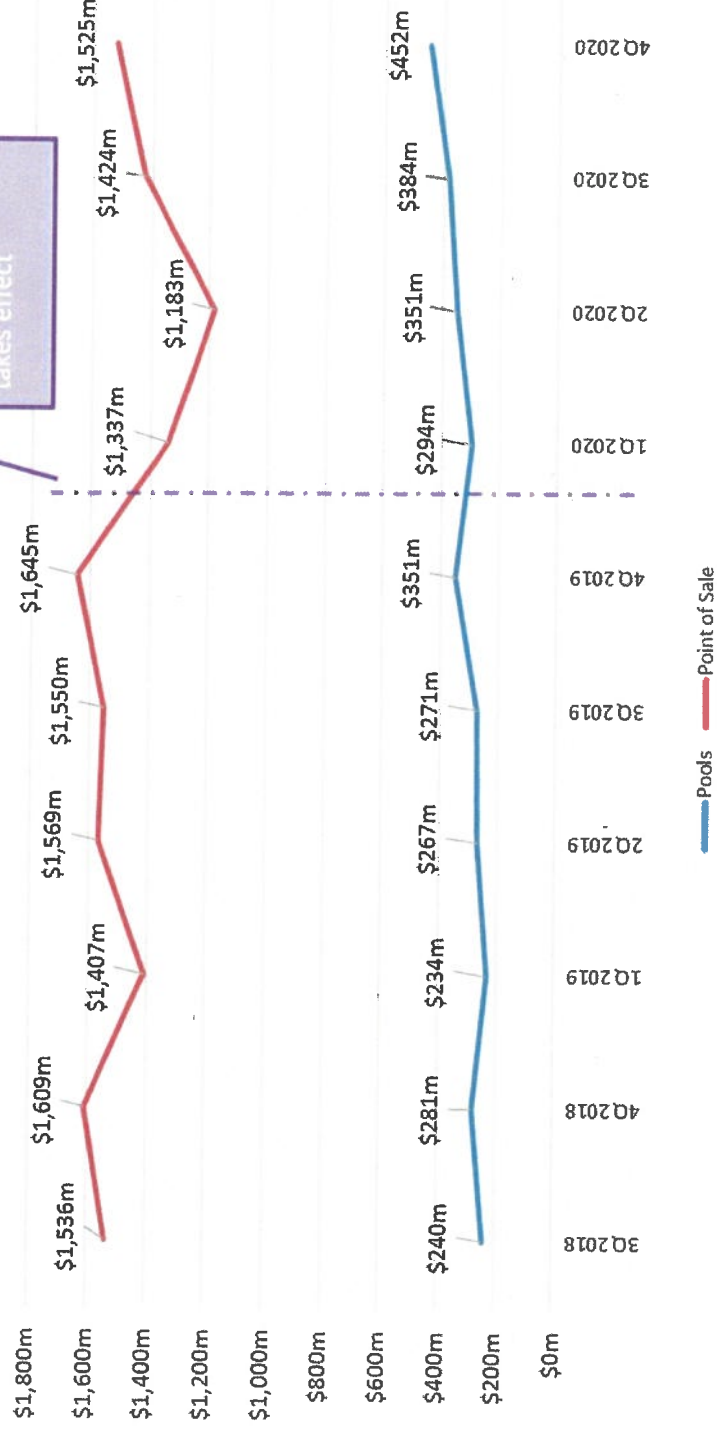


*California &
Del Rey Oaks*

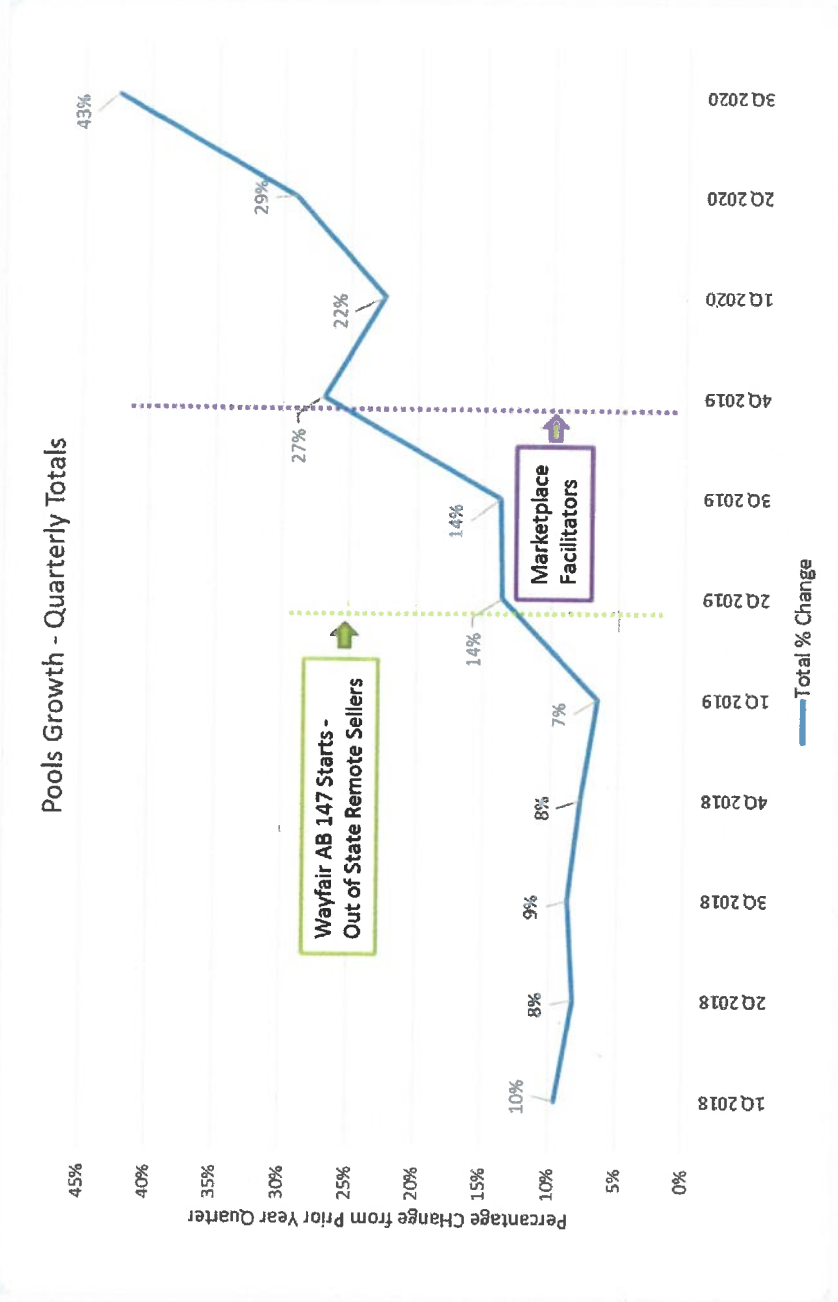
*Sales Tax
Performance*

CA Recent Quarters

CA Point of Sale vs. Pools



AB147 – ‘Wayfair’ Boosts Pools

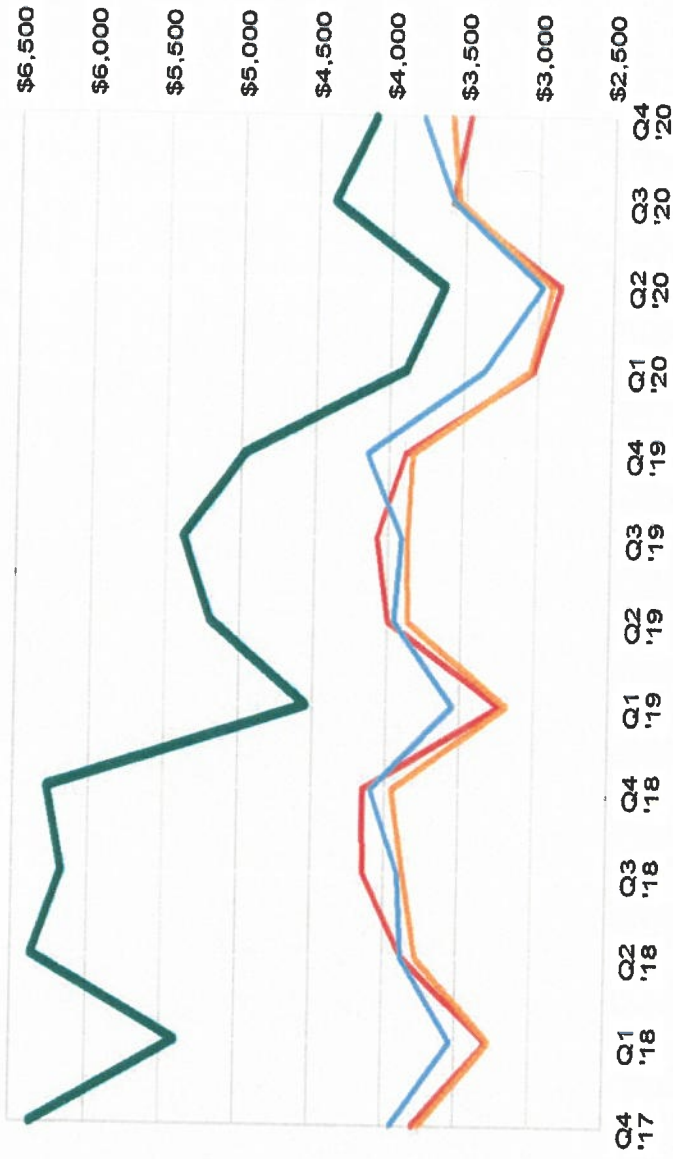
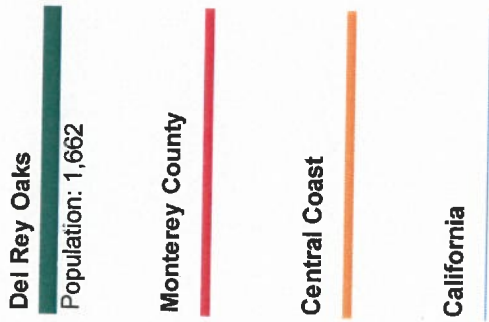


CITY OF DEL REY OAKS

Breakdown of 9.25% Sales Tax Rate Effective April 1, 2021

State General Fund	3.9375%
City/County General Fund (Bradley-Burns)	1.0000%
Del Rey Oaks General Transactions & Use Tax (DROG)	0.5000%
Del Rey Oaks Transactions and Use Tax (DLRY)	1.0000%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health/Welfare/Public Safety)	1.5625%
Countywide Transportation Fund	0.2500%
Monterey - Salinas MST Special Transit District (MSTD)	0.1250%
Monterey County Transportation Safety TT (MTSF)	0.3750%
Total Rate	9.2500%

Region/State Comparisons 13 Quarter Trends



Del Rey Oaks - Sales Tax \$

Fiscal Year	Bradley Burns 1%	District Taxes 1.5%	Total	Change
FY 2018-19	\$428,759	\$925,580	\$1,354,339	
FY 2019-20	\$367,471	\$766,089	\$1,133,560	-16%
FY 2020-21 est.	\$373,974	\$753,000	\$1,126,974	-1%
FY 2021-22 est.	\$395,032	\$837,000	\$1,232,032	9%

Thank you!

Questions?

FEBRUARY 2020

Local Government Guide to
**California Sales, Use
and Transaction Tax**


HdlL Sales Tax

ABOUT HdL COMPANIES

Founded in 1983, HdL was established to maximize local government revenues by providing revenue enhancement, tax administration, analytical services and software products.

Hinderliter, de Llamas & Associates (HdL) developed California's first computerized sales tax management program and was responsible for securing legislation that allowed independent verification of state allocations. In 1990, HdL Coren & Cone was established to provide property and documentary transfer tax services. HdL Software was formed in 1996 to provide software systems for other city revenues and tax administration services.

HdL's systematic and coordinated approach to revenue management and economic data analysis is used by over 500 local governments in six states. To date, HdL has recovered a cumulative total of \$2 billion in new sales and use tax revenues for client agencies. Support Services and Software are available for sales, use and transactions taxes, economic development, property taxes, business license fees, transient occupancy tax, short-term rental (STR) compliance, rent control, and cannabis regulation and taxation.

HdL  Companies

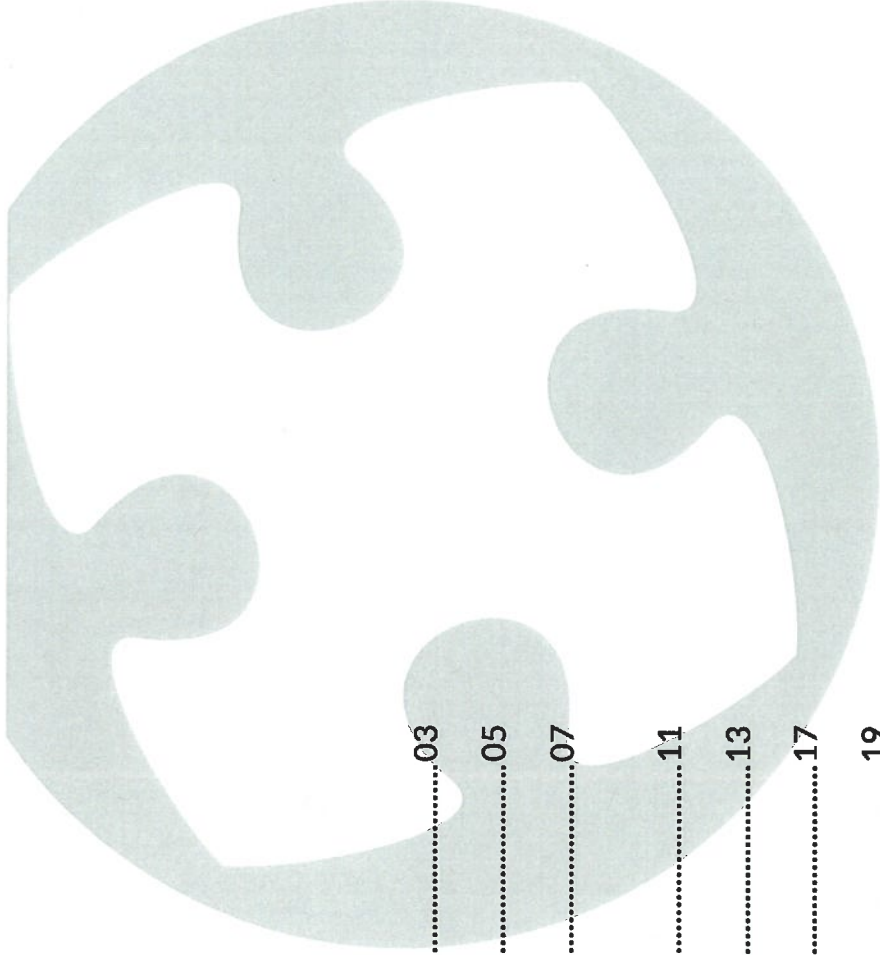


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OVERVIEW

SALES, USE AND TRANSACTIONS TAXES

STATE GENERAL FUND (3.9375%)

The state first imposed a sales tax in 1933 at a rate of 2.5% in response to the downturn in revenues resulting from the Great Depression. The tax was assessed on retailers only for statewide purposes, including education. In 1935, California added the 'use tax,' to protect retailers in the state from tax-free, out-of-state competition. In subsequent years, cities began to impose their own sales tax, each with different taxable items and reporting requirements. In response to merchant complaints, the state legislature in 1955, adopted a uniform local tax to be administered only by the state. The uniform tax must be levied countywide and individual cities cannot levy the tax unless it has been first adopted by the county in which the city is located. Local agencies are preempted from adopting or administering their own (Revenue and Tax Code Section 7203.5 footnote 1968).

LOCAL GENERAL FUND BRADLEY BURNS (1.0%)

One percent of the 1¼% Bradley-Burns local tax is distributed to local agencies to support local government needs. As a city cannot adopt the tax unless first adopted by the county as a countywide tax, some counties retain a portion of the one-percent rate. City rates in those counties range from 0.70% to 0.995%.

COUNTYWIDE TRANSPORTATION FUND (0.25%)

One-quarter cent of the 1¼% Bradley-Burns local tax levy is allocated to each county's regional transportation fund.

California Sales and Use Tax Rates	
State General Fund	3.9375%
Local General Fund (Bradley-Burns)	1.00%
Countywide Transportation Fund	0.25%
County Realignment for Mental Health/Welfare/ Public Safety Services	1.5625%
Public Safety Augmentation Fund	0.50%
Total	7.25%
Transactions and Use Tax Districts (Maximum Rate Per County)	2.00%
Total	9.25%*

* The maximum transactions and use tax rate of 2% does not account for authorizations by the state legislature for individual counties or cities to put new district tax measures before their voters. Therefore, total tax rate maximums exceed 9.25% in portions of Alameda, Contra Costa, Los Angeles and San Mateo Counties and in some transportation agencies.

COUNTY REALIGNMENT FOR MENTAL HEALTH/ WELFARE/PUBLIC SAFETY SERVICES (1.5625%)

In 1991, the state transferred approximately \$2.2 Billion in health, mental health and social service costs to counties. In exchange, the state provided ½ cent of its sales tax and a portion of dedicated vehicle license fee. The monies are allocated to counties based on the level of financing prior to realignment and growth on a number of factors that include caseload, population and poverty. In 2011, the state adopted a Public Safety Realignment Initiative to comply with court order requiring reductions in state prison overcrowding. The initiative shifted non-violent prisoners with less serious felonies to county jails. In exchange for taking the prisoners and the related probation, health, legal and counseling responsibilities, the state provided counties with 1.0625% of its sales tax plus a portion of its vehicle license fees. The monies are allocated by formulas using caseload, jail population and special factors such as poverty.

PUBLIC SAFETY AUGMENTATION FUND (0.50%)

In 1992, the State of California instructed county auditors to shift a portion of local property tax revenues from local governments to schools. Additional transfers to the Educational Revenue Augmentation Fund (ERAF) were made in 1993-94. To offset the losses, voters approved a ½% public safety tax that is distributed to counties based on the percentage of statewide tax generated by their county in the prior calendar year. The counties share approximately 5% of the revenues with cities within their jurisdiction that were impacted by the ERAF transfers.

TRANSACTIONS AND USE TAX DISTRICTS

In many jurisdictions, additional sales and use taxes referred to as 'transactions taxes' have been authorized. Please see page 17 for additional information.

STATE ADMINISTRATION OF TAX

Under a reorganization initiated by the Taxpayer Transparency and Fairness Act of 2017, the California Department of Tax and Fee Administration (CDTFA), is now responsible for administration of sales, use and transactions taxes, fuel, tobacco, alcohol and cannabis taxes and a variety of other charges such as timber yield and environmental fees. The Board of Equalization which previously administered sales and use tax revenues, is now primarily responsible for oversight of uniform property assessment practices, assessment of railroad and utility properties and administration of insurance taxes.

Local governments are charged for their portion of shared and direct costs which are calculated annually and based on each jurisdiction's ratio of sales tax generation. The estimated fees are deducted from the quarterly tax distributions with a year-end 'true up' to match actual costs.

A separate Office of Tax Appeals (OTA) that is independent of the state's tax agencies, is responsible for conducting and deciding appeals of sales and use tax assessments as well as appeals related to personal income taxes and franchise fees. The appeals are heard and decided by three-member panels of administrative law judges.

NEXUS

In June 2018, the United States Supreme Court overturned two previous rulings, the first in 1967 (*National Bellas Hess Inc. v. Department of Revenue of Illinois*, 386 U.S. 753 (1967)) and the other (*Quill Corp v. North Dakota* (1992)) which had freed retailers from collecting and remitting taxes for states or local jurisdictions where they had no physical presence even though the buyer then became responsible for paying a corresponding “use tax.” The 2018 reversal was an acknowledgement that the impracticality and costs of tracking use tax for individual online shopping purchases was diminishing local tax revenues and creating an unfair competitive disadvantage for local retailers.

As a result of the *South Dakota v Wayfair Inc.* 585 U.S. (2018) decision, the State of California amended Revenue and Taxation code section 6203 which effective April 1, 2019, requires out-of-state retailers with total annual combined sales of tangible personal property of \$500,000 or more delivered into California, to collect and remit this state’s sales and use taxes. Further, Revenue and Taxation code section 7262 now requires that all retailers with statewide sales of \$500,000 or more, collect and remit voter approved transaction district taxes for every agency imposing such a tax regardless of the level of sales within the individual district.

California also adopted Revenue and Taxation code sections 6040-6049.5 which effective October 1, 2019, requires Marketplace Facilitators such as Amazon, eBay and Google to assume the obligation for collecting and remitting the sales and use taxes for third party retailers who contract with the facilitator to provide sales related services. These include: payment processing, fulfillment or storage services, setting of prices, taking orders, providing customer service or assisting with returns or exchanges. The \$500,000 threshold applies to the sum total of all third-party transactions that the Marketplace Facilitator processes for its clients.

Buyers who purchase merchandise from out-of-state retailers with less than \$500,000 in annual statewide sales who do not voluntarily collect and remit the tax, continue to be responsible for paying a corresponding “use tax” on the purchase. Payments are made directly to the CDTFA or included with the buyer’s state income tax returns.



ALLOCATION OF SALES TAX

Sales tax from the Bradley-Burns levy is allocated back to the jurisdiction where the sale was negotiated or the order was taken. The responsibility for collecting and remitting California's sales and use tax is imposed upon retailers engaged in business in this state who sell or rent tangible personal property. The seller is responsible for the tax but is entitled to recover it from the customer at the time of sale.

Sales tax does not apply to the sale of real property, or to services that do not result in a finished product. In addition, some products are specifically exempt from the sales and use tax. Some of the more prominent exemptions include food purchased for home consumption, goods purchased for resale, prescription medicine, aircraft used by common carriers, utilities and goods sold to the federal government.

A corresponding "use" tax is imposed upon the storage, use or consumption of tangible personal property brought from outside California. The buyer is ultimately responsible for the payment of the use tax although it is often collected by the seller for customer convenience. Most receipts from use tax and some transactions where the "place of sale" are difficult to track are placed in a county or state allocation pool and distributed back to local jurisdictions on a pro rata basis.

WHAT CONSTITUTES "PLACE OF SALE"

In order to qualify as a place of sale under the Bradley-Burns California Sales and Use Tax Law, certain criteria must be met:

- The location must hold a valid seller's permit with the California Department of Tax and Fee Administration.
- The location must be the retailer's permanent place of business in this state.
- The employees permanently assigned to the location must participate in the sale by doing one of the following:
 - Maintaining a stock of goods available for sale
 - Negotiating sales
 - Accepting orders

SERVICES

Services are only taxable if they are a part of the sale or if the true object of the transaction is considered to be the sale of tangible personal property. Examples include:

- Repairs if the retail value of the parts and materials is more than 10% of the total charge
- Engineering and maintenance contracts if those services are a mandatory component of the sales transaction
- Sales of printed matter

SPECIAL ALLOCATION PROCEDURES

Leases and Rentals

The tax on long-term lease payments is normally distributed through the countywide use tax allocation pools. The exception is leases for passenger vehicles which are allocated back to the jurisdiction where the vehicle was purchased and the lease negotiated. Short term rentals (30 days or less) of cars, tools, equipment, etc. are allocated to the jurisdiction where the merchandise was rented.



SPECIAL ALLOCATION PROCEDURES (CONTINUED)

Out-of-State Purchases

The use tax on goods located outside California for transactions exceeding \$500,000 in value are allocated to the jurisdiction of first functional use. The tax on out-of-state transactions under \$500,000 is allocated via the countywide allocation pools. Merchandise that is shipped "FOB Destination" (title passes when the customer receives the goods at a location inside California) is subject to sales tax, not use tax. If the order is placed to an out-of-state order desk or call center but the retailer holds the inventory in California, the jurisdiction from where the in-state merchandise is shipped receives the tax allocation. If an order is placed to an out-of-state order desk or sales office but the merchandise is shipped from a stock of goods in California that is owned or controlled by the seller, the warehouse becomes the place of sale.

Food to Go

Prepared meals to go are generally taxable but items sold at coffee, juice, yogurt and ice cream stores are not normally considered prepared meals and are not taxable unless served in combination with a prepared hot food. However, exempt items that are combined with non-exempt items and priced as a combination package are taxable.

Jet Fuel Sales

The sales tax on jet fuel is generally allocated to the jurisdiction where the fuel is pumped into the aircraft.

Construction Contracts of \$5 Million or More

Generally, construction contractors are required to report the local use tax on materials consumed and the local sales tax on fixtures furnished and installed. The amount is reported using the Schedule B Form which contains a separate line for each county throughout California. The taxpayer enters the local tax amount attributable to each construction project on the corresponding county line according to the location of the job site. This results in the indirect distribution of the tax through the countywide pools.

In December of 1994, State Board of Equalization (now CDTFA) adopted a resolution allowing for the direct distribution of the local sales and use tax to the local jurisdiction of the construction site for certain qualifying contracts. Under the resolution, a sub-contractor who enters into a construction contract equal to or greater than \$5 million may elect to obtain a sub-permit for the jobsite. To receive the maximum benefit, the permit should be taken out before construction begins and participation is limited to the installing contractor or subcontractor.

To qualify, the participating sub-contractor must already hold a valid seller's permit, be currently registered with the CDTFA as a contractor and have an individual contract over \$5 million. The \$5 million does not apply to the prime contract but rather to the individual contract with the sub-contractor.

SALES TAX EXEMPTIONS

When sales tax was first imposed in 1933, the only exemptions to the tax were gold bullion, utility services and goods sold to the federal government. Since then, the state has continued to expand the number of exemptions while raising the overall rate to offset the revenue losses. Approximately 70% of the \$1.1 billion in lost revenues is related to food sold for home consumption and prescription medicine and devices.

A complete list of exemptions is provided in California Department of Tax and Fee Administration's Publication 61 and can be downloaded at: <http://www.cdtfa.ca.gov/formspubs/pub61.pdf>

- Animals sold for human consumption
- Artworks purchased for a museum
- Catalogs, flyers and junk mailers
- Bulk coin and medal collections
- Common carrier aircraft and supplies
- Containers and labels to be resold as part of the product
- Custom computer programs
- Goods made by charitable organizations
- Wine-making industry
- Food sold for home preparation and consumption
- Fuel for propeller driven aircraft (jet fuel is taxable)
- Gas, electricity and water
- Motion picture products
- Occasional sales other than vessels, aircraft and vehicles
- Prescription medicine and devices
- Periodicals sold by subscription
- Seeds, plants, fertilizer and feed used to raise food for human consumption
- Telegraph and telephone lines
- Trucks, trailers, railroad cars and watercraft used for interstate commerce
- Sales to the federal government



DISTRIBUTION OF LOCAL SALES AND USE TAX FROM ONLINE RETAIL PURCHASES

The number of options that consumers now have in how they select, pay and take possession of merchandise has created new challenges in properly allocating local sales and/or use tax.

The place of sales and use tax for purposes of Bradley-Burns Uniform Local Sales and Use Tax is outlined in CDTFA Regulations 1802 and 1699. Generally, if the merchandise is inventoried and delivered from within California, the tax goes to the jurisdiction where the order was placed or if there is no in-state order desk, to the jurisdiction where the merchandise is inventoried. If the merchandise is inventoried and delivered from out of state, the tax is allocated via the county pools except for transactions over \$500,000, which are allocated to the jurisdiction of first delivery.

The following describes the various scenarios that determine where the local tax from online sales is allocated.



GUIDELINES FOR ALLOCATION OF LOCAL TAX - ONLINE AND IN-STORE

Place of Sale	Location of Goods at the Time of Sale	How Customer Receives Goods	Allocation of Tax
Online - Order is placed or downloaded outside California	California Fulfillment Center	Shipped to Customer from California Location	Local tax is allocated to the jurisdiction in which the fulfillment center is located
Online - Order is placed or downloaded in California	California Fulfillment Center	Shipped to Customer from California Location	Per CDTFA Regulation 1802, local tax is allocated to the jurisdiction where the order is placed
Online	Out of State Fulfillment Center	Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	Out of State Fulfillment Center	Picked Up In-Store (Click & Collect)	Local tax is allocated to the countywide pool based on point of delivery
Online	In-Store (Goods withdrawn from store inventory)	Shipped to California Customer	Local Tax is allocated to the jurisdiction where the store is located
Online	In-Store (Goods withdrawn from store inventory)	Picked Up In-Store (Click & Collect)	Local Tax is allocated to the jurisdiction where the store is located
In-Store	In-Store (Goods withdrawn from store inventory)	In-Store	Local Tax is allocated to the jurisdiction where the store is located

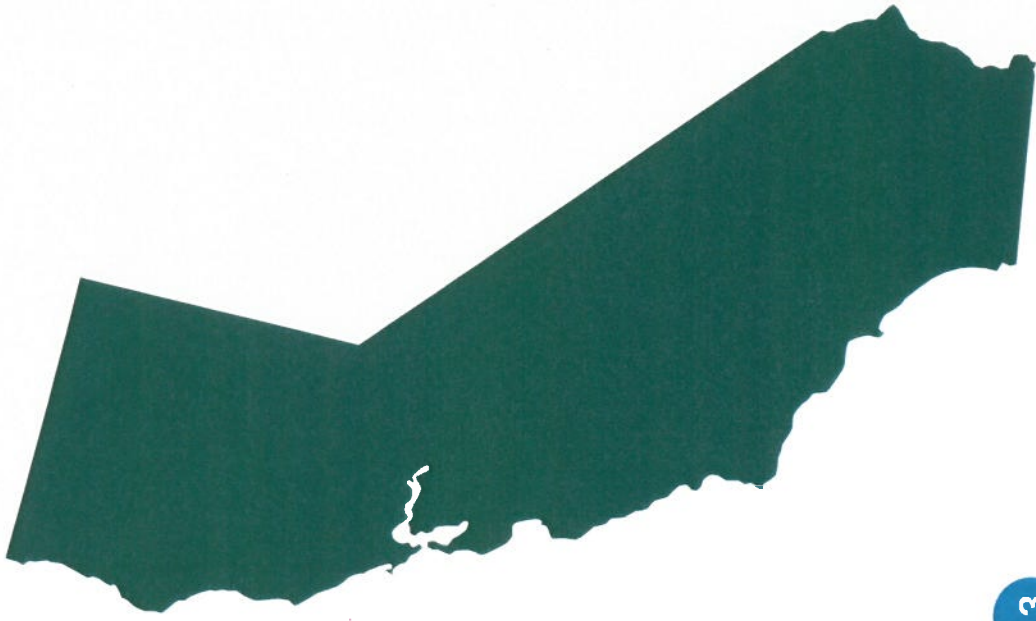
ALLOCATION OF USE TAX

GENERAL BACKGROUND

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

ALLOCATION BY STATE AND COUNTY POOLS

Use tax is the responsibility of the buyer rather than the seller and does not involve a California "place of sale." Therefore, a pooling system was devised to distribute the local share. It is also used to distribute any sales tax that cannot be easily tied to a permanent place of sale. Under the pool concept, the tax is first coded to the county of use and then distributed to each jurisdiction in that county on a pro rata share of taxable sales each quarter. An agency generating 8% of the county's total taxable sales receives 8% of the pool. If the county of use cannot be identified, the allocation goes to the state pool for pro rata distribution on a statewide basis.



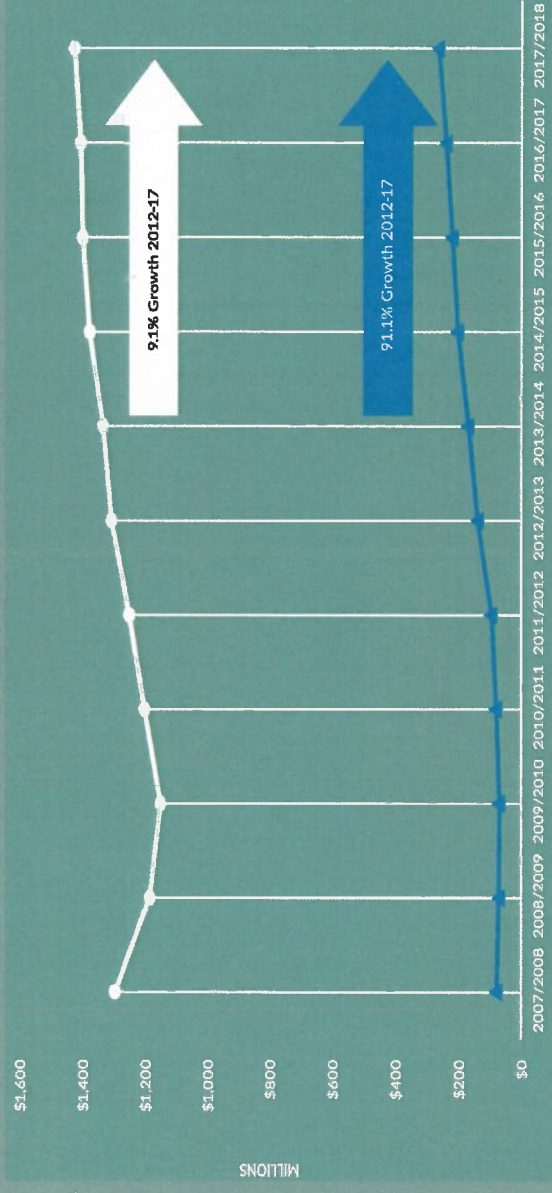
Approximately 12% - 15% of a local jurisdiction's total sales and use tax revenues are derived from their share of the countywide pools. Major contributions to the countywide pool include:

- Private party sales of vehicles, mobile homes, vessels and aircraft registered at DMV.
- Use tax on purchases of inventory or tools and equipment fabricated and consumed or used at facilities not registered as sales locations.
- Online and other purchases where the merchandise is shipped to the customer from out of state.
- Catering trucks, itinerant vendors, vending machine operators and other permit holders who are unable to readily tie transactions to specific jurisdictions.
- Sales that include installation of the goods at the customer's site.
- Use tax on consumption of equipment or supplies taken out of inventory or fabricated on-site at a location that is not qualified to be registered as a sales location.
- Long term leases of equipment and other tangible personal property for 30 days or more.

STATE OF CALIFORNIA

Brick & Mortar vs.
Online Sales of General
Consumer Goods

Local 1% Sales Tax by
Calendar Year



ALLOCATION BASED ON PLACE OF USE

A number of changes have been implemented since 1995 that allow some of the use tax revenue previously shared through the pool to be directly allocated to the jurisdiction of use. The changes are as follows.

Construction Projects

Generally, contractors or subcontractors who make improvements to real property and make sales of fixtures are required to hold a seller's permit. Local tax generated by the sale or use of tangible personal property is allocated to the countywide use tax pool based on the location of the job site. Contractors often elect to pay tax at the time they purchase the material to avoid obtaining a seller's permit and filing quarterly returns. Contractors who issue bids on a "lump sum" basis only (separate amounts not stated for labor and materials) cannot hold a permit and there will be no direct allocation of local tax. (CPPM, Chapter 2, 260.020)

Contractors and sub-contractors who have an individual contract over \$5 million and meet certain criteria may elect to obtain a construction site sub-permit which allows for the allocation of local tax directly to the jurisdiction where the jobsite is located. For more information, please see "Special Allocation Procedures" on page 8.



Vehicle Leases

Effective January 1, 1996, the local portion of use tax on leases of new cars and light trucks purchased from California dealers is allocated directly to the jurisdiction of the new car dealer where the leasing company acquired the vehicle. It is the leasing institution and not the auto dealer that collects and remits the use tax. (Revenue and Taxation Code Section 7205.1)

Auctions Events of \$500,000 or More

Auctions held away from an auctioneer's place of business that result in taxable sales of \$500,000 or more in the aggregate for the auction event are now to be reported directly to the locality where the auction is held. (CDTFA Regulation 1802 (a) (4))

Use Tax Purchases Exceeding \$500,000

Since July 1, 1996, taxpayers that are required to be registered with the CDTFA and who make sales or purchases of \$500,000 or more that are delivered from out of state are required to report the local 1% tax to the jurisdiction of first functional use. The rule does not apply to vendors who are not required to register with the CDTFA but do so voluntarily.

Direct Payment Permits

Effective January 1, 1998, cities and counties are authorized to take out a direct payment permit and issue a use tax exemption certificate to out-of-state vendors and lessors (except lessors of new vehicles). The certificate exempts the vendor or lessor from collecting use tax and allows the purchasing entity to "self-assess" and pay the use tax on its quarterly tax return. The local portion of the tax (1%) is then allocated to the location of the jurisdiction registered on the direct payment permit.

Additionally, private sector taxpayers have the option of applying for a direct payment permit if they make \$500,000 or more in cumulative leases or purchases subject to use tax during the 12 months preceding the application. In addition to directing 100% of the local use tax to the local jurisdiction, the vendor exemption and self-payment procedure simplifies the tax accrual and payment process for some taxpayers. (Revenue and Taxation Code 7051.3, CDTFA Regulation 1699.6)

TRANSACTIONS TAX

As of January 1, 2020, there were 321 transactions and use tax districts in California. Of these, 62 are countywide and 259 are in cities.

The numbers change frequently due to newly approved or recently expired districts. New transactions taxes are being added with almost every election cycle. The taxes are used to finance a variety of needs including public safety services, local hospitals, road repairs and capital projects. More than 90% of the state's population currently reside in one or more transactions and use tax districts.

As with other California taxes, a transactions and use tax district must obtain a majority vote for general purposes and two-thirds vote if for specific purposes. However, a 1988 court decision found a Santa Clara County District that specified that the revenues could be spent for general county purposes required only a majority vote despite the passage of a related advisory measure stating the voters' intent that the revenues be spent on specific projects. (*Coleman vs. County of Santa Clara* (64 Cal. App 4th 662))

The maximum transactions and use tax rate of 2% does not account for authorizations by the state legislature for individual counties or cities to put new district tax measures before their voters. Therefore, total tax rate maximums exceed 9.25% in portions of Alameda, Contra Costa, Los Angeles and San Mateo Counties. The pertinent provisions of the California Revenue and Taxation Code are Sections 7251.1, 7285.9 – 7285.92, 7285 – 7285.5 and 7292.

For a current listing of transactions tax rates, please visit:
<http://www.cdtfa/formspub/cdtfa95.pdf>

HOW THE TAX IS DISTRIBUTED

With the exception of certain goods sold to common carriers, the transactions and use tax is imposed on the same goods and merchandise as the local sales and use tax. However, where the Bradley-Burns Sales and Use Tax is generally allocated to the jurisdiction where the sale is negotiated or the order is taken, the transactions and use tax is allocated to the district where the goods are delivered or placed into use.

IMPLEMENTATION ISSUES AND RESOURCES

Cities and counties are required to contract with the California Department of Tax and Fee Administration for administration of the ordinance imposing the tax. There are two contracts. One is for setting up the tax; the second is for ongoing administration. Additionally, as the transactions and use tax is separate and distinct from the local sales and use tax, a separate Resolution of Confidentiality for access to the allocation data is required.

Agencies contemplating a transactions and use tax should begin by contacting the California Department of Tax and Fee Administration Local Revenue Allocation Section. A team has been established to assist cities with the preparatory functions for placing a proposal on the ballot including proper wording of the ordinance and subsequent contracts. The specific advisor is currently Olivia Siu. She can be reached at 916.322.2563. In addition, Publication 28, Tax Information for City and County Officials and Publication 44, Tax Tips for District Taxes, contain related information and can be downloaded from the California Department of Tax and Fee Administration's website at www.cdtfa.ca.gov.

Finally, California Constitution Article XIII C should be reviewed with Agency Counsel to determine whether or not a specific tax proposal being contemplated falls under the requirements for consolidation with a regularly scheduled general election for members of the governing body.

CDTFA FEES AND CHARGES

ADMINISTRATIVE AND DISTRIBUTION

The CDTFA charges local governments for their share of the administration and distribution of local taxes. For Bradley-Burns, the local governments' collective share of direct, shared and central overhead costs are calculated annually and charged to each jurisdiction based on their ratio of sales tax generation. The estimated fees are deducted from the quarterly tax distributions with a year-end true-up to match local costs. In 2018, the quarterly fees averaged 1.1891%.

The costs of local imposed transactions tax levies are also charged quarterly but calculated individually and based on the individual jurisdictions actual audit activity and state workload factors. The fees are capped at 5% of gross collections for tax rates of less than 0.25%, 3% for tax rates of less than 0.5% and 1.5% for tax rates of 0.5% or more.

PENALTIES

For late returns or late payments, there is a penalty of 10% of the total amount due.

INTEREST

Late payments are subject to interest. Interest is due for each month or fraction of a month the tax payment is overdue.

COLLECTION COST RECOVERY FEE

The CRF (Collection Cost Recovery Fee) applies to each final billing greater than \$250 that remains unpaid more than 90 days after the date a demand notice is issued. The CRF applies only after the CDTFA has mailed a demand notice to that person requiring payment.

NEGLIGENCE OR FRAUD

An additional 25% penalty will apply (in addition to the 10%) if the CDTFA finds that the tax was not reported due to fraud or intent to evade the laws.

NOTICE OF DETERMINATION

If CDTFA staff notes an additional amount is due, the taxpayer will receive a Notice of Determination. The notice will include interest, penalty and CRF (if applicable). An additional 10% penalty will apply to the amount unless the taxpayer files a timely appeal.

LATE TAX PREPAYMENTS

A 6% penalty will apply if a prepayment is made after the prepayment due date but before the due date for the quarterly return. The penalty increases to 10% if it is determined that the prepayment was late due to neglect or willful disregard. Interest does not apply to the prepayment as long as the tax is paid by the due date for the quarter return.



**FAILURE TO TIMELY PAY SALES TAX REIMBURSEMENT OR
USE TAX COLLECTED FROM CUSTOMERS**

A 40% penalty may be applied if a taxpayer collects sales and use tax but fails to pay it to the CDTFA.

IMPROPER USE OF A RESALE CERTIFICATE

If there is improper use of a resale certificate, the transaction may be subject to interest, fines between \$1,000 and \$5,000 and a penalty of \$500 per transaction or 10% of the tax due, whichever is higher.

LOCAL JURISDICTION SHARE

The local jurisdiction receives their pro rata share of the interest and penalties after they have been collected by the CDTFA.

RELIEF FROM PENALTIES, INTEREST AND CRF

The CDTFA may grant relief from interest, penalties and CRF under limited circumstances that include:

- Reliance on erroneous written advice from CDTFA staff
- Late returns/payments as the result of a disaster or public calamity
- Extensions of time
- Circumstances beyond the taxpayer's control

CDTFA FEES AND CHARGES

All cities and counties received notification from the California Department of Tax and Fee Administration (CDTFA) regarding their new Centralized Revenue Opportunity System (CROS), updated allocation methodology and new payment calendar.

As part of this change, CDTFA will be combining the (previous) 3rd monthly advance with the clean-up payment so agencies will receive their clean-up payments one month earlier.

ALLOCATION CALENDAR

Below is the anticipated new allocation schedule:

Sales Period	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Advance/Clean-Up Payments	27%	46%	27%	27%	46%	27%	27%	46%	27%	27%	46%	27%
Clean-up Dates (Approx.)		2/22			5/23			8/24			11/28	
Remittance Dates (Approx.)	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/28	12/27



CONFIDENTIALITY STANDARDS

FOLLOWING THE RULES

Sales tax data is required to be kept confidential by Revenue and Taxation Code Section 7056. Thus, it is unlawful for any person who obtains access to sales and use tax records, to make known in any manner the information disclosed on any [tax] return, including any abstract thereof. Accordingly, a local agency may not disclose amounts of tax paid, whether tax amounts are up or down from a prior period, or any other information that would reveal the business affairs or operations of a business.

Though confidential by law, sales and use tax information can be used by local government officials if the use is “related to collection of local sales and use taxes” or “related to other governmental functions of the county, city and county, or city.” Permit administrators, finance or revenue managers, economic development staff, community development personnel, and business license officials can benefit from access to local sales and use tax allocation information. However, only those positions or individuals authorized by resolution of the governing body (City Council or Board of Supervisors) may have access to confidential data and each person so authorized is required to abide by the provisions of Revenue and Taxation Code Section 7056.

COMBINED INFORMATION MAY BE DISCLOSED

Sales tax payments for groups of businesses may be revealed to the general public if the so-called “gang of four” and “80%” rules are followed.

This rule allows combined data for four or more businesses to be released as long as no single member of the group is the source of a disproportionate percentage, defined herein as 80%, of the group total. The “group” may be defined as businesses in the same shopping center, a specific business type such as new auto sellers, or businesses sharing the same major business group.

- The “gang of four” rule must be four separate businesses with individual sellers’ permit numbers. For example, if the group includes four outlets and two of the outlets are sub-outlets under the same sellers’ permit number then those two outlets are counted as one toward the overall “gang of four” rule.
- A business with a current allocation that has since closed its sellers’ permit cannot be counted toward the “gang of four” rule.
- A new business with an active sellers’ permit that has yet to commence reporting sales cannot be counted toward the “gang of four” rule.
- If the total amount for a particular group is negative that group cannot be disclosed.

Pursuant to an Executive Order signed by Governor Wilson in April 1994, it is also possible to publish a list of the top sales tax generators if all of the following conditions are met:

- At least 25 retailers are included.
- Businesses are presented in random or alphabetical order. Businesses are not ranked by amount paid.
- Sales or use tax amounts are omitted.

SALES TAX PARTICIPATION AGREEMENTS

SHARING BY LOCAL GOVERNMENTS

Article VIII, Section 29 of the California Constitution authorizes local agencies to share the apportionment of sales and use tax with each other if the governing bodies of the participating agencies approve the agreement by a two-thirds vote. Additionally, some cities enter into tax sharing agreements with their county by reducing their portion of the 1.0% levy so that the difference defaults to the county.

California Government Code Section 53084 places restrictions on financial assistance to vehicle dealers relocating from another jurisdiction within 40 drive miles or to big box retailers of greater than 75,000 sq. ft. that are relocating from another jurisdiction within 25 drive miles. Previous case law includes warehouse fulfillment centers that primarily sell over the internet in the definition of a big box retailer (*City of Carson v. City of La Mirada No B168849, 05 C.D.O.S 52 DJDAR 75,12/30/2004*).

California Government code Section 53084.5 further prohibits any tax sharing agreement that results in a reduction of revenues received by another agency if the subsidized retailer continues to maintain a physical presence in the losing jurisdiction. This section does not prevent rebates of use tax or tax sharing agreements between local agencies.

REPORTING REQUIREMENT

Government Code Section 53083 requires specific analysis of economic development subsidies exceeding \$100,000 as well as advance public notice and hearings. Additional reports and hearings are required during the term and at the conclusion of the subsidies.

Consideration of tax sharing agreements that will result in a reduction in the amount of revenue received by another local agency must be preceded by notification by certified mail to the losing agency at least 60 days prior to approval by the governing body and posting of the agreement on the internet website of the agency considering the agreement at least 30 days prior to approval. (Gov. Code Section 53084.5)

The Government Accounting Standards Board has also issued GASB Rule 77 that requires governments to disclose specified information on sales tax sharing agreements within their financial statements.



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**CITY OF DEL REY OAKS PLANNING COMMISSION REGULAR MEETING
CONVENED AT 6:00 P.M. ON WEDNESDAY, MARCH 10, 2021 VIA ZOOM
MEETING**

Present: Chairman Hallock, Vice Chair Hayworth, Commissioner Jaksha, Commissioner Kreeger, Commissioner Burger, Commissioner Burton and Commissioner Wood

Absent: None

Also present: Acting City Manager Hoyne, Deputy City Clerk Minami and Administrative Assistant Birch

Meeting came to order at 6:00 p.m. and roll call was taken.

CONSENT AGENDA:

Motion to approve: *Vice Chair Hayworth*

Second: *Commissioner Jaksha*

Public Comment: *None*

Vote: *Approved 7-0*

PUBLIC COMMENT:

None

REPORTS:

Motion to approve: *Vice Chair Hayworth*

Second: *Commissioner Jaksha*

Public Comment: *None*

Vote: *Approved 7-0*

NEW BUSINESS:

A. 2020 General Plan Annual Progress Report

Chairman Hallock: Goal is to approve the required report annually. Not much has changed since 2019. We are carrying it forward. There was a lot of public input in 2020, several meetings.

Acting City Manager Hoyne: All of the documents are at city hall. The Commissioners were given a copy of the report from last year.

Denise Duffy: Annual reporting requirement at the State level. Two different reports. The housing element is a component of the General Plan. Older document hasn't changed in decades.

No changes in 2020 due to Covid. We will submit the 2020 report. She further presents slides explaining the process and how we got to this point. Community values haven't changed much since 1988 in Del Rey Oaks. The city did a great job last year, many cities didn't do the report. All that changed is 1 ADU in 2020. Limited for future housing because of water and land configuration.

City of Del Rey Oaks General Plan Review

1

Agenda

- Annual Report on Del Rey Oaks General Plan
- Questions/Discussion
- Next Steps

City of Del Rey Oaks Planning Commission March 10, 2021

Annual Review Report Purpose

2

- Provide information regarding local agency progress in meeting its share of regional housing needs and removing governmental constraints to the development of housing.
- Report on progress on implementation of General Plan policies
- § 65400 requires Planning Commissions to review and report to City Council on progress toward implementation of General Plan

Del Rey Oaks General Plan - Plan and Review History

3

- ▶ 1988 Plan - last comprehensive General Plan (GP)
- ▶ Update 1997 focused on Former Fort Ord Property
 - ▶ Current General Plan – is a combination of 1988 Policies the 1997 General Plan Update for the Former Fort Ord
- ▶ Comprehensive Review of all General Plan Policies 2016 -2017 with Planning Commission and City Council 2017
- ▶ Housing Element adopted December 2019
- ▶ 2020 City conducted comprehensive review of GP and held public hearings through May/June 2020

Reporting on General Plans

4

- ▶ Objective is to report on progress made since last reporting.
 - ▶ Previous reporting was conducted in 2020 and submitted in July 2020
 - ▶ Comprehensive Review
 - ▶ This reporting period is January 2020 through December 2020
 - ▶ Report focuses on progress made in implementing policies and programs in City General Plan since last reporting period

§ 65400 requires Planning Commissions to review and report to City Council on progress toward implementation of General Plan

5

- ▶ Reporting and format
 - ▶ Body of Report attached to Staff Report -Report format can vary and is dependent on City and GP progress
 - ▶ Due to timing conducted and age of GP for City, no major changes or reporting needed for 2020
 - ▶ Last year, less than 50% of Cities completed the GP APR submittal requirement per OPR
 - ▶ Due to COVID-19, many Cities did not report progress
 - ▶ 2020 City still conducted comprehensive review of GP and public hearings through May/June 2020

Housing Element Progress Report (Government Code Section 65400.)

6

- ▶ Each jurisdiction also submit an annual progress report on the jurisdiction's status and progress in implementing its housing element. (Government Code Section 65400.)
- ▶ City submits by April 1 of each year (covers the previous calendar year).
- ▶ Report format provided by HCD – primarily numerical format to show status of new developments, new projects, and additional affordable units created.

Motion to approve item 7.A., to go to City Council with corrections noted

Second: Commissioner Jaksha
Public Comment: Vice Chair Hayworth
Vote: None
7-0
Motion passed unanimously.

- B. Applicant's Name:** DRO Legacy, Inc.
Owner's Name: Del Rey Farms, Larry Michelson
File Number: ARC 21-02
Site Location: 800 Portola Drive
Planning Area: APN# 012-471-015
CEQA Determination: Categorically Exempt pursuant to Guidelines § 15301
Project Description: Requesting approval for new business signs on exterior of building at 800 Portola Drive, Del Rey Oaks
Recommended Action: Analyze provided material, make appropriate findings, impose conditions as appropriate, and give direction to staff.

Chairman Hallock: Error on staff's part and they thought the signs were inclusive with last month's approval of exterior work on building. The shutters and landscaping looks great. The signs are compliant with sign ordinance.

Krista Fuentes, GM of Del Rey Farms: Apologizes about the sign mis communication. There is one sign to be installed on stone facade on the customer entrance side of building.

Commissioner Hayworth: The ordinance states that plans or drawings should have been submitted but doesn't want them to have to come back.

Chairman Hallock: Wall sign on building well within the size stated in the ordinance.

Commissioner Jaksha: Looks nice. No green cross? Any plans to install?

Larry Michelson, Owner of Del Rey Farms: Different image with no green cross. Gearing toward recreational use, but still a huge portion is still medical. And the website is in the sign. The revenue is good with new management and no green cross. 2-3 % increase week after week.

Commissioner Kreeger: Limit 2 signs or Planning Commission needs to approve.

Chairman Hallock: The way it reads is per side of business.

Commissioner Wood: Can't be more the 25 sq. ft., how big is the new sign?

Chairman Hallock: 1.5 sq ft per 100 sq ft of business. It is compliant.

Commissioner Burger: Likes the sign, ties into Walgreens. Like no green cross. Word of mouth is the best advertisement.

Chairman Hallock: Originally, when this business first opened it was the first of its type in Monterey County. We are happy to have you here in the city.

Commissioner Burton: Asks Jeff how the security has been going.

Acting City Manager Hoyne: Better than years past.

Motion to approve item 7.B., as submitted

Second:	<i>Vice Chair Hayworth</i>
Public Comment:	<i>Commissioner Jaksha</i>
Vote:	<i>None</i>
	<i>7-0</i>
	<i>Motion passed unanimously.</i>

C. Applicant's Name:	Alan Turpen
Owner's Name:	Damien and Alexis Lauderdale
File Number:	ARC 21-01
Site Location:	11 Brae Place
Planning Area:	APN# 012-501-031
CEQA Determination:	Categorically Exempt pursuant to Guidelines § 15061(c) and 15301
Project Description:	Requesting Architectural Review to build a 1090 square foot, second story addition over an existing 1663 single family resident to include 3 bedrooms. Colors and materials to match existing.
Recommended Action:	Analyze provided material, make appropriate findings, impose conditions as appropriate, and give direction to staff.

Commissioner Kreeger and Commissioner Burger leave zoom meeting, as they own property close to the project.

Alexis Lauderdale, Owner: Thanks, the Commission. Original house is small. Need to have more room for the kid's rooms.

Chairman Hallock: Mentions all of the letters of opposition that were received and that they will be in the public packet at City Hall.

Mary Solseng: Reads her letter and refers to the lack of privacy if this addition is built. Also reads a letter from neighbors at 8 Hilwill Place, since they couldn't attend the meeting.

Chairman Hallock: Letters are noted, thank you.

Denise Schuh: How many letters for and against?

Chairman Hallock: Five letters in opposition.

Denise Schuh: Reads his letter. Relating to water permits, incorrect flagging and parking problems in the area. Not considerate now and wonders what it will be like during construction. Wants everyone to get permits and licenses.

Chairman Hallock: Reviews floor area ratio document. The parking issue should be a PD issue. City staff checks out all licenses. Not within the Planning Commission scope. The Building Inspector will be involved along the way.

Vice Chair Hayworth: The water is not the Commissions issue either.

Alexis Lauderdale: Adding a power room, they have water credits. Mr. Schuh has a second story, they never blocked anyone, others block them in. They try to keep the neighbors in mind.

John Trenner: No opposition to the addition, just the windows. Plant vegetation for more privacy.

Alexis Lauderdale: Just as they want privacy, they are very willing to make adjustments.

Kris Brown: Visits Mary Solseng often and they sit on the back porch. A second story will be looming and very uncomfortable.

Ben Ellsworth: Opposes project. The netting is very deceiving with how big house will be. The size of the house will not match Del Rey Oaks. They might not be living there during the construction, but the neighbors will have to deal with it.

Lynn (Seaside resident): Doesn't want to deal with 6-8 months of noise during construction. Not in support of project.

Alexis Lauderdale: No matter what they do, they will block someone's view. They are being handcuffed. This will drive growing families away from City. Can rent it out and go buy a bigger house in another city. Wouldn't care if neighbor built a two-story addition. Has gone in on building fences with neighbors.

Mrs. Schuh: Not in support, they didn't come and show plans to them. It's huge, doesn't like it.

Alexis Lauderdale: Working 18 hour days during a pandemic with no time to do anything. Did not want to be social because of Covid. Asked 2 neighbors and they didn't mind.

Chairman Hallock: All valid points. Visited the site and the netting isn't clear. There can be conditions and solutions. Design changes were suggested. Consider meeting with neighbors. Application should be held over.

Vice Chair Hayworth: Should ask for clarification from Commissioners. This project is at the limit of the floor area ratio in our code. What about setbacks? The netting isn't sufficient. Noise will be dealt with through the noise ordinance.

Commissioner Jaksha: Lot needs to be surveyed. Flagging needs to be redone. Feels for the neighbors. The ordinance can help with noise. For the privacy concerns: put drapes up. Consider downsizing the kids rooms. Have the eyebrow tie into the arch so it matches. Wants it to be carried over for at least the flagging.

Commissioner Wood: Eyebrow does not tie into anything, trees on both sides.

Commissioner Burton: Wants the family to stay in DRO. Understands neighbors. Had to negotiate with his neighbors when he remodeled. It's a nice town with great PD, want them to work it out with neighbors.

Alexis Lauderdale: Does that mean it will be carried over to April. Planting on both sides will be more expensive. The whole second story will not have any windows if we do it the way they want it. The neighbors can call with questions. Netting will be redone.

Commissioner Burton: He is willing to do a special meeting.

Motion to carry item 7.C. over to the April meeting to give the applicants time to re do the netting, landscaping design, fence line setbacks to be determined on the south west corner of property and to meet with neighbors.

Second: *Vice Chair Hayworth
Commissioner Jaksha*

Public Comment: *None*

Vote: *5-0*

Motion passed unanimously.

Commissioner Burger and Commissioner Kreeger enter zoom meeting.

D.	Applicant's Name:	Jeffrey P. Ernest
	Owner's Name:	Jeffrey Ernest
	File Number:	ARC 21-03
	Site Location:	919 Via Verde
	Planning Area:	APN# 012-542-003
	CEQA Determination:	Categorically Exempt pursuant to Guidelines § 15061(c) and 15301
	Project Description:	Requesting Architectural Review to build a second bathroom to the west side of existing single-family dwelling. Colors and materials to match existing.
	Recommended Action:	Analyze provided material, make appropriate findings, impose conditions as appropriate, and give direction to staff.

Commissioner Wood and Chairman Hallock leave zoom meeting, as they own property close to the project.

Commissioner Jaksha: Has approved a lot of 2nd bathrooms projects. No issues.

Commissioner Burger: Points out that a letter of support was given to the commission. What about emergency exit with gate?

Jeff Ernest: That will be addressed.

Commissioner Burton: Appreciates the improvement.

Motion to approve item 7.D., as submitted

Second:	<i>Commissioner Jaksha</i>
Public Comment:	<i>Commissioner Kreeger</i>
Vote:	<i>None</i>
	<i>5-0</i>
	<i>Motion passed unanimously.</i>

Commissioner Wood and Chairman Hallock enter zoom meeting.

COMMISSIONER REPORTS:

Chairman Hallock: Thanks everyone for the Chair nomination. Will rise to the opportunity. Met with Acting City Manager and staff got questions answered about procedural elements.

Commissioner Kreeger: Has be contacted several times about ADU's in the city and the city needs to educate the public. City has no policy with consideration for view shed and privacy, should be discussed.

Acting City Manager Hoyne: There is a public workshop regarding an ADU ordinance on the schedule for April. Part of the strategic plan direction.

Commissioner Burton: Will work on the check list.

Commissioner Jaksha: In General Plan "visually attractive" is vague description. There is a tent up at 948 Paloma. Great job Jeremy.

Vice Chair Hayworth: Good job Jeremy.

Commissioner Burger: Job is taken seriously. Good meeting.

Commissioner Jaksha: Doesn't want Del Rey Oaks to look like a sub-division with whole house additions, careful not to set a precedent.

Commissioner Wood: How does the city change the policy for lot coverage?

Commissioner Burger: Worried that the applicants might feel we want to re write the ordinance because of them.

8:25 p.m., Adjourned to next meeting date April 14, 2021 at 6:00 pm.

Attest:

Date:

CITY OF DEL REY OAKS CITY COUNCIL REGULAR MEETING CONVENED AT 6:00 P.M. ON TUESDAY, March 23, 2021 VIA ZOOM ON LINE MEETING

Present: Council Member Gaglioti, Council Member Donaldson, Council Member Shirley Vice Mayor Lintell and Mayor Kerr

Absent: None

Also present: Acting City Manager Hoyne, City Attorney Lorca, Acting Chief Bourquin, Deputy City Clerk Minami and Administrative Assistant Birch

Meeting came to order at 6:00 pm and roll call was taken.

PUBLIC COMMENT:

None

PRESENTATIONS:

SB 1383 PRESENTATION BY PHIL MAINOFLI OF HF&H CONSULTANTS.

SB 1383 Key Jurisdiction Dates

2022

- Provide Organics Collection Service to All Residents and Businesses
- Establish Edible Food Recovery Program
- Conduct Education and Outreach
- Procurement
- Capacity Planning

2024

Starting January 1, 2024 Jurisdictions must take action against non-compliant entities

SB 1383 IN ACTION

JURISDICTION REQUIREMENTS



Provide organics collection service to all residents and businesses

Organic Waste Collection Services

Three-Container "source separated" Collection Service

- Organics prohibited from black container
- All organic waste segregated for collection and recycling

Two-Container Collection Service

- One container for collection of segregated organic waste
- One container for collection of mixed waste (subject to 75% organic content recovery standard)

One-Container Collection Service

- One container for collection of mixed waste (subject to 75% organic content recovery standard)

- Minimum contamination monitoring and reduction requirements
- Collection waivers authorized for certain documented circumstances

SB 1383 IN ACTION

JURISDICTION REQUIREMENTS

Identify Existing Food Recovery Capacity



Expand Existing Food Recovery Capacity (if needed)

Ensure Commercial Edible Food Generators Have Access to Food Recovery Services

Monitor Commercial Edible Food Generators for Compliance

SB 1383 IN ACTION

INSPECTION AND ENFORCEMENT REQUIREMENTS



Monitor Compliance and Conduct Enforcement

SB 1383 IN ACTION

JURISDICTION REQUIREMENTS

Ordinance 2022	Compliance Monitoring & Education 2022-2024	Compliance Monitoring & Enforcement 2024
Adopt an Ordinance (Enforceable Mechanism) Including Enforcement	Annual Compliance Reviews, Route Reviews, Inspections Educate Violators	Annual Compliance Reviews Route Reviews, Inspections Notice of Violations Penalties for Violators

SB 1383 IN ACTION

PROCUREMENT REQUIREMENTS



Procure Recycled and Recovered Organic Products

JURISDICTION REQUIREMENTS

COMPOST, RNG & ELECTRICITY

- Minimum Per Capita Procurement Target

PAPER PROCUREMENT REQUIREMENTS

- Recycled Content
- Recyclability



ORGANIC WASTE RECYCLING INFRASTRUCTURE



Local Composting and Digestion Infrastructure Provided by MRWMD

CAL RECYCLE OVERSIGHT (BEGINS IN 2022)

Authorize Waivers

- Low Population
- Rural Areas

Emergency Circumstances

Oversee and Monitor

- State Agencies and Facilities
- Local Education Agencies

Oversee and Monitor for Compliance

Jurisdiction Review

- Conduct joint inspections with jurisdictions
- Review Implementation Record

If Violations

- Issue Notices of Violation
- May Authorize Corrective Action Plan
- Allows up to 24 months to address barriers outside of a jurisdiction's control

SB 1383 NEXT STEPS



Work in Progress	Next Steps
<p>TAC subcommittees established and working on waste collection, outreach, enforcement, food recovery, and monitoring/reporting tasks</p> <p>The regional group has reached out to partners, including the Food Bank and other successful organics collection programs to identify best practices</p> <p>Municipal staff, including MRWMD and Sainns Valley Recycling, working together to develop a regional approach to implementing the new regulations</p>	<p>Franchise Agreement updates and rate calculations</p> <p>Garbage ordinance updates</p> <p>Develop outreach and monitoring system</p>

2



Vice Mayor Lintell: Thank you for the great presentation.

Council Member Gaglioti: 3 containers in addition to 2 existing?

Phil Mainofli: Current 3 containers.

Council Member Shirley: TAC timeline?

Tim Flanagan: City staff will be on it. First deliverable will be an ordinance and amendment to franchise agreement. Lid flipping will be done by a third party, checking contents. Zoe Coates will do the public outreach, with community stakeholders.

Council Member Shirley: Sustainable DRO is on board.

Mayor Kerr: Will the city know the details during the annual re-up in July?

Tim Flanagan: Staff won't be bringing a rate increase in July, only a C.O.L.A. Upcoming FY, will be adjusted.

Mayor Kerr: Long over do.

Tim Flanagan: Food outlets have been affected by Covid. Salinas Valley Recycle and MRWMD are working together.

Mayor Kerr: Procurement level?

Tim Flanagan: For the City.

Public Comments:

Louise Goetzelt: Lived in Germany, used to triple sorting household waste. Knew it was coming and the Oaks have a container. Main concern is critters and insects, that will have to be addressed. In hot weather it gets smelly and heavy-what will be done to minimize that issue? Lid material?

Jim Clark: Extreme effort for public outreach, but the requirement changes quickly for recycling rules. Lots of money going to be spent. What are the requirements for violators? What is the return of investment?

Tim Flanagan: Thanks for getting ready at the Oaks. Hauler will have experience with problems with lid. The State is targeting farms and cows too. What is and isn't recyclable, new markets are being looked at. There is a "what goes where" app for the cell phone. 10,000 download so far. Helps to keep up. More outreach and education about plastics. M1W is transferring renewable power to make renewable water.

Bill Ragsdale-Cronin: Lid flipping fines are being issued in the county now. Issues. The security of the containers are the problem. When they are put out is important. They have chickens and worms and recycle 99% on sight at his home.

Tim Flanagan: Great job!! There is a teared system in issuing fines.

FORTAG PRESENTATION BY MIKE ZELLER OF TAMC:



Mike Zeller, TAMC: Shows slide and explains project limits on map. The current subject is currently fully funded with SB1 and matching Measure X, over 10 million dollars. Work Memorial Park will be a challenging segment.

Lindsey VanParys: Agency focused outreach with Kendal Flynt and agencies, key stake folders, focus groups, Rotary, etc. All zoom meetings right now with mailers and social media etc.

Council Member Donaldson: Resident input? Workshops?

Lindsey: Yes, and there will be opportunity when they present to the City Council too. Interactive website for comments in English and Spanish. No date yet but in the Spring and Summer.

Council Member Shirley: What part will be flexible for resident input?

Mike Zeller: 30% design, there is a lot of time for input, it's early in the process.

Lindsey: Constrained within the environmental document. Security crossing 218 is important and the tunnel will be designed with safety in mind with cameras, etc.

Mayor Kerr: Extensive outreach.

Lindsey: Monterey, Del Rey Oaks and Seaside, 6 workshops for the entire portion of the trail.

Mayor Kerr: Wants newsletters to be tailored to the area and for the home that are involved with trails. Angelus is the only area of homes touched by this trail.

Mike Zeller: Construction in August 2022 this first segment that is fully funded.

Jim Clark: Credit goes to Jerry Edelen, getting this on the drawing board with TAMC years ago.

Vice Mayor Lintell: Will it be an under pass, over pass or a tunnel?

Mike Zeller: Tunnel.

CONSENT AGENDA:

Action Items

- A. MINUTES: (CEQA: as to all, not a project per Guidelines Article 20, Section 15378)**
 - 1. January 10, 2021 Regular Planning Commission Meeting**
 - 2. February 23, 2021 Regular City Council Meeting**
 - 3. March 8, 2021 Special City Council Meeting**

- B. MONTHLY REPORTS: (CEQA: as to all, not a project per Guidelines Article 20, Section 15378)**
 - 1. Claims, February 2021**
 - 2. Unpaid Bills Detail, All**
 - 3. Financials, February 2021, and February 2020**
 - 4. Fire Department Response Report, February 2021**
 - 5. Police Activity Report, February 2021**

- C. MISCELLANEOUS (CEQA: as to all, not a project per Guidelines Article 20, Section 15378)**
 - 1. Updated Strategic Planning Grid**
 - 2. LAIF Approval Resolution 2021-03**
 - 3. Checking Account Signature Resolution 2021-04**
 - 4. Resolution 2021-05 Approving the Extension of Local Emergency due to Covid-19 Pandemic**

Dennis Allion: Pulled item 5.B.3. inaccurate. Expiration dates on restricted funds are needed. What is included in the C.I.P. line? Sales tax and add on is extending what was budgeted.

Mayor Kerr: Financials were incorrect and will be fixed.

Acting City Manager Hoyne: Will get together with Ron and look at Via Verde root damage. The Solar and Road Projects were in C.I.P. category. Seaside historically bills late, but it all evens out at the end of the year.

Motion to approve consent agenda items as presented by Council Member Gaglioti

Second by Vice Mayor Lintell

MOTION PASSED UNANIMOUSLY VIA ROLL CALL VOTE

NEW BUSINESS:

- A. Consider Appointment of Resident Bill Ragsdale-Cronin to Sign Ordinance Sub-Committee**

Bill Ragsdale-Cronin: Happy to help out, thank you.

Council Member Shirley: Available in evenings? Happy that he volunteered.

Vice Mayor Lintell: Increased the size of committee?

Mayor Kerr: No, she stepped down, so there was a need for another.

Jim Clark: Good luck Bill.

Motion to approve Item 6. A. by Council Member Donaldson Second by Council Member Gaglioti

MOTION PASSED UNANIMOUSLY VIA ROLL CALL VOTE

B. Development Update and Discussion Regarding City Owned Properties

Acting City Manager: Reviews staff report and history of the process for the Developer Request for Qualification. This work assignment was given out to staff during the strategic planning session. This is informational only until next month when an overview will be done of all DRO lands, at that point it will be for direction.

David Zehnder, Economic & Planning Systems: Thanks all. Reviews underdeveloped areas of City. Reviews both developers. City Venture and McKellar/McGowan are all excited. They understand the cities concerns. Reviews slides.

UPDATE TO DEVELOPER SELECTION PROCESS AND STEPS TO INITIATING NEGOTIATIONS

5-TRACK PROCESS TOWARD DEVELOPER SELECTION AND INITIATING EXCLUSIVE NEGOTIATIONS

TRACK 1 & 2

- **Track 1: Legal**
Alex Lorca, City Attorney, to lead evaluation of obligations relative to AB 1486, Surplus Land Act.
- **Track 2: City/Community Discussions**
EPS to conduct economic analysis, including defining opportunities and constraints for City-owned developable properties. DDA to assist with constraints analysis and land use evaluation.
A key aspect will be solving for an overall mix of development that is fiscally positive, so a major topic will be the degree of and location of commercial development. Present issues and options at a community workshop, and/or supplement with a simple survey to gather community input.



Economic & Planning Systems

03/23/21 Presentation 11

5-TRACK PROCESS TOWARD DEVELOPER SELECTION AND INITIATING EXCLUSIVE NEGOTIATIONS

TRACK 3, 4, & 5

- **Track 3: Updated/Completed Developer Submissions**
McKellar-McGowan submitted a response in the original round that could be updated. City Venture has provided a written statement of their interest in response to the City's original RFQ.
- **Track 4: Prepare For and Conduct Interviews**
Within 15 days of completion of Track 3, provide each developer with a list of additional questions for each developer. Interviews conducted and public presentation by developers.
- **Track 5: Select Developer and Initiate Exclusive Negotiation Agreement/Execution**
City Council selects developer at public meeting
City initiates negotiation of deal terms.



Economic & Planning Systems

03/23/21 Presentation 12

ECONOMIC ANALYSIS OF CITY OWNED PROPERTIES

ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASK 1

Task 1: Commercial Land Use Prospects

- A. Retail sales leakage to other areas: opportunities to capture?
- B. New support for neighborhood retail (assuming primarily residential buildout of Fort Ord)
- C. Office prospects (emphasis on medical office)
- D. Industrial prospects (includes discussion of cannabis -related/other industrial)



Economic & Planning Systems

EPS PPT Presentation 8

ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASKS 2 & 3

Task 2: Summary of Key Sites

- DDA - site summary and information sheets on current land uses, constraints for development and other pertinent property data (DDA); EPS - appropriate uses and options, development constraints and Implications for product type
- A. Fort Ord – main parcel (247 acres)
 - B. 17-acre parcel
 - C. Parcel 1A (18.5 acres)
 - D. Public works/RV storage



Task 3: Summary of Development Potential on Sites
Issues and options

Economic & Planning Systems

EPS PPT Presentation 8

ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASKS 4, & 5

Task 4: Key Issues and Questions for Community Survey Related to Development Types/Locations and Related Community Concerns

Task 5: Discuss Implications for Fort Ord Developer Selection Process



Economic & Planning Systems

EPS PPT Presentation 8

David Zehnder: Opportunities and challenges of all properties. Commercial potential on the properties. Process will make the city if good shape in perpetuity. Funds for community development, police force etc.

Acting City Manager Hoyne: Good starting point. Moving forward next month with clarification and direction.

Denise Duffy: Can the map include Garden Center.

David Zehnder: Wants to crunch the numbers and then come back to Council. With a targeted analysis.

Council Member Gaglioti: Since Dino already started this process, how much time will you need?

David Zehnder: It will be a marginal update.

Denise Duffy: Difference will be the survey and outreach, post covid.

Council Member Donaldson: Likes the methodical approach. Input up front is important. Insure developers know what the public wants, continue momentum.

Council Member Shirley: Likes the approach but is concerned about the rush. There wasn't out reach before the last RFQ. No road map to it. Economic analysis shouldn't be rushed. Should be thoughtful and informed, the developers will have to wait, if they are interested.

Mayor Kerr: Inclusionary rate?

Denise Duffy: 20% on Fort Ord.

Mayor Kerr: What is the cost?

David Zehnder: \$17,000.00 with cost share with DDA.

Mayor Kerr: Want to see options of subdivision for City control. Solar farm to get cash for City. Wants city to own the properties and doesn't want to be pushed. Appreciates the process. Wants a climate change ordinance before developers take over.

David Zehnder: One developer wants electrification.

PUBLIC COMMENT:

Louise Goetzelt: The City is divided by nature by 218 and the "Oaks". Tunnel will help. Somehow we need to be brought together. We need a downtown, important to have a good road map.

Gary Kreeger: Nice to see a process. Should have happened before the RFQ, better late than never. Driven by the State. Happy that residents will have a voice.

Dennis Allion: Nice to see David. Expertise is important.

Nikki Nedoff: Critical infrastructure.

Bill: Picking up steam and going to quick. No cookie cutter houses. Wants small retail and walking trails. Don't hand off the whole thing to anyone. Community input before picking a developer.

Jim Clark: We have been looking at this property since 1997 with meetings and presentations, nothing is being fast tracked by any means!

Vice Mayor Lintell: We need something to keep us a happy community, a downtown.

Council Member Gaglioti: The developers are taking all of the risk. There is no way for developers to shove something down our throats. Resident's will have the final say. We don't have the money to do our own plan and management. Must do a partnership with development. This close to the coast, renewable energy is not our saving grace. Preserving for future with solar is impossible, 10 years ago maybe.

Council Member Shirley: 17 grand to be paid by developers?

Council Member Gaglioti: Hundreds of thousands of dollars to be spent by developers. We are smarter now, and will not let another "Federal" in! Just FORTAG took a million dollars, it's expensive. No grant money for this and 17 is a bargain.

Council Member Shirley: Talked to someone that says there is grant money out there.

Council Member Donaldson: Feels comfortable with process. Agrees with Council Member Gaglioti.

Mayor Kerr: Not confident that we are smarter now. This is the last piece of land. Fine with micro grid and storage. Traffic Study? Present any and all options. This is moving fast in the middle of the City Manager hiring.

Acting City Manager: It will be an action item in April with the 5 step plan.

C. Consider General Plan Annual Progress Report

Acting City Manager Hoyne: Explains this is an action item for the progress report, not a broad discussion of General Plan. No progress since 2020. This report was previously approved by the Planning Commission and City Council.

Denise Duffy: There were 6 different planning sessions in 2017. Progress is what “what have we done to implement the General Plan”. Reviews staff report, resolution and report. There was minor changes by Planning Commission. Commends the City of doing the report during Covid, many cities didn’t. Reviews slides.

**City of Del Rey Oaks
General Plan Review**

1

Agenda

- Annual Report on Del Rey Oaks General Plan
- Questions/Discussion
- Next Steps/Consider Action

City of Del Rey Oaks City Council March 23, 2021

**Annual Review Report
Purpose**

2

- Purpose:
 - Provide information regarding local agency progress in meeting its share of regional housing needs and removing governmental constraints to the development of housing
 - Report on progress on implementation of General Plan policies –for the last year
 - § 65400 requires Planning Commissions to review and report to City Council on progress toward implementation of General Plan

Reporting on General Plans

3

- Objectives to report on progress made since last reporting.
 - Previous reporting was conducted in 2020 and submitted in July 2020
 - Comprehensive Review
 - This reporting period is January 2020 through December 2020
 - Report focuses on progress made in implementing policies and programs in City General Plan since last reporting period

**Del Rey Oaks General Plan -
Plan and Review History**

4

- 1988 Plan - last comprehensive General Plan (GP)
- Update 1997 focused on incorporating policies from Former Fort Ord Property
 - This makes up the City's Current General Plan
- Housing Element adopted December 2019
- Comprehensive Review of all General Plan Policies with Planning Commission and City Council
 - 2020 City conducted comprehensive review of GP and held public hearings through May/June 2020

**§ 65400 requires Planning Commissions to
review and report to City Council on progress
toward implementation of General Plan**

5

- Reporting and format
 - Body of Report attached to Staff Report-Report format can vary and is dependent on City and GP progress
 - Due to timing conducted and age of GP for City, no major changes or reporting needed for 2020
 - Last year, much smaller percentage of jurisdictions completed the GP APR submittal requirement per OPR
 - Due to COVID-19, many did not report progress
 - 2020 City review of GP and public hearings through May/June 2020
 - Individual consideration of each policy

**Housing Element Progress Report
(Government Code Section 65400.)**

6

- Each jurisdiction also submit an annual progress report on the jurisdiction's status and progress in implementing its housing element. (Government Code Section 65400)
- City submits by April 1 of each year (covers the previous calendar year).
- Report format provided by HCD – primarily numerical format to show status of new developments, new projects, and additional affordable units created.

Vice Mayor Lintell: What is considered a “super truck”?

Denise Duffy: A large noise making truck.

Council Member Gaglioti: Low boy trucks are super heavy load trucks. With FORA gone, do we have license to change it?

Denise Duffy: Doesn’t know if it is in the agreements or not. Doesn’t impact tonight.

Council Member Gaglioti: Is this concerned a public hearing.

City Attorney Lorca: Yes, it comes down to semantics.

Denise Duffy: And the Planning Commission was a public hearing.

Council Member Donaldson: It meets the requirement process on RHNA numbers. Was on the Planning Commissioner during 2017, a lot of long nights and no public showed up during all of those meetings. It’s a lot of work.

Council Member Shirley: Thanks for the changes. Climate element needs to be part of safety element. Points out several small edits.

Mayor Kerr: Is there a way to use this data to look forward.

Denise Duffy: It’s a living breathing document. Vision workshop. Memorialize what you would like to see.

Council Member Donaldson: FORA is gone but deed restrictions are on file. Worth paying attention.

Motion to approve Item 6.C. Consider General Plan Annual Progress Report to include edits by Council Member Gaglioti and seconded by Mayor Kerr

MOTION PASSED UNANIMOUSLY VIA ROLL CALL VOTE

D. Consider Habitat Management Plan Proposal

Acting City Manager Hoyne: Reviews staff report and introduces Erin.

Erin Harwayne: Thank you for requesting proposal, Working with HMP for over 20 years.

Reviews slides. Ft. Ord is complicated. The HCP failed. DRO isn’t a land management agency. Federal to federal agreement. HMP is vague, leaving it up to jurisdictions. Review’s scope of work.

Potential Borderland Requirements

- Fire-wise planning
 - Fuel-break creation and maintenance
 - Setbacks for proposed development
- Erosion Control
- Non-native species control
- Security and access controls
 - volunteer trails, off path, motor vehicles, trash/debris
- Road and trail maintenance
- Signage
- Preservation
- Annual reporting
- Coordination with BLM, CRMP, and others

DD&A Scope of Work

- Project Initiation
- Early Coordination
- Prepare BMP
 - Baseline inventory
 - Goals/objectives
 - Borderland management activities
 - Avoidance and minimization measures
 - Monitoring and reporting program
 - Implementation plan
 - Cost estimate
- Draft available for public review and input
- Approval by City Council

Council Member Gaglioti: Great presentation. Clear and thought out.

Vice Mayor Lintell: Thank you Erin.

Council Member Shirley: Broad line management plan- how often and what about additional mitigation?

Erin Harwayne: Depends on the development proposal. There are 19 sensitive species. Might have to double mitigate with developers.

Council Member Shirley: Would like a drone tour of parcels for residents.

Erin Harwayne: Would love to have a walk with Nikki and others. The TAK permit refers to the impact to species.

Mayor Kerr: Any idea of yearly costs?

Erin Harwayne: Funding from FORA, \$100,000 a year is just an estimate.

PUBLIC COMMENT:

Scott Waltz: CNPS plant reserve #1 predates 1997.

Erin Harwayne: CNPS is not specifically called out in the HMP.

Motion to approve Item 6.D. Habitat Management Plan Proposal by Council Member Gaglioti and seconded by Vice Mayor Lintell

MOTION PASSED UNANIMOUSLY VIA ROLL CALL VOTE

E. Salary and Compensation for the new City Manager Selection Process

Mayor Kerr: Showed new document with specifics of salary and compensation, asks for opinions.

Council Member Gaglioti: The document is a tool. Wants to have applicants to come in and negotiate the terms of compensation. We are giving away the ability to negotiate with this document. The numbers are old and from cal transparency. Proposes to use the term “salary to compensate with benefit” the executives will come in with their own package. It is from when we hired Dino.

Vice Mayor Lintell: Why is an Assistant City Manager on the list? Wants to compare just City Managers. Let’s negotiate with the person.

Council Member Donaldson: Each person case is different, compensation should be during closed session.

Council Member Shirley: Do others advertise a salary range? Wants both, to attract folks but wants to negotiate too.

Mayor Kerr: Most do advertise salary range.

Council Member Shirley: Asks about admin time.

Acting City Manager Hoyne: Executives do not accrue comp time like other staff, there is the need for admin leave time.

PUBLIC COMMENTS:

Bill Ragsdale-Cronin: Having a salary range is common. Agrees with Gaglioti, need negotiate power. None of this is secret, you can look up what Dino was making.

Vice Mayor Lintell: A range of 165-200, 000 can be advertised but not the benefits.

Council Member Gaglioti: Wants the 500,000 applicant to apply and negotiate. Throw the net out wide. See the talent. Doesn’t want a salary range.

Council Member Donaldson: Cast the widest net and don’t specify.

Council Member Shirley: Wants to be up front with what industry standards are. If there is no range- it will be confusing. Wants benefits listed too.

Mayor Kerr: How about a hybrid of the two. Salary compensated with work experience and list benefits.

Vice Mayor Lintell: Never talked about benefits.

Motion to approve Item 6.E. Salary and Compensation for the new City Manager to include salary to be compensated by experience with full time status and benefits to include PERS, medical, dental, vision, leave to be negotiated by Council Member Gaglioti and seconded by Council Member Donaldson

MOTION PASSED UNANIMOUSLY VIA ROLL CALL VOTE

Council Member Donaldson: When do we plan on doing a recognition for Dino?

Mayor Kerr: Too busy right now and asks Vice Mayor Lintell to write it.

Council Member Donaldson: It is the Mayors duty.

Mayor Kerr: In the middle of a hiring process, too busy. The Vice Mayor can do it.

Vice Mayor Lintell: Would be glad to do it.

STAFF REPORTS:

Acting City Manager Hoyne:

City Hall- Staff published and distributed City Council, Special City Council, and Planning Commission meeting packets, as well as work completing meeting minutes for the council packet. These meetings were significantly long and required quite a bit of work to complete. Staff continues to make progress on the Strategic Objective list. Several projects are nearing completion and the strategic planning grid should show significant progress in the next two months as some items are brought to a close. Staff is assisting in the coordination of the CM selection process. City transitioned to a cloud-based email server. More capacity (City is growing), and better access for other related functions. Staff completed a calendar for strategic planning item monitoring . Staff has been preparing staff reports and strategic objective actions and updates for upcoming City Council meetings. Staff started development of a “contract list” for council review regarding all City contracts. Staff worked on video uploaded for Council and Planning Commission meetings. Staff completed follow up on STR renewals. Staff completed the required publication of approved ordinances (Use Tax Ordinance Amendment, Extension of the Emergency Eviction Notice)

Public Works-Illegal dumping SBR. Working with the police department to investigate incidents. Weed abatement continues throughout the city. Hazardous Cypress tree removed. This Cypress was small; however it was beginning to encroach into the power lines, as well as leaning towards the resident’s home. DRO park routine maintenance; Mowing, trash, etc. Park trail routine maintenance. Cut entire DRO park grass and applied fertilizer to aid with the promotion of a greener and healthier field. Clearing and cleaning of the DRO pedestrian walkway which travels between Rosita and Paloma. Clearing and cleaning of DRO storm water channel on Rosita. Replanting of the City’s monument signs.

Police Department- All officers are training on iSubpoena (reduces court related OT costs) All full-time officers have completed RIMS RMS training. Six officers will be attending First Aid / CPR / AED training March 26th at PGPD. Officers are being scheduled for RIPA Training which begins next month and will continue for weeks to come. Detectives from DROPD traveled out of state to follow up on a recent high-profile case. The case produced significant information. Del Rey Oaks Police Department has been assigned to two local boards: MPC Administration of Justice Advisory Committee and Emergency Communications Operations Board. The inaugural Police Advisory Committee meeting will be held via Zoom on April 13th, 2021. Officer Yaeneli Cuevas began field training as a reserve officer. She has previous experience with the LAPD. Training has been completed on the new records management system. DROPD hosted two sessions of procedural justice, police legitimacy, and internal bias training with the CSUMB PD.

MAYOR AN COUNTIL REPORTS:

Vice Mayor Lintell:

Attended the Special CC meeting where we selected Citizens and a business representative to be on the hiring committee for our new City Manager.

Seaside Sanitation- Attended Seaside Sanitation where we approved the December 2020 and January 2021 expenditure report. Project updates included: Canyon Del Rey is complete, Del Monte – 95% complete, The design of Fremont/Broadway is 95% complete – working with TAMC on the RR crossing.

CHS- Attended the CHS board meeting where our CEO, Robin McCrae, reported that the operations of Casa De Noche Buena are running smoothly. CHS and Gathering for Women are co-sponsoring a virtual groundbreaking/jazz concert/fundraiser on Sunday March 21st. CHS has an opportunity to work with a local philanthropist in developing new homeless services in Monterey on Franklin St. He made a brief presentation at the meeting as answered questions. The board gave direction to staff to determine costs involved for CHS. It sounds like an exiting project. It was announced that a press release announcing that CHS received a grant of \$58,495 as a result of its participation in the 2020 Monterey County gives campaign. We approved the JPA member Allocation request. Also approved the trade-in of a 12 passenger van and purchase of a 10 passenger van. Thus a special license would not be required to operate it. We voted an 11% increase in the salary of our CEO who has been underpaid.

MISC- As mentioned previously, the Salute to the Flag has returned, but not the Invocation. Mayor Kerr, responded that 2 CC members could put it on the agenda.

Council Member Gaglioti:

Would like to be the 2nd member with Vice Mayor Lintell to put the prayer back on agenda. No water master. 2021 salt water intrusion report, it is overwhelming opinion that it is happening. We are over drafting the basin. By summer it will be 70 feet below the sea level. Hydrologists feel it's a ticking time bomb. Not if, but when. Public needs to take notice.

MST-Mid year budget review and 2 year strategic action plan. Employee Linda Aldrada is named employee of the month. She saw a child alone and brought the child back to family. It was on the news. She is very dedicated to MST. Great story, she is very humble.

Wants to put on the agenda next month, an action item to create a time limit for meetings.

City Manager Lorca: Better practice is to go through the City Manager. Should be cautious not to get into discussions back and forth during the reports.

Council Member Donaldson:

Completed sexual harassment training for supervisors. Attended the butterfly garden workday.

Visited Integral Innovations and received a tour of their facility from the CEO Adam Yader.

Facilitated the delivery of 21 oak trees to the public work yard to be planted in the median of General Jim Moore Boulevard. Met with Scott Waltz and Fred Watson to discuss FORTAG trail considerations for the 17-acre property prior to my ad hoc meeting with the Parks District.

Conducted the Safeway gift card giveaway where we distributed 80 \$50 gift cards to our residents. Special thanks to Claudia Campbell, Frederica Jones, Gary Kreeger, David Kimball and Chief Bourquin. The Monterey Herald recently released their "Best of" edition and our car wash and garden center received second place honors. And, although his business is in PG, Mike Burger won best auto repair shop. The Monterey One Water board meeting is scheduled for Monday 29 March.

Council Member Shirley:

Supporting SB6 (allows use of commercially zoned underused space for mixed use and affordable housing and applies provisions in existing law and the Housing Accountability Act for ministerial approval under certain conditions) and SB9 (authorizes ministerial approval of duplexes and lot splits in both cities and unincorporated areas).

Congratulations to SDRO for being awarded a grant from the Sierra Club Ventana Chapter for the wetland delineation and biotic study for Work Memorial Park, the Arroyo del Rey, and 17 acres. This information will be shared with the City, MPRPark District, and TAMC.

Feb. 25th- Harassment Prevention Training. Feb. 27th- Butterfly Garden Workday- filled and planted two more planters, pulled weeds! March 8th- county update on COVID. March 10th- MRWMD Finance Committee- Informed that we'll be getting a recommendation on the Last Chance Mercantile operation at the next meeting. We reviewed the FY 2021/22 budget assumptions and discussed the remote monitoring and control system improvements that they'd like to make (they'll be bringing this to the larger board). We also received a brief description of the rebranding and that they're working on. March 10th- AMBAG- we received an update from The Sanctuary on their Management Plan Update that they've been working on for several years. She reviewed the areas where they received comments. Lots of interest in wildlife and habitat protection and the need for addressing climate change (there were many other areas of interest, but those were repeated throughout). We also heard about the Overall Work Program (OWP) and Budget, which is in a draft form and will be adopted by the board in May. This covers all AMBAG work programs and activities and is used as a project management tool. We also received another update on the Metropolitan Transportation Plan/Sustainable Communities Strategies (MTP/SCS) which is the long range transportation plan which is done every 4 years. They're looking at land use and zoning in all areas, a transportation project list across all three counties, and they reviewed the financial assumptions (Monterey County is estimated to receive \$6.7 Billion in funding). They'll have public workshops in May to review the document. March 11th- Meeting with County Supervisor Wendy Root Askew- check in to see how things are going in Del Rey Oaks. March 11th- SDRO Meeting- Talked about another workday in the Butterfly Garden, preparing for Earth Day, SB 1383, and how we'd like to share the results of the wetland delineation study that we will sponsor. March 12th- Housing Element Kick-off with Monterey Bay Economic Partnership- provided a history of housing in CA and

shared the legislation of AB 686 which will require a balanced approach to eliminate racially and ethnically concentrated areas of poverty. It was nice to have a forum to ask questions and gather information about the upcoming housing element. March 13th- Meeting with the Monterey Peninsula Housing Coalition- provided an opportunity for all of the jurisdictions to share information on housing and the housing element. March 15th- Met with Tim Flanagan (GM for MRWMD) to talk about the intricacies of SB 1383 and implications for our City and the District. Monday, March 15th- County Update. Tuesday, March 16th- “The American Rescue Plan: What’s In It for the Cities”- by CA League of Cities- provided information on allowable uses and the process for getting the funds. This is a tremendous opportunity for all cities! March 19th- Board meeting for MRWMD- We received presentations on the employee recognition and rewards program as well as the Districts approach to rebranding themselves (new logo, new name, etc. which reflects their values and what they do). The big item on the agenda was deciding on whether we’d accept the Staff’s recommendation of having the Veteran’s Transition Center run the Last Chance Mercantile. There were some discussions and public comments regarding the lower pay of the Veteran’s Transition Center, when compared to what the District would pay if they were to run the Last Chance Mercantile. It seemed like we were trying to compare apples and oranges. Ultimately, the board decided to send it back to Staff and have them work on some additional comparisons and provide more information on the financial structure of running the LCM prior to the pandemic as opposed to now, where there would be fewer services (landscaping would be moved and no household hazardous waste). March 20th- Communities for Sustainable Monterey County Quarterly Brunch- Reported out on what SDRO has been doing and heard talks about the Natividad Creek Community Garden in Salinas and an update and overview of FORTAG. March 22nd- County update.

Mayor Kerr:

Each Monday - County COVID Meetings where we receive covid vaccine and testing information. The last month there has been so much movement, with the county finally leaving the purple tier, vaccinations being opened to a larger population and overall hope that we may be getting closer to normal. I would ask everyone to continue being cautious and observe mask wearing and physical distancing.

Weekly meetings with ACM on day to day matters and updates.

This month I have also been having regular meetings with Kay at RGS who is our HR person to discuss CM Hiring.

Feb 24. TAMC Board Meeting. The highlights are in the packet. There was 1 time discussed, that I followed up on afterwards. At Play, an educational program was put together around transportation, with a coloring book, matching cards with local plants and animals and a backpack to carry your items as you go on a neighborhood scavenger hunt. I reached out to the lead and we met on March 5 to see how DRO might have something similar to tie to the FORTAG trail traversing the city. Rather than focus on transportation it would focus on the history of the different areas of our city, including education about

the different natural environs and animals that also call DRO home.

Feb 25 Completed my regular Ethics Training with an assortment of other local electeds.

March 4 - League of California Cities - Climate Change Roundtable. So valuable to hear what other jurisdictions around the state are doing. the top items being done that we should also undertake include: Electrification of all new residential, Climate Action Plans - many cities are redoing earlier plans, Microgrids to weatherize against blackouts, Planning for EV charging stations, climate Emergency Resolution, inclusion of climate action into our general plan, leaf blower ban and highlight our green businesses. We got to hear from a Healdsburg councilperson about their first in the state solar project that was put over the waste water facilities to power. In addition to participation in a CCA, such as our Central Coast Community Energy, FORTAG to provide safe bike and walking through a large part of the city and Sustainable Del Rey Oaks going creek cleanups.

Councilperson Shirley and I met with Acting City Manager and Legal Counsel to discuss the Garden Center progress and the need for end state discussion.

Mayors meeting on March 5. Congressman Panetta joined us. He was very excited about the legislation the house is passing, including the Rescue Plan, gun control and immigration reform. The Peninsula mayors participated in a letter of support of our Regional Water District requesting an extension of the CDO deadline. All of us, as water ratepayers have done an amazing job with conserving water use and should not be penalized for the water source delays and shenanigans.

March 8 - Special City Council Meeting to select the City Manager Hiring Committee, which includes Karen Minami, Acting Chief Bourquin, Business owner Dr. Marsolis and residents John Romel Uy, Andy Clarke and Louise Goetzelt. I would also like to thank Dr. Scott Waltz, Dr. Saylin Pinet, Helaine Tregenza, Mary Solseng and William Mason for expressing their interest.

May 10 Attended the League of Womens Voters regular meeting with Monterey Regional Parks District Rafael Payan. I received a phone call just as he was discussing The Frog Pond, however I look forward to hearing more about those thought when Councilmember Donaldson and I meet with their team to discuss tomorrow. May 11 - Had a very quick Check in with Supervisor Root Askew. We are hoping to have her present her priorities at an upcoming council meeting. March 12 - Housing Element Kick off hosted by Monterey Bay Economic Partnership. Over 125 participants including our supervisor, senate and assembly reps, water commissioners, carpenters union, homeless services providers and more. In preparation of the Regional Housing Numbers Assessment (RHNA) numbers coming in 2022, there is focus on how to ensure housing needs are met with affordable, dense, inclusive and transit oriented plans. March 15 - California Cannabis Authority, a joint powers agreement involving several California counties, hosted an informational meeting. The CCA has developed a sophisticated big data analytic platform that synthesizes information from various sources to provide local real time reporting as well as predictive insights. Mary Zeeb, our county treasure and assessor is the current president. March 15 - CM Hiring Committee meeting - exactly as I had hoped each participant brought their unique and thoughtful perspective to the hiring process. Our next meeting is Friday to finalize job announcement verbiage. March 17 - Jim Russo of Russos market reached out to me about an idea of a weekly sale of produce from their business, something like a Farm Stand. He is hoping to bring Christine, formerly of Stone Creek Kitchen, along for sales of the much loved and much missed Paella, Salmon and a few other goodies. We met with Acting City Manager Hoyne to discuss how the city can help that happen.

Council Member Donaldson: Noticed the templet of the press release for becoming a Tree City in the packet, what will you do with it Mayor Kerr?

10:20p.m.: Adjourned to closed session

CLOSED SESSION: As permitted by Government Code Section 54956 et. seq. the Council may adjourn to a Closed Session to consider specific matters dealing with certain litigation, personnel, or labor/real property negotiations.

MEETING TO BE HELD VIRTUALLY ONLY PER GOVERNOR NEWSOM'S EXECUTIVE ORDERS N-29-20 AND N-33-20 REGARDING COVID-19 PROTOCOLS: The Council alone will participate in the Closed Session portion of the meeting via invitation. They will return to the open zoom link meeting listed above upon adjourning from closed session.

A. Public Comment on Closed Session Items: Anyone wishing to address the City Council on an item to be discussed in closed session may do so now. There will be a time limit of not more than three minutes for each speaker. No action will be taken on matters brought up under this public comment period.

PUBLIC COMMENT:

NONE

B. Closed Session Items:

- 1) Conference with Legal Counsel – Initiation of Litigation (Gov't Code § 54956.9(d)(4) – Two potential cases.

10:45p.m.: Reconvened into open session

City Attorney Lorca: Stated as to all matters on closed session, status was provided to Council and Council provided him with direction, but no reportable action taken.

10:45p.m.: Adjourned to next meeting date of Tuesday, April 27, 2021 at 6 pm.

Attest:

Date:

City of Del Rey Oaks
Cash Balance Report
As of March 31, 2021 and 2020

<u>Account Name</u>	<u>Acct. No.</u>	<u>Current Year</u>	<u>Prior Year</u>
Unrestricted Cash			
General Checking	10100	234,519.42	162,189.80
LAIF - Economic Uncertainty Fund	10110	1,743,463.95	1,525,887.78
Restricted Cash			
LAIF - Habitat Management Fund	10110	775,854.00	-
LAIF - South Boundary Road	10110	518,564.00	-
PARS - IRC Section 115 Pension Trust	10150	310,396.62	302,054.81
Checking - Monterey Peninsula Partners Development	10180	9,062.62	9,062.62
Fidelity Title Escrow Acct - GJM/SBR Intersection	10210	1,056,168.00	-
Fidelity Title Escrow Acct - SBR Construction	10220	7,268,813.00	-
Total Accounts		<u>11,916,841.61</u>	<u>1,999,195.01</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

100 - General Fund
From 7/1/2020 Through 3/31/2021

		Prior Year Actual	Year to Date Actual	FY 20-21 Budget	Percent of Budget Used
Revenue					
Property Taxes					
P/T-Secured	41110	267,993.75	292,081.74	475,000.00	61.49%
P/T-Unsecured	41120	17,796.84	17,662.78	18,000.00	98.12%
P/T-Prior Secured	41130	3,469.99	3,589.33	5,000.00	71.78%
Prior Unsecured	41140	0.00	0.00	100.00	0.00%
P/T-Unitary Tax	41150	4,082.01	4,402.01	8,200.00	53.68%
P/T-Sb813	41160	4,411.69	4,894.53	9,400.00	52.06%
Property Tax - Vlf	41170	73,915.36	83,016.00	142,000.00	58.46%
P/T-Int/Penal	41180	<u>726.49</u>	<u>430.57</u>	<u>1,500.00</u>	<u>28.70%</u>
Total Property Taxes		372,396.13	406,076.96	659,200.00	61.60%
Other Taxes					
Sales Tax	42210	295,656.46	382,162.21	365,500.00	104.55%
Sales Tax - Add On	42220	691,498.84	554,014.86	680,000.00	81.47%
Cannabis Tax	42222	488,832.73	181,903.44	294,000.00	61.87%
Transient Occupancy Tax	42230	36,521.12	18,219.44	25,000.00	72.87%
Property Transfer Tax	42250	7,224.25	2,074.35	7,500.00	27.65%
Sewer Impact	42290	15,487.82	10,320.62	15,400.00	67.01%
Gas Franchises	42761	0.00	0.00	5,500.00	0.00%
Electric Franchises	42762	0.00	0.00	17,500.00	0.00%
Garbage Franchises	42763	70,869.39	73,117.99	97,000.00	75.37%
Cable Tv Franchises	42764	19,168.23	19,086.96	25,000.00	76.34%
Water Franchises	42765	<u>0.00</u>	<u>21,004.42</u>	<u>17,000.00</u>	<u>123.55%</u>
Total Other Taxes		1,625,258.84	1,261,904.29	1,549,400.00	81.44%
Licenses and Permits					
Business Licenses	42310	211,004.27	199,287.23	210,000.00	94.89%
SB1473 Environmental Assessment Fee	43312	36.26	70.52	50.00	141.04%
Building Permits	43320	23,913.91	32,790.04	35,000.00	93.68%
Cannabis Business Permit	43325	0.00	48,071.34	35,000.00	137.34%
Plan Check Fees	43330	11,740.96	15,623.66	17,500.00	89.27%
Street Opening Permits Fees	43340	4,350.00	3,000.00	4,300.00	69.76%
Plumbing Permits	43350	1,500.00	1,125.00	1,600.00	70.31%
Electrical Permits	43360	1,000.00	1,500.00	1,000.00	150.00%
Other Licenses/Permits	43390	<u>200.00</u>	<u>1,126.00</u>	<u>300.00</u>	<u>375.33%</u>
Total Licenses and Permits		253,745.40	302,593.79	304,750.00	99.29%
Reimbursements					
Sb1186 Disability Access Fund	43311	<u>880.00</u>	<u>816.08</u>	<u>900.00</u>	<u>90.67%</u>
Total Reimbursements		880.00	816.08	900.00	90.68%
Fines and Forfeitures					
Fines & Forfeitures	45000	0.00	202.00	0.00	0.00%
Vehicle Code Fines	45510	<u>10,868.44</u>	<u>1,925.81</u>	<u>5,000.00</u>	<u>38.51%</u>
Total Fines and Forfeitures		10,868.44	2,127.81	5,000.00	42.56%
Other					
Interest Earned	46100	26,330.91	9,314.62	20,000.00	46.57%
HOPTR	47130	325.38	326.05	1,200.00	27.17%
Vehicle License Collection	47140	0.00	1,219.03	0.00	0.00%
FEMA Reimbursement	47520	53,017.00	0.00	0.00	0.00%
Prop 172	47750	10,451.94	17,303.52	13,000.00	133.10%
Traffic Congestion Relief-Ab438	47770	1,949.40	0.00	2,100.00	0.00%
SB 1 Funds	47777	0.00	2,274.65	0.00	0.00%
Pd Donations	48250	200.00	0.00	0.00	0.00%
Miscellaneous Refunds	48930	<u>0.00</u>	<u>5,155.28</u>	<u>0.00</u>	<u>0.00%</u>
Total Other		92,274.63	35,593.15	36,300.00	98.05%
Grants					
Cop Monies	47240	130,947.63	131,726.59	156,000.00	84.44%
AMBAG REAP Grant - Housing Element	47241	0.00	0.00	65,000.00	0.00%
HCD LEAP Grant - Housing Element	47242	0.00	0.00	65,000.00	0.00%
CARES Act	47340	0.00	8,333.00	0.00	0.00%
Grants - Wellness	47760	7,500.00	0.00	7,500.00	0.00%
FORA Caretaker Grant	47767	193,750.00	0.00	0.00	0.00%
Police Grants Other Agencies	47780	4,888.06	2,500.00	5,000.00	50.00%
Grant Other Agencies	47783	350.00	0.00	0.00	0.00%

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

100 - General Fund
 From 7/1/2020 Through 3/31/2021

		Prior Year Actual	Year to Date Actual	FY 20-21 Budget	Percent of Budget Used
Total Grants		<u>337,435.69</u>	<u>142,559.59</u>	<u>298,500.00</u>	<u>47.76%</u>
Current Services					
Rental - Garden Ctr	46815	27,000.00	27,000.00	36,000.00	75.00%
Rental - Airport RV	46816	0.00	20,300.00	35,000.00	58.00%
Police Reports	48210	3,656.38	785.00	2,000.00	39.25%
Police Services	48211	14,103.12	1,377.15	6,000.00	22.95%
Public Events	48212	35,159.00	0.00	5,000.00	0.00%
Airport Police Services	48220	820,679.43	775,644.43	1,003,662.00	77.28%
Use Permits	48805	24,595.00	11,620.00	20,000.00	58.10%
Maps/Publications	48810	33.00	55.00	100.00	55.00%
Property Inspections	48825	3,925.00	2,250.00	4,500.00	50.00%
Miscellaneous Services	48840	10,631.60	6,285.31	11,000.00	57.13%
XRental Income - PW Bldg	48920	<u>18,194.70</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Current Services		957,977.23	845,316.89	1,123,262.00	75.26%
Parks and Recreation					
Rental - Park	48910	<u>2,777.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>0.00%</u>
Total Parks and Recreation		<u>2,777.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>0.00%</u>
Total Revenue		<u>3,653,613.36</u>	<u>2,996,988.56</u>	<u>3,978,312.00</u>	<u>75.33%</u>
Expense					
Payroll and Benefits					
Payroll	61105	962,624.02	936,891.45	1,188,710.00	78.81%
Temp Payroll	61107	9,360.66	16,434.50	26,000.00	63.20%
Overtime	61110	85,668.72	69,505.12	85,000.00	81.77%
Council Member Stipend	61115	0.00	3,600.00	4,800.00	75.00%
Reserves Payroll	61120	45,015.00	71,250.00	70,000.00	101.78%
PERS UAL	61124	104,211.32	103,998.00	107,700.00	96.56%
PERS Retirement	61125	107,932.51	97,243.00	148,900.00	65.30%
PERS 457 Expense	61126	14,956.25	0.00	0.00	0.00%
Dental Exp - City Council	61127	2,851.43	1,129.67	6,715.00	16.82%
Medicare	61130	16,115.09	15,312.73	19,500.00	78.52%
Dental Expense	61135	17,996.06	17,468.48	25,400.00	68.77%
Health Ins	61140	230,412.00	162,931.08	295,300.00	55.17%
Vision Ins	61145	1,338.36	2,270.06	3,900.00	58.20%
Workers Comp	61150	289,379.00	195,278.00	196,700.00	99.27%
Wellness Program	61155	2,767.27	1,959.53	7,600.00	25.78%
Uniform Allowance	61160	4,750.00	4,500.00	10,000.00	45.00%
Deferred Compensation	61165	0.00	2,000.00	7,000.00	28.57%
Admin Leave	61175	5,970.92	6,922.80	7,000.00	98.89%
Auto Allowance	61180	<u>3,825.00</u>	<u>1,350.00</u>	<u>3,150.00</u>	<u>42.85%</u>
Total Payroll and Benefits		1,905,173.61	1,710,044.42	2,213,375.00	77.26%
Payroll Expense					
Payroll Expense	62310	<u>1,614.38</u>	<u>10,720.06</u>	<u>1,100.00</u>	<u>974.55%</u>
Total Payroll Expense		1,614.38	10,720.06	1,100.00	974.55%
Bank Service Charges					
Bank Service Charges	62320	<u>1,226.96</u>	<u>391.66</u>	<u>1,000.00</u>	<u>39.16%</u>
Total Bank Service Charges		1,226.96	391.66	1,000.00	39.17%
Supplies					
Materials/Supply	62410	52,268.82	50,157.70	60,000.00	83.59%
Ammunition	62420	0.00	233.35	1,000.00	23.33%
Office Supplies	62430	13,678.62	18,666.30	17,260.00	108.14%
Accounting Software	62431	3,168.00	0.00	3,200.00	0.00%
Special Supply Police	62440	42,612.16	24,837.01	33,000.00	75.26%
PD Safety Equip Lease - Principal	62460	<u>0.00</u>	<u>12,978.90</u>	<u>16,500.00</u>	<u>78.66%</u>
Total Supplies		111,727.60	106,873.26	130,960.00	81.61%
Utilities and Services					
Repair/Maintenance	63505	77,428.78	54,405.22	77,000.00	70.65%
Street Sweeping	63510	1,847.28	0.00	0.00	0.00%
Gabilan Crew	63515	0.00	0.00	3,000.00	0.00%
Utilities/Pge	63520	9,638.72	10,678.28	12,000.00	88.98%
Utilities/Water	63525	4,643.08	5,518.89	4,500.00	122.64%
Telephone / Internet	63530	14,106.42	18,381.22	19,000.00	96.74%
Website Design & Maintenance	63535	2,785.00	3,911.91	3,200.00	122.24%

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

100 - General Fund
From 7/1/2020 Through 3/31/2021

		Prior Year Actual	Year to Date Actual	FY 20-21 Budget	Percent of Budget Used
Postage / Shipping	63540	2,723.00	2,274.13	2,900.00	78.41%
Total Utilities and Services		113,172.28	95,169.65	121,600.00	78.26%
Other Services					
Municipal Code Service	64320	395.00	4,933.49	5,000.00	98.66%
Personnel Recruit & Pre-Employment	64545	2,083.00	2,659.00	3,500.00	75.97%
Member/Dues/Contributions	64550	41,812.71	24,067.18	16,000.00	150.41%
Ad/Promotion City Cncl	64555	875.00	168.00	1,220.00	13.77%
Legal Advert	64560	420.00	317.63	1,500.00	21.17%
Books and Periodicals	64565	1,756.80	305.84	1,500.00	20.38%
Strategic Planning	64570	10,733.17	5,000.00	6,000.00	83.33%
Misc Expenses	64580	870.60	6,610.86	1,000.00	661.08%
Election Cost	64588	132.55	0.00	9,500.00	0.00%
Total Other Services		59,078.83	44,062.00	45,220.00	97.44%
Outside Services					
Training Police	63605	32,913.27	12,131.60	10,000.00	121.31%
Equipment Maint	63615	0.00	82.00	0.00	0.00%
Liability/Prop Non-Dpt	63620	86,487.18	102,761.10	85,000.00	120.89%
Contractual Services - Audit	63625	34,954.21	30,175.89	35,000.00	86.21%
Contract Services - IT	63635	11,523.00	7,860.00	10,000.00	78.60%
Contract Services - Planning	63640	189,893.91	53,651.34	75,000.00	71.53%
Contract Services - Housing Element	63642	0.00	0.00	130,000.00	0.00%
Contract Services - Accounting	63645	30,436.45	100,735.25	131,000.00	76.89%
Contract Services - Legal	63650	109,302.09	188,186.96	220,000.00	85.53%
Contract Services - HR	63652	13,405.38	4,796.25	10,000.00	47.96%
Contract Services - PM	63653	1,520.00	203.97	0.00	0.00%
Janitorial Fund	63660	2,824.29	2,250.00	4,000.00	56.25%
Radio Dispatch Police	63665	3,004.31	83,087.32	77,520.00	107.18%
Comm Hum Serv Non-Dept	63670	4,000.00	0.00	0.00	0.00%
Total Outside Services		520,264.09	585,921.68	787,520.00	74.40%
Auto Ops					
Auto Ops - Supplies / Equip	62710	9,661.73	1,898.26	6,000.00	31.63%
Auto Ops - Fuel	62720	21,210.42	20,419.00	30,000.00	68.06%
Auto Repair/Maintenance	63730	14,862.25	6,351.16	20,000.00	31.75%
CDBG Capital Improvements	66310	0.00	12,734.18	0.00	0.00%
Auto Replacement	66735	89,411.75	0.00	0.00	0.00%
Total Auto Ops		135,146.15	41,402.60	56,000.00	73.93%
Police and Fire					
Fire Seaside	63810	50,212.50	52,137.50	208,850.00	24.96%
Animal Regulation Fire	63820	480.00	160.00	500.00	32.00%
Fund Jail & Prisoner	63830	0.00	102.28	100.00	102.28%
Acjis System Police	63840	2,162.38	5,712.45	7,000.00	81.60%
Total Police and Fire		52,854.88	58,112.23	216,450.00	26.85%
Street Lighting and Storm Water					
Street Lighting	63910	9,092.30	338.27	0.00	0.00%
Storm Water Project - Phase 4	64920	18,873.00	18,455.05	23,000.00	80.23%
S.M.I.P.	64930	143.30	59.74	200.00	29.87%
Sb 1473	64940	46.60	(1.00)	100.00	(1.00)%
Total Street Lighting and Storm Water		28,155.20	18,852.06	23,300.00	80.91%
Capital Improvement					
Capital Improvements	63955	7,231.00	183,070.55	245,000.00	74.72%
Total Capital Improvement		7,231.00	183,070.55	245,000.00	74.72%
Debt Service					
Principal - Fora Loan	65101	490,768.66	0.00	0.00	0.00%
Total Debt Service		490,768.66	0.00	0.00	0.00%
Total Expense		3,426,413.64	2,854,620.17	3,841,525.00	74.31%
Net Income Before Other Financing		227,199.72	142,368.39	136,787.00	104.08%
Other Financing Sources and Uses					
Sources					
Transfers In - Corona Virus Relief Fund	49110	0.00	50,000.00	50,000.00	100.00%
Total Sources		0.00	50,000.00	50,000.00	100.00%
Total Other Financing Sources and Uses		0.00	50,000.00	50,000.00	100.00%

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

100 - General Fund
From 7/1/2020 Through 3/31/2021

	<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Net Income After Other Financing Sources and Uses	<u>227,199.72</u>	<u>192,368.39</u>	<u>186,787.00</u>	<u>102.98%</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

210 - Gas Tax Fund
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Revenue					
Other					
Gas Tax 2103	47010	9,193.30	8,978.81	10,000.00	89.78%
Gas Tax 2105	47020	6,305.24	6,453.82	7,500.00	86.05%
Gas Tax 2106	47030	5,847.62	6,293.80	6,500.00	96.82%
Gas Tax 2107	47040	7,650.89	8,648.11	9,000.00	96.09%
Gas Tax 2107.5	47050	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>100.00%</u>
Total Other		<u>29,997.05</u>	<u>31,374.54</u>	<u>34,000.00</u>	<u>92.28%</u>
Total Revenue		<u>29,997.05</u>	<u>31,374.54</u>	<u>34,000.00</u>	<u>92.28%</u>
Expense					
Utilites and Services					
Street Sweeping	63510	<u>0.00</u>	<u>5,736.11</u>	<u>10,000.00</u>	<u>57.36%</u>
Total Utilites and Services		0.00	5,736.11	10,000.00	57.36%
Street Lighting and Storm Water					
Street Lighting	63910	<u>0.00</u>	<u>8,181.82</u>	<u>15,000.00</u>	<u>54.54%</u>
Total Street Lighting and Storm Water		<u>0.00</u>	<u>8,181.82</u>	<u>15,000.00</u>	<u>54.55%</u>
Total Expense		<u>0.00</u>	<u>13,917.93</u>	<u>25,000.00</u>	<u>55.67%</u>
Net Income Before Other Financing		29,997.05	17,456.61	9,000.00	193.96%
Net Income After Other Financing Sources and Uses		<u>29,997.05</u>	<u>17,456.61</u>	<u>9,000.00</u>	<u>193.96%</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

211 - SB1 Fund
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Revenue					
Other					
SB 1 Funds	47777	<u>26,643.88</u>	<u>22,488.68</u>	<u>26,700.00</u>	<u>84.22%</u>
Total Other		<u>26,643.88</u>	<u>22,488.68</u>	<u>26,700.00</u>	<u>84.23%</u>
Total Revenue		<u>26,643.88</u>	<u>22,488.68</u>	<u>26,700.00</u>	<u>84.23%</u>
Net Income Before Other Financing		26,643.88	22,488.68	26,700.00	84.22%
Net Income After Other Financing Sources and Uses		<u>26,643.88</u>	<u>22,488.68</u>	<u>26,700.00</u>	<u>84.22%</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

212 - Measure X Fund
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Revenue					
Other					
Measure X Loan/Advance	47774	167,052.20	0.00	0.00	0.00%
Measure X	47775	<u>550,040.48</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Other		<u>717,092.68</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Revenue		<u><u>717,092.68</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00%</u></u>
Expense					
Capital Improvement					
Capital Improvements	63955	<u>111,665.67</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Capital Improvement		<u>111,665.67</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Debt Service					
Principal - Measure X Loan	65103	<u>24,369.37</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Debt Service		<u>24,369.37</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Expense		<u><u>136,035.04</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00%</u></u>
Net Income Before Other Financing		581,057.64	0.00	0.00	0.00%
Net Income After Other Financing Sources and Uses		<u><u>581,057.64</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00%</u></u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

213 - Corona Virus Relief Fund
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Revenue					
Grants					
CARES Act	47340	0.00	50,000.00	50,000.00	100.00%
Total Grants		0.00	50,000.00	50,000.00	100.00%
Total Revenue		<u>0.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>100.00%</u>
Net Income Before Other Financing Sources and Uses		0.00	50,000.00	50,000.00	100.00%
Uses					
Transfers Out - General Fund	81000	0.00	(50,000.00)	(50,000.00)	100.00%
Total Uses		0.00	(50,000.00)	(50,000.00)	100.00%
Total Other Financing Sources and Uses		<u>0.00</u>	<u>(50,000.00)</u>	<u>(50,000.00)</u>	<u>100.00%</u>
Net Income After Other Financing Sources and Uses		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

221 - FORA Habitat Management Fund
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Expense					
Outside Services					
Contract Services - Habitat Management Plan	63646	0.00	0.00	17,000.00	0.00%
Total Outside Services		<u>0.00</u>	<u>0.00</u>	<u>17,000.00</u>	<u>0.00%</u>
Total Expense		<u>0.00</u>	<u>0.00</u>	<u>17,000.00</u>	<u>0.00%</u>
Net Income Before Other Financing Sources		0.00	0.00	(17,000.00)	0.00%
Net Income After Other Financing Sources and Uses		<u>0.00</u>	<u>0.00</u>	<u>(17,000.00)</u>	<u>0.00%</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

321 - SBR Engineering Fund
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Expense					
Outside Services					
Contract Services - Engineering	63611	<u>0.00</u>	<u>0.00</u>	<u>518,564.00</u>	<u>0.00%</u>
Total Outside Services		<u>0.00</u>	<u>0.00</u>	<u>518,564.00</u>	<u>0.00%</u>
Total Expense		<u>0.00</u>	<u>0.00</u>	<u>518,564.00</u>	<u>0.00%</u>
Net Income Before Other Financing		<u>0.00</u>	<u>0.00</u>	<u>(518,564.00)</u>	<u>0.00%</u>
Net Income After Other Financing Sources and Uses		<u>0.00</u>	<u>0.00</u>	<u>(518,564.00)</u>	<u>0.00%</u>

City of Del Rey Oaks
Statement of Revenue and Expenditures - Unposted Transactions Included In Report

810 - PARS 115 Trust
 From 7/1/2020 Through 3/31/2021

		<u>Prior Year Actual</u>	<u>Year to Date Actual</u>	<u>FY 20-21 Budget</u>	<u>Percent of Budget Used</u>
Revenue					
Other					
PARS Contributions	40960	150,000.00	0.00	0.00	0.00%
Interest Earned	46100	<u>770.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Other		<u>150,770.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Total Revenue		<u>150,770.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Net Income Before Other Financing Sources		150,770.29	0.00	0.00	0.00%
Net Income After Other Financing Sources and Uses		<u>150,770.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>

City of Del Rey Oaks
 Check/Voucher Register - Claims Report for Council Packet
 From 3/1/2021 Through 3/31/2021

Check Number	Payee	Transaction Description	Check Amount
19499	JA FENCING	Retaining wall w/handrail	(4,700.00)
19597	JA FENCING	Maintenance/repairs	(5,150.00)
19723	AMERICAN LOCK & KEY	Supplies for DG. Park	31.68
19724	ATHEA OCCUPATIONAL MEDICINE	Office Y. Cuevas Physical Exam	870.00
19725	AT&T CAL NET 2	Acc#9391033790 services for 1/19-2/18/21	106.98
	AT&T CAL NET 2	Acct#9391033789 services for 1/19-2/18/21	238.37
	AT&T CAL NET 2	Acct#9391033791 services for 1/19-2/18/21	219.85
19726	AT&T MOBILITY	Monthly mobile services P.W.	48.87
	AT&T MOBILITY	Monthly PD mobile services	788.37
19727	CO-POWER	DENTAL COVERAGE March 2021	2,405.56
19728	COLANTUONO, HIGSMITH & WHATLEY, PC	01/2021 Billing Services Advice RE: Ballot Measure	115.50
19729	COMCAST BUSINESS	Accct#8155100280008479 services 2/10-3/9/21	252.99
	COMCAST BUSINESS	Accct#8155100230699260 services for 2/18-3/17/21 Fred Kane Dr.	184.23
19730	COMMUNICATION CABLE PLACEMENT SERVICES	Cable placement services 01/2021	379.06
19731	Dell Financial Services LLC	Contract #810-9036917-001 Dell payment	4,315.85
19732	ENTENMANN-ROVIN CO.	Supplies	433.47
19733	FENTON & KELLER	01/2021 Services CDRO vs William & Amy Grass	907.50
	FENTON & KELLER	01/2021 services CA Native Plant Society vs FORA	2,897.75
	FENTON & KELLER	01/2021 services City General Services	10,992.50
	FENTON & KELLER	01/2021 Services Michele Ball vs CDRO	575.00
	FENTON & KELLER	01/2021 services Public Records Actt Requests	110.00
19734	HDL COMPANIES-HINDERLITER, DE LLAMAS & ASSOC.	01/2021 services for Cannabis Management	5,000.00
19735	Navid & Erin Homami	Refund ARC 20-04 permit fee (not used)	200.00
19736	I.M.P.A.C.GOVERNM'T SER	Visa 2/22/21 payment	1,405.56
	I.M.P.A.C.GOVERNM'T SER	VISA Payment for 01/22/21	2,032.96
	I.M.P.A.C.GOVERNM'T SER	VISA payment for 1/22/21	1,845.25
	I.M.P.A.C.GOVERNM'T SER	VISA Payment for 2/22/21	908.74
19737	JA FENCING	Maintenance/repairs	5,150.00
	JA FENCING	Retaining wall w/handrail	4,700.00
19738	MONTEREY BAY AREA INSURANCE FUND	Claim #MBA19-1115 (Req#1) -Michelle Ball	973.50
	MONTEREY BAY AREA INSURANCE FUND	Claim#MBA19-1115 (Req#2) -Michelle Ball	3,824.00
19739	MONTEREY BAY TECHNOLOGIES	01/2021 IT services	2,350.40
19740	Monterey County Mayor's Association	Annual Dues for 2021	1,500.00
19741	OFFICE DEPOT	Supplies	122.74
19742	PG&E-GJM&218	Accct#6817283169-2 services 1/13-2/11/21 GMoore	54.18
19743	PITNEY BOWES PURCHASE POWER	Accct#8000-9000-0346-3050 services to 2/14/21	5.82
19744	PRO SQUAD	PD Supplies	710.80
19745	REGIONAL GOVERNMENT SERVICES	01/2021 contract services	20,238.75
19746	RYAN RANCH PRINTERS	Supplies	195.82
19747	SHRED-IT	01/2021 shredding services	128.73

City of Del Rey Oaks
 Check/Voucher Register - Claims Report for Council Packet
 From 3/1/2021 Through 3/31/2021

Check Number	Payee	Transaction Description	Check Amount
19748	THOMSON WEST	01/2021 subscription	248.04
19749	TURBO DATA SYSTEMS	Citation billing for 01/2021	240.43
19750	US BANK	contract #500-05-18855-000 Konica Minolt Copier	375.71
19751	ADAMSON POLICE PRODUCTS	Supplies	233.35
19752	AMERICAN LOCK & KEY	Supplies	124.27
19753	AT&T MOBILITY	Monthly PD mobile charges	789.57
	AT&T MOBILITY	Monthly PW mobile charges	40.24
19754	BRIAN PEREZ	Perez Reimbursement -Per Diem/meals travel at Salt Lake UT -training	42.00
19755	CALIFORNIA-AMERICAN WATER	Acct#1015-210018799016 servuces 1/20-2/18/21	35.48
	CALIFORNIA-AMERICAN WATER	Acct#1015-210018869991 services 1/20-2/1/21	120.86
	CALIFORNIA-AMERICAN WATER	Acct#1015-210021092445 services 1/20-2/17/21	35.52
	CALIFORNIA-AMERICAN WATER	Acct#1015-210021255352 services 1/20-2/18/21	3.27
	CALIFORNIA-AMERICAN WATER	Acct#1015-210021327653 services 1/20-2/22/21	104.47
	CALIFORNIA-AMERICAN WATER	Acct#1015-21002139208 services 1/20-2/18/21	35.48
	CALIFORNIA-AMERICAN WATER	Acct#1015-210021397607 services 1/20-2/18/21	92.54
	CALIFORNIA-AMERICAN WATER	Acct.#1015-210018796550 services 1/20-2/18/21	35.48
19756	CHAVAN AND ASSOCIATES, LLP	2019/20 Annual Streets Report	4,000.00
19757	Chris Campbell	CA Native Plants Society v. DRO	2,240.00
19758	CO-POWER	DENTAL COVERAGE Marh 2021	2,415.75
19759	COASTAL PAVING & EXCAVATING	Concrete Demo -Paloma, Via Verde	3,850.00
19760	COMCAST BUSINESS	AccT#8155100280008479 service 3/10-4/9/21	262.99
19761	CORELOGIC SOLUTIONS, LLC.	Data/Parcel Maps Metro	115.00
19762	Employment Development Department	Unemployment Insurance Liability for Qtr. 12/31/2020	853.57
19763	ENVIRO MASTER SERVICES	SaniGuard	328.00
19764	GALL'S INC.	Supplies	904.07
19765	GLOBALSTAR USA	Acct#AC00115154 monthly wireless charge	117.06
19766	G.P.S. SOLUTIONS	Building permits and inspections	3,584.23
19767	HOME DEPOT CRC	HD supplies	248.98
19768	JAMES DE CHALK	February 2021 Janitorial service	225.00
19769	LEAGUE OF CA CITIES	2021 Membership dues	0.00
19770	MARTINS IRRIGATION SUPPLY, INC.	supplies	68.59
19771	MONTEREY BAY OFFICE PRODUCTS	Konica Minolta copier rental	127.98
19772	MONTEREY COUNTY EMERGENCY SERVICES	FY 2020/21 Disptach Qtr. 4	25,640.11
19773	MONTEREY COUNTY WEEKLY CLASSIFIEDS	Legal notice Ordinance 306	170.63
19774	MTRY COUNTY PEACE ASSOC,	Shooting Range	75.00
19775	OFFICE DEPOT	supplies	231.38
19776	PG&E	PGE services 1/22-2/22/21	2,270.91
19777	PITNEY BOWES-QTLY INV	Acct. #0010628045 -lease postage and supplies	169.79
19778	PEACE OFFICER RESEARCH ASSOC OF CALIFORNIA	Legal defense fund 4/2021	360.00

City of Del Rey Oaks
 Check/Voucher Register - Claims Report for Council Packet
 From 3/1/2021 Through 3/31/2021

Check Number	Payee	Transaction Description	Check Amount
	PEACE OFFICER RESEARCH ASSOC OF CALIFORNIA	Reserve legal defense fund 4/2021	90.00
19779	PRECISION ALARMS AND AUTOMATION	Security Alarm service service 2/1-2/28/21	158.00
19780	PURE WATER	Supplies	36.75
19781	REGIONAL GOVERNMENT SERIVCES	February 2021 contract services	15,703.25
19782	ROGER GUZMAN	Guzman Reimbursement Rental/Per Diem Salt Lake City	185.06
19783	RYAN RANCH PRINTERS	Business cards	27.31
19784	SALINAS VALLEY PRO SQUAD	Supplies for PD	0.00
19785	SHRED-IT	Feb 2021 Shredding servies	127.04
19786	SOFTWARE SIMPLIFIED	Consutling services 12/2020	525.00
19787	S. TARANTINO ELECTRIC	Fixture repair/lamps	137.50
19788	TERMINIX	Pest control	89.00
19789	THE MAYNARD GROUP	March 2021 Telephone service	67.00
19790	THOMSON WEST	02/2021 subscription	265.40
19791	VALLEY SAW & GARDEN EQUIP	HON -HR216 repair	126.87
19792	VSP	VISION PLAN March 2021	279.49
Gas 03012021	CHEVRON	Chevron Gas payment	1,368.61
	CHEVRON	Chevron Gas Pmt	866.69
Gas 03012022	SHELL FLEET PLUS-WEX BANK	Shell Gas payment	334.57
Health 032021	P.E.R.S.-HEALTH	PERS HEALTH 03/2021	24,014.69
Report Total			162,588.76



P.O. BOX 6343
FARGO ND 58125-6343



ACCOUNT NUMBER xxxxx 9924
STATEMENT DATE 03-22-2021
AMOUNT DUE \$4,198.35
NEW BALANCE \$4,198.35 Total Due \$4,176.00
PAYMENT DUE ON RECEIPT

000001228 01 SP 0.560 106481319219853 P
DEL REY OAKS
KAREN MINAMI
CITY OF DEL REY OAKS
650 CANYON DEL REY RD
DEL REY OAKS CA 93940-5594

AMOUNT ENCLOSED
\$

Please make check payable to "U.S. Bank"

U.S. BANK CORPORATE PAYMENT SYSTEMS
P.O. BOX 790428
ST. LOUIS, MO 63179-0428

4246044555649924 000419835 000419835

Please tear payment coupon at perforation.

CORPORATE ACCOUNT SUMMARY									
DEL REY OAKS XXXXXXXXXXXX9924	Previous Balance	Purchases And Other + Charges	Cash Advances +	Cash Advance Fees +	Late Payment Charges	- Credits	- Payments	= New Balance	
Company Total	\$6,214.86	\$4,184.72	\$0.00	\$0.00	\$0.00	\$8.72	\$6,192.51	\$4,198.35	

CORPORATE ACCOUNT ACTIVITY				
DEL REY OAKS XXXXXXXXXXXX9924				TOTAL CORPORATE ACTIVITY
				\$6,192.51 CR
Post Date	Tran Date	Reference Number	Transaction Description	Amount
03-10	03-07	74798261069000000000049	PAYMENT - THANK YOU 00000 C	6,192.51 PY

NEW ACTIVITY					
CITY STAFF XXXXXXXXXXXX1054	CREDITS \$8.72	PURCHASES \$2,204.99	CASH ADV \$0.00	TOTAL ACTIVITY \$2,196.27	
Post Date	Tran Date	DETAIL	Transaction Description	Amount	
02-24	02-23	Supplies	AMAZON.COM*QO85H78M3 AMZN AMZN.COM/BILL WA	29.96	
2-26	02-25	Monthly Phone charge	CONFERENCING 888-289-0593 CA	16.98	
3-02	03-01	TLO monthly charge	TLO TRANSUNION 561-988-4200 FL	75.00	
03-03	03-02	Council Academy Registration	CACITIES REGISTRATION CACITIES.ORG CA	500.00	
03-04	03-03	Supplies	AMZN MKTP US*AH3AC7J53 AMZN.COM/BILL WA	8.72	

CC #1054
\$2,196.27

CUSTOMER SERVICE CALL 800-344-5696	ACCOUNT NUMBER XXXXXXXXXXXX-9924		ACCOUNT SUMMARY	
		STATEMENT DATE 03/22/21	DISPUTED AMOUNT .00	PREVIOUS BALANCE PURCHASES & OTHER CHARGES
SEND BILLING INQUIRIES TO: U.S. Bank National Association C/O U.S. Bancorp Purchasing Card Program P.O. Box 6335 Fargo, ND 58125-6335	AMOUNT DUE 4,198.35		CASH ADVANCES	.00
			CASH ADVANCE FEES	.00
			LATE PAYMENT CHARGES	.00
			CREDITS	8.72
			PAYMENTS	6,192.51
			ACCOUNT BALANCE	4,198.35



Company Name: DEL REY OAKS
Corporate Account Number: xxxxxxxxxxxxxx9924
Statement Date: 03-22-2021

NEW ACTIVITY					
Post Date	Tran Date	DETAIL	Transaction Description	Amount	
03-08	03-06	Refund -Supplies	AMZN MKTP US AMZN.COM/BILL WA	8.72 CR	
03-10	03-09	Supplies	AMAZON.COM*Q43S09A13 AMZN.COM/BILL WA	9.30	
03-12	03-11	Signs	SQ *CALOGOS SAND CITY CA	26.44	
03-12	03-11	Signs	SQ *CALOGOS SEASIDE CA	497.64	
03-16	03-15	Annual LogMeIn charges	LOGMEIN*PRO2 LOGMEIN.COM MA	349.99	
03-17	03-16	PW supplies	AMZN MKTP US*N70QL3JV3 AM AMZN.COM/BILL WA	294.96	
03-17	03-17	Annual SplashTop.com charges	SPLASHTOP.COM 408-861-1088 CA	396.00	
POLICE DEPARTMENT		CREDITS	PURCHASES	CASH ADV	TOTAL ACTIVITY
xxxxxxxxxxxxxxxx-5595		\$0.00	\$1,964.74	\$0.00	\$1,964.74
CC #5595	\$1,964.74				
Post Date	Tran Date	DETAIL	Transaction Description	Amount	
02-25	02-23	PD Special Supplies	AXON 800-9782737 AZ	269.40	
2-25	02-24	Supplies	IN *SHIELD INVESTIGATION 888-4467560 CA	99.00	
3-05	03-04	PD Training/Flight protection	ORBITZ*72066444145818 ORBITZ.COM WA	76.00	
03-05	03-04	PD Training/Flight Fees	ORBITZ*72066444145818 ORBITZ.COM WA	9.38	
03-05	03-04	PD Training/Hotel Perez/Guzman	ORBITZ*72066451078213 ORBITZ.COM WA	259.12	
03-05	03-03	PD Training/Flight Perez	UNITED 0167597023591 800-932-2732 TX	532.80	
			PEREZ/BRIAN MATTHEW SFO DL Q SLC UA Q SFO		
03-05	03-03	PD Training/Flight Guzman	UNITED 0167597023592 800-932-2732 TX	532.80	
			GUZMAN/ROGER FRANK SFO DL Q SLC UA Q SFO		
03-08	03-07	Supplies	AMZN MKTP US*FN00M3LN3 AMZN.COM/BILL WA	58.68	
03-09	03-08	Training/Airport Parking	60776 - SFO PARKINGCENTRA SAN FRANCISCO CA 0	72.00	
3-09	03-08	Training/Gas to Airport	CHEVRON 0090049 GILROY CA	55.56	
CITY STAFF		CREDITS	PURCHASES	CASH ADV	TOTAL ACTIVITY
xxxxxxxxxxxxxxxx4807		\$0.00	\$14.99	\$0.00	\$14.99
CC #4807	\$14.99				
Post Date	Tran Date	DETAIL	Transaction Description	Amount	
03-22	03-19	Monthly Zoom charge	ZOOM.US 888-799-9666 WWW.ZOOM.US CA	14.99	

Department: 00000 Total: \$4,176.00
 Division: 00000 Total: \$4,176.00



FIRE DEPARTMENT
1635 Broadway Avenue
Seaside, CA 93955

Telephone (831) 899-6790
FAX (831) 899-6261

April 3, 2021

Jeff Hoyne, Acting City Manager
Del Rey Oaks City Hall
650 Canyon Del Rey
Del Rey Oaks, CA 93940

Dear Mr. Hoyne:

Enclosed is a copy of the response reports for the Seaside Fire Department response to Del Rey Oaks for the period of March 1, 2021 through March 31, 2021.

The Seaside Fire Department responded to the following incidents in the month of March:

Incident #

210306-SEA00492	210323-SEA00600	210331-SEA00668
210308-SEA00506	210324-SEA00609	
210309-SEA00511	210326-SEA00630	
210319-SEA00583	210327-SEA00637	
210322-SEA00599	210329-SEA00654	

There are a total of Eleven (11) fire calls for the month of March. If you have any questions, please contact me.

Sincerely,

Paul Blaha
Division Chief
CC: File

SEASIDE FIRE DEPARTMENT
City of Del Rey Oaks - Response Report

Incident Date	Incident Number	Alarm Time	Arrival Time	Response Time (Minutes)	Incident Type Code	District	Street Or Highway Name	Priority
3/6/2021	210306-SEA00492	12:40:47 PM	12:47:02 PM	6.25	6111	029	Angelus	Emergent
3/8/2021	210308-SEA00506	7:48:27 PM	7:53:49 PM	5.37	412	029	Arlington	Non-Emergent
3/9/2021	210309-SEA00511	11:56:21 AM	12:00:35 PM	4.23	321	029	Rosita	Emergent
3/19/2021	210319-SEA00583	10:06:39 PM	10:12:56 PM	6.30	321	029	Rosita	Emergent
3/22/2021	210322-SEA00599	8:12:47 PM	8:20:17 PM	7.50	321	029	Rosita	Emergent
3/23/2021	210323-SEA00600	5:01:25 AM	5:08:44 AM	7.32	423	029	Canyon Del Rey	Emergent
3/24/2021	210324-SEA00609	10:41:17 AM	10:51:00 AM	9.72	6111	029	Paloma	Emergent Downgraded to Non-Emergent
3/26/2021	210326-SEA00630	5:41:36 PM	5:47:41 PM	6.08	6111	029	LOS ENCINOS	Emergent
3/27/2021	210327-SEA00637	4:33:57 PM	4:40:52 PM	6.92	554	029	Quendale	Emergent
3/29/2021	210329-SEA00654	3:08:13 AM	3:15:00 AM	6.78	735	029	Canyon Del Rey	Emergent
3/31/2021	210331-SEA00668	8:35:26 AM	8:45:36 AM	10.17	600	029	Rosita	Non-Emergent

Total Calls 11

LEGEND CODE:	INCIDENT TYPE:
100-173	FIRE
200-251	OVERPRESSURE
300-381	MEDICAL RESPONSE
400-482	HAZARDOUS CONDITION
500-571	SERVICE CALL
600-672	GOOD INTENT CALL
700-751	FALSE ALARM/FALSE CALL
800-810	SEVERE WEATHER
900-911	SPECIAL/CITIZEN COMPLAINT

RESOLUTION NO. 2021-09

A RESOLUTION OF THE DEL REY OAKS CITY COUNCIL IN APPRECIATION OF DEDICATED SERVICE TO THE CITY OF DEL REY OAKS BY DINO PICK

WHEREAS, Dino Pick served as the Manager of the City of Del Rey Oaks from March 2017 to February 2021; and

WHEREAS, Dino's financial acumen and leadership transformed Del Rey Oak's financial position from one of near bankruptcy to being fiscally solvent and the strongest in the city's 67 year history; and

WHEREAS, Under Dino's leadership and financial stewardship, Del Rey Oaks paid off \$500,000.00 FORA debt and established its first reserve fund of over \$1.5 million; and

WHEREAS, Dino conceived, drafted a plan for, negotiated and implemented the merger of the Monterey Regional Airport's Police Department with Del Rey Oaks resulting in additional police coverage for the Airport and the City at reduced cost to both saving \$250,000.00 annually for each jurisdiction; and

WHEREAS, His tireless work as Chair of the Administrative Committee of the Fort Ord Reuse Authority brought \$9,619,399.00 to the City's Capital Improvement Program Fund; and

WHEREAS, Dino provided the leadership and guidance to our Public Works and staff resulting in the revitalization of our park and green space, to include the elimination of the dog park fees; and

WHEREAS, Dino with an eye on protecting the environment initiated and carried out plans to install solar panels on City Hall; and

WHEREAS, Dino coordinated the DRO segment of FORTAG and synchronized efforts among several agencies to provide a safe pathway for bikers and walkers; and

WHEREAS, Dino facilitated the recruiting of Jeff Hoyne to the Position of Chief of Police, and subsequently his promotion to the position of Acting City Manager; and

WHEREAS, Dino conducted regular monthly meetings with citizens to promote transparency, during which he treated all dignity, respect and politeness; and

WHEREAS, Dino has the ability to remain focused on the issues and work towards solution that were not driven by emotions through incorporating expert opinions, Council desires and public input; and

WHEREAS, Dino always created a welcoming atmosphere at City Hall where he always making time for residents and Council Members; and

WHEREAS, His staff enjoyed and respected his hard work and leadership; he fostered a positive and productive work environment like no other; and

WHEREAS, Dino was always fair and honest; and

WHEREAS, He was respected and admired by community leaders and City Staff for his hard work and leadership; and

WHEREAS, Dino was committed to the success of Del Rey Oaks and often dedicated much of his time outside of normal business hours; and

WHEREAS, We thank Dino Pick for all he has done for Del Rey Oaks and wish him success and happiness in his future endeavors; and

NOW, THEREFORE, be it resolved that the City Council of the City of Del Rey Oaks does hereby approve Resolution number 2021-09 in Appreciation of the Dedicated Service to the City of Del Rey Oaks by Dino Pick.

PASSED AND ADOPTED as a resolution of the City Council of the City of Del Rey Oaks at a meeting held on this 27 day of April, 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Patricia Lintell, Vice Mayor

ATTEST:

Jeffrey Hoyne, City Clerk



POLICE

DEL REY OAKS

City Council Report

March, 2021

Completed by C. Bourquin

ARRESTS:

YEAR TO DATE

<i>Felony Arrests</i>	1	2
<i>Misdemeanor Arrests</i>	2	6
<i>Warrant Arrests (OJ)</i>	0	1
TOTAL ARRESTS	3	9

ASSAULTS:

YEAR TO DATE

<i>Simple Assault</i>	0	0
<i>Domestic Violence</i>	0	0
<i>Weapon Involved</i>	0	0
TOTAL ASSAULTS	0	0

BURGLARIES:

<i>Residential</i>	0	0
<i>Commercial</i>	0	0
<i>From Locked Vehicle</i>	0	0
<i>Other</i>	0	0
TOTAL BURGLARIES	0	0

TRAFFIC ACCIDENTS:

<i>Non-Injury Accidents</i>	2	4
<i>Injury Accidents</i>	0	1
TOTAL ACCIDENTS	2	5

GRAND & PETTY THEFTS:

<i>Residential</i>	1	1
<i>Commercial</i>	0	4
<i>Shoplifting</i>	1	1
<i>From Motor Vehicle</i>	1	4
<i>Other</i>	0	1
TOTAL THEFTS	3	11

ALARMS:

<i>Residential</i>	1	4
<i>Commercial</i>	11	25
TOTAL ALARMS	12	19

DUI ENFORCEMENT:

0	0
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CITATIONS ISSUED:

<i>Traffic Citations Issued</i>	1	1
<i>Parking Citations Issued</i>	5	5
<i>Admin Citations Issued</i>	0	1
<i>Warning Citations</i>	0	0
TOTAL CITATIONS ISSUED	6	7

REPORTS FILED:

24	63
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TOTAL ACTIVITY:

276	514
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CITY OF DEL REY OAKS
SIX-MONTH STRATEGIC OBJECTIVES

February 2, 2021 – July 15, 2021

THREE-YEAR GOAL: ENSURE FISCAL STABILITY						
WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the April 27, 2021 City Council meeting	City Manager	Present development options for all city-owned properties that focuses on economic feasibility and opportunities.			X	Moved to May 25 City Council meeting.
2. At the April 27, 2021 City Council meeting	City Manager	Report to the City Council on the scope and cost of a contract grant researcher and writer.			X	Staff is exploring the feasibility to provide grant training to City Staff.
3. At the May 23, 2021 City Council meeting	City Manager	Present to the City Council an overview of all city contracts		X		
4. At the June 22, 2021 City Council meeting	City Manager	Present to the City Council for action a revised Two-Year (FY 2021-2023) Budget.		X		

**THREE-YEAR GOAL: UPDATE THE CITY'S GENERAL PLAN,
BEGINNING WITH THE HOUSING ELEMENT**

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. By May 1, 2021	City Manager City Attorney	Hold a public workshop regarding Accessory Dwelling Units as they relate to the Housing Element.	X			
2. By July 1, 2021	City Manager, with input from HCD, AMBAG, and MBEP, and with public input	Hold a joint City Council – Planning Commission Housing Element Study Session providing an overview of the Housing Element, including a zoning ordinance revision, RHNA numbers, and an Emergency Shelter overlay		X		
3. By August 1, 2021	City Manager	Present to the City Council an update on potential funding sources (e.g., grants, cost-sharing) for updating the General Plan.		X		

THREE-YEAR GOAL: DEVELOP CITY-OWNED PROPERTIES SUSTAINABLY WITH PUBLIC INPUT

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. Beginning with the February 23, 2021 City Council meeting and monthly thereafter	City Manager, working with the City Attorney	Update the City Council on actions taken to ensure that the owner of Del Rey Oaks Gardens is compliant with their conditional use permit and lease.		X		
2. At the March 23, 2021 City Council meeting	City Manager, working with the City Attorney	Present to the City Council a proposal for a Habitat Management Plan for the Fort Ord property.	X			
3. At the May 25, 2021 City Council meeting	City Manager	Present to the City Council an overview of the city's water resources and allocation.		X		
4. At the June 22, 2021 City Council meeting	City Manager	Present to the City Council for action an amended agreement with California Native Plants Society.		X		
5. FUTURE OBJECTIVE	City Manager, with public input	Present an Exclusive Negotiating Agreement for the former Fort Ord property with developers for City Council consideration.				
6. FUTURE OBJECTIVE	City Manager	Present to the City Council for action Community Facilities District and Development Impact Fees for all City-owned properties.				

THREE-YEAR GOAL: ENHANCE THE CITY'S EFFECTIVENESS AND EFFICIENCY

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. By May 1, 2021	City Manager	Research costs and bring a recommendation to City Council for action on the hiring of a temporary employee to assist in the City's records management project.		X	X	Moved to the May 25 City Council Meeting.
2. By May 1, 2021	City Manager	Research costs and bring a recommendation to City Council for action on updating the City's personnel manual.			X	Moved to the May 25 City Council Meeting.
3. By May 1, 2021	City Manager City Attorney	Research costs and bring a recommendation to City Council for action on updating the city's records retention policy	X			

THREE-YEAR GOAL: REVIEW AND REVISE THE MUNICIPAL CODE

WHEN	WHO	WHAT	STATUS			COMMENTS
			DONE	ON TARGET	REVISED	
1. At the May 23, 2021 City Council meeting	City Manager	Announce to the public, elected and appointed officials, city employees, and city contractors the city's intention to revise the Municipal Code and request their input/feedback.		X		
2. FUTURE OBJECTIVE [At the August 24, 2021 City Council meeting]	City Manager	Provide to the City Council a report on all feedback in response to solicitation for possible Municipal Code revisions and recommend priorities for future action.		X		

RESOLUTION NO. 2021-07

**A RESOLUTION OF THE CITY OF DEL REY OAKS CITY COUNCIL
EXPRESSING INTEREST IN PARTICIPATING IN A VIABILITY STUDY FOR
A CENTRAL COAST PUBLIC BANK**

WHEREAS, a recent State law (AB 857) enabling the establishment of local and regional public banks in California has been passed by both houses of the State Legislature and signed into law by our Governor; and

WHEREAS, none of the public agencies in the Central Coast of California are large enough by themselves to easily create a public bank, and collaboration with other agencies will achieve an economy of scale that improves feasibility and benefits the entire region, so there is now growing interest in a Central Coast Public Bank; and

WHEREAS, a public bank can efficiently deliver funds to local governments impacted by the COVID-19 pandemic, other disasters, and the needed economic recovery; and

WHEREAS, public banks can increase funding to address infrastructure needs, homelessness, affordable housing, a regenerative future, climate change, solar energy production, education, public safety, health care and other public needs, without raising taxes, cutting public services, or selling off parks, water systems, roads, public lands, or other publicly owned assets; and

WHEREAS, public banks can help local governments to meet the needs of low-income residents of color; and

WHEREAS, capitalizing a public bank can leverage a city, county, or state's existing funds to a much greater degree than could a loan fund, and furthermore, in partnership with community banks and credit unions, public banks will be best suited to address our community's specific needs; and

WHEREAS, a public bank can purchase or broker municipal bonds issued by cities and counties to pay for emergency lending and direct subsidy programs, thus funding preventive measures for resiliency in future crises; and

WHEREAS, the Santa Cruz County Board of Supervisors is taking the lead on developing funding for a viability study for a Central Coast Public Bank and is seeking expressions of interest from public agencies in the Central Coast in participating in such a study; and

WHEREAS, once the interest of various Central Coast agencies in participating in a viability study of a public bank can be determined, a financial plan to fund the viability study with equitable contributions from involved agencies can be developed to be considered by the potential participants.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Del Rey Oaks hereby expresses its initial interest in participating in a viability study for a central coast public bank;

PASSED AND ADOPTED as a resolution of the City Council of the City of Del Rey Oaks at a meeting held on the 27 day of April, 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Alison Kerr, Mayor

ATTEST:

Jeffrey Hoyne, City Clerk



County of Santa Cruz

BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069
(831) 454-2200 • FAX: (831) 454-3262 TDD/TTY - Call 711

MANU KOENIG
FIRST DISTRICT

ZACH FRIEND
SECOND DISTRICT

RYAN COONERTY
THIRD DISTRICT

GREG CAPUT
FOURTH DISTRICT

BRUCE MCPHERSON
FIFTH DISTRICT

April 5, 2021

Mayor Allison Kerr
650 Canyon Del Rey Blvd
Del Rey Oaks, CA 93940

Dear Mayor Kerr,

I am writing to you today to seek your agency's interest in participating in a viability study to establish a Central Coast Public Bank encompassing the counties of Santa Cruz, Monterey, San Benito, San Luis Obispo, and Santa Barbara. As you may know, AB 857, a new state law enabling the establishment of public banks in California, was adopted in late 2019. You may have received a similar letter from us in the past, but now citizens' groups from multiple regions throughout the Central Coast of California have joined to form the group People for Public Banking Central Coast (PPBCC) with the goal of exploring the prospect of a cohesive public bank serving our Central Coast communities.

No singular city or county in the Central Coast region is large enough to easily create its own public bank, so Santa Cruz County has decided to take the lead in studying the possibilities for a regional public bank. We are sending this letter to boards of supervisors, city councils, and special district boards throughout the Central Coast to determine if they would be interested in participating in a viability study for a public bank for the Central Coast.

Local public agencies routinely undertake infrastructure projects funded by private banks which have significant interest rates and fees. Public banks can serve that need by issuing bonds to public agencies at much lower costs. By saving on the fees and high interest rates charged by private banks, local governments can maximize their available funds for crucial projects and services such as affordable housing, infrastructure, and preventative measures for resiliency. In addition, the revenue created by the public bank's lending services can be reinvested back into the community.

Public banks can also act quickly in times of local disasters by making emergency loans to social service providers, schools, small businesses, and other vital infrastructures. Public banks can purchase municipal bonds issued by cities and counties to pay for emergency lending and direct subsidy programs

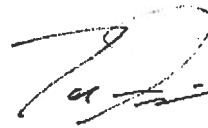
Page 2
RE: PUBLIC BANKS
April 5, 2021

which can introduce new funding during times of crisis without exhausting local government reserves, and repayments can then be invested back into the impacted region.

The County of Santa Cruz is currently seeking statements of interest from Central Coast cities, counties, and other public agencies in participating in a viability study for the establishment of a Central Coast public bank. This is not a request for a commitment to fund the study, but rather an inquiry as to whether your agency would like to participate in the process of developing a proposal for a viability study. This viability study will address the issues of funding sources, governance structure, and policies for a Central Coast public bank. Once we have received statements of interest from local entities, we will develop a funding proposal for the viability study with appropriate contributions from the various agencies and, potentially, outside sources.

Attached is a draft resolution for your review. We encourage you to introduce this resolution, which you are welcome to modify as necessary, to your agency's agenda for approval. If approved by your agency, please forward the signed resolution to me at the email below. If you are interested in more information about public banks, including presentations to your agency, feel free to email me at: zach.friend@santacruzcounty.us

Sincerely,



ZACH FRIEND, Supervisor
Second District

Enclosures: Draft Resolution for Viability Study

ZF:cs

cc: Councilmember Scott Donaldson
Councilmember John Gaglioti
Councilmember Kim Shirley
Vice Mayor Patricia Lintell
City Manager Jeffery Hoyne

RESOLUTION NO. 2021-08

A RESOLUTION OF THE DEL REY OAKS CITY COUNCIL APPROVING THE ADOPTION OF THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY FOR MONTEREY COUNTY

WHEREAS, a CEDS is a document developed by jurisdictions for the United States Economic Development Administration (EDA) to apply for vital funding for community economic development initiatives.;

WHEREAS, the County of Monterey conducted its CEDS process following federal Code of Federal Regulations (CFR), 13 CFR §303.6;

WHEREAS, This CEDS was developed with broad-based participation that included the agricultural community and vintners, tourism and hospitality professionals, educators, small business owners, non-profit representatives, and community partners;

WHEREAS, One of the main goals of the document is to determine economic development needs in the community and to take actions to improve the economy; and

WHEREAS, the CEDS takes into account and, where appropriate, incorporates or leverages other regional planning efforts, including the use of available federal funds, private sector resources, and state support which can advance a region's CEDS goals and objectives;

WHEREAS, the CEDS process analyzes existing regional conditions, opportunities, and global economic conditions, leading to a region-specific strategy-driven plan for economic prosperity;

WHEREAS, the CEDS must be updated every five years to stay relevant with changing economic conditions and to qualify for U.S. Economic Development Administration (EDA) funding assistance under its Public Works and Economic Adjustment Assistance programs;

WHEREAS, EDA has been an important partner in financing economic development projects;

WHEREAS, in addition to summarizing the status of the local economy and areas of opportunities, the focal point of the CEDS is identification of projects that may be eligible for federal grant funding;

WHEREAS, adoption of the CEDS is a federal requirement which the County, and qualified organizations within the County, must meet to apply to EDA for Public Works or Economic Adjustment Assistance Program grants.

NOW, THEREFORE, based on the above recitals, findings and the administrative record as a whole, be it resolved The City of Del Rey Oaks City Council as follows:

- a. Adopt the Comprehensive Economic Development Strategy (CEDS) for Monterey County.

PASSED AND ADOPTED as a resolution of the City Council of the City of Del Rey Oaks at a meeting held on this 27 day of April , 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Alison Kerr, Mayor

ATTEST:

Jeffrey Hoyne, City Clerk

DRAFT COUNTY REPORT

- a. Adopt a Comprehensive Economic Development Strategy (CEDS) for Monterey County; and
- b. Authorize the Assistant County Administrative Officer (CAO) to submit the CEDS to the U.S. Department of Commerce, Economic Development Administration.

RECOMMENDATION:

- a. Adopt a Comprehensive Economic Development Strategy (CEDS) for Monterey County; and
- b. Authorize the Assistant County Administrative Officer (CAO) to submit the CEDS to the U.S. Department of Commerce, Economic Development Administration.

SUMMARY:

A CEDS is a document developed by jurisdictions for the United States Economic Development Administration (EDA) to apply for vital funding for community economic development initiatives. The County of Monterey conducted its CEDS process following 13 CFR §303.6. This CEDS was developed with broad-based participation that included the agricultural community and vintners, tourism and hospitality professionals, educators, small business owners, non-profit representatives, and community partners. One of the main goals of the document is to determine needs in the community and for the regional economy and to take actions to improve the economy. The CEDS takes into account and, where appropriate, incorporates or leverages other regional planning efforts, including the use of available federal funds, private sector resources, and state support which can advance a region's CEDS goals and objectives. The CEDS should be a useful tool for regional economic development decision-making.

The CEDS process analyzes existing regional conditions, opportunities, and global economic conditions, leading to a region-specific strategy-driven plan for economic prosperity. The CEDS must be updated every five years to stay relevant with changing economic conditions and to qualify for U.S. Economic Development Administration (EDA) funding assistance under its Public Works and Economic Adjustment Assistance programs. Annual assessments of progress to date and plans for the coming year also are required.

The EDA requires the following components be incorporated into the document in some form:

- **Background Summary:** The summary of the region presents current, relevant data to describe local economic conditions.
- **SWOT Analysis:** This analysis of strengths, weaknesses, opportunities, and threats (SWOT) provides an understanding of a region's capabilities, capacity, and aspirations.
- **Strategic Direction / Action Plan:** The strategic direction and associated action plan outlines priorities, goals and objectives as well as specific activities to be implemented over a set period of time.

- Evaluation Framework: The evaluation framework serves as a mechanism to gauge progress on the successful implementation of the overall CEDS.
- Economic Resilience: in the context of economic development, “resilience” has three primary attributes: the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether.

Success of the CEDS hinges on the implementation of specific action recommendations. The planning of the CEDS initiated the process of building support among partner agencies and will continue throughout the duration of the five-year time period of the CEDS. Each strategy in the CEDS will not apply to every jurisdiction in Monterey County. However, each strategy is crafted to have the most impactful results on economies and industries that show the greatest economic potential, thereby having positive results for the region as a whole and allowing other businesses to thrive.

Adoption of the CEDS is a federal requirement which the County, and qualified organizations within the County, must meet to apply to EDA for Public Works or Economic Adjustment Assistance Program grants. EDA has been an important partner in financing economic development projects, extending from King City to Pajaro, and including the reuse of the former Fort Ord and programs at CSUMB.

DISCUSSION

Since 2011 the Economic Development Department has been engaged in developing a Strategic Plan for Economic Development (CEDS) in the County. Recently, with the economic crisis brought on by the COVID-19 pandemic, the County received an additional \$1,700,000 in EDA CARES Act funding to provide loans to small businesses.

The County utilized a consultant team, National Development Council (NDC) and Beacon Economics to conduct the CEDS outreach process, analysis of data, and to write the report.

The CEDS combines an in-depth statistical look at the local economy with quantitative and qualitative analysis of the County’s economic and social environment conducted by Beacon Economics. Beacon’s work culminated in identification of six strategic framework goals:

1. Build Countywide Economic Development Capacity;
2. Build, Support, and retain a Robust and Adaptable Monterey County Workforce;
3. Address Housing Shortage, Affordability and Barriers to New Development;
4. Foster Development of Growing Established and Emerging Clusters;
5. Strengthen Small Business and Entrepreneurship Environment; and
6. Expand the regional Broadband Infrastructure.

In addition to summarizing the status of the local economy and areas of opportunities, the focal point of the CEDS is identification of projects that may be eligible for federal grant funding. Each jurisdiction and the County are then eligible to prepare individual grant applications for funding.

OTHER AGENCY INVOLVMENT

The CEDS committee has reviewed the document and recommended that it be presented to the Board of Supervisors for adoption.

FINANCING:

There is no additional cost to the General Fund. The County's cost to manage development of the CEDS was funded out of the General Fund support for the Economic Development Department Fund 001\1050\8514\6607\CAO038\.

Receiving this report does not have any financial impact.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The CEDS document will support these Board approved Strategic Initiatives:

Check the related Board of Supervisors Strategic Initiatives:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by:

Recommended by:

Anastacia Wyatt
Housing Program Manager

Dewayne Woods
Assistant County Administrative Officer

Attachments: Attachment A, Draft Comprehensive Economic Development Strategy (CEDS)
Attachment B: Resolution



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD., DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

Staff Report

DATE: April 27, 2021

TO: Honorable Mayor and City Council

FROM: Jeffrey J. Hoyne, Acting City Manager

SUBJECT: Receive information on costs associated with updating the City's Records Retention Policy.

CEQA: This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

Recommendation

Receive information about a proposed contract for development of a new records retention policy and give direction to staff.

Background

The City of Del Rey Oaks currently utilizes an outdated records retention policy and schedule. The current records retention policy was last updated on April 1, 2009. A contemporary and properly constructed records retention policy ensures that the City is properly maintaining public records as required by law, as well as allowing staff to purge unnecessary files and documents to ensure effective and efficient operations.

Discussion

One of the City's current planning goals is to *"enhance the City's effectiveness and efficiency."* At the City's February 2, 2021 Strategic Planning Session, one of the six-month objectives the City Council and City Staff set was to "research costs and bring a recommendation to City Council for action on updating the City's Records Retention Policy."

Staff researched vendors and made inquiries with other municipalities and government agencies regarding possible vendors for this project. Gladwell Governmental Services was selected as the preferred vendor because of their extensive experience developing records retention policies for over 200 California municipalities and special districts, and feedback from agencies familiar with their work. The scope of services that Gladwell Governmental Services would provide would be a complete redo of the City's current records retention policy and provide key staff with training regarding the policy and the maintenance of records utilizing the new records retention schedule.

Economic Impact

The cost of this contract is \$4900. Costs for a yearly update to keep the policy and schedule current are \$250 per year.

Recommended Action

Authorize the City Manager to enter a contract with Gladwell Governmental Services to craft a new records retention policy/schedule and provide training to staff.

Attachments:

- Scope of services proposal

PROPOSAL FOR CITY OF DEL REY OAKS EXECUTIVE SUMMARY

A recent Coopers & Lybrand study showed that records and information systems often represent 50% of the total cost of doing business, and the average office makes 19 copies of each document.

Average Costs:

- **\$20 to file each document**
- **\$1.50 to retrieve each document**
($\$20 \times 19 \text{ copies} = \380 to file)

The average office loses 1 out of 20 office documents. It then costs:

- **\$120 to search for the document**
- **\$250 to recreate it, if lost**
($1 \text{ lost document} = \370)

This proposal will result in the following benefits to Del Rey Oaks:

1. Ensure efficiency and consistency.
2. Free Office and Storage Space.
3. Ensure fast response times and excellent customer service levels.
4. Provide an efficient "base" for operations in future years.

The President of Gladwell Governmental Services, Inc., Diane R. Gladwell, is a Master Municipal Clerk that has developed records management programs for over 200 California Special Districts and cities. Ms Gladwell was a City Clerk for six years, and has an excellent knowledge of government operations and document imaging. She is recognized as a leading expert in records management and has an excellent knowledge of the industry, products and vendors as well as hands-on user and administration experience with many systems. Ms. Gladwell is the author of several publications on records management, business process reengineering (BPR), and document imaging, and is a noted speaker (including AIIM, ARMA, and COMDEX). In addition, Ms. Gladwell has received multiple awards for document imaging / records management and administration.

GGs's legal research and knowledge in the retention of California government records is unsurpassed, as noted by one of our clients:

"Her knowledge of municipal government and its structure are immense and her legal research was flawless."

Ms. Gladwell has no vendor affiliations, and therefore can provide objective advice and recommendations, where appropriate.

SCOPE OF WORK RECORDS RETENTION SCHEDULES

Phase 1: Records Retention Administration Only – Best Practices Videoconferences

Gladwell Governmental Services, Inc. (GGS) will provide all services via e-mail and video conference and will meet with departments and provide requested changes to GGS, who will ensure the legal sufficiency and consistency with Best Practices in other California cities.

Pre-existing copyright-protected records retention schedules developed by GGS will be customized to be organized to reflect the City's organizational structure, and schedules will include all current laws and will show which records could be scanned into the document imaging system, and will identify if, and when, the paper version should be destroyed after imaging. Vital records will be identified, assisting the City in developing their disaster recovery plan.

Deliverables:

- Records Retention Schedules for all City Departments
- Index to retention schedules
- Draft resolution of adoption
- Draft staff report
- Videoconferences with each Department (No on-site Meetings)

Phase 2: Implementation Training / Destruction Procedures and Videoconference

GGS will design written instructions, policies, procedures and form to ensure all laws, policies and procedures of the City are followed in the most cost-effective manner possible.

In addition, GGS will facilitate a 1 hour "kickoff" meeting via videoconference to demonstrate the procedures, train employees and answer any questions.

Deliverables:

- Policies, Procedures and Forms for destroying records in compliance with laws and "best practices"
- Various Planning meetings (telephone & e-mail)
- City-wide Training Meeting via Videoconference

TOTAL COST: \$4,900 for both Phase 1 and Phase 2

The Year After Adoption: Subscription to Keep Retention Schedules Up-to-Date

The subscription includes:

- Legal review of all changes for the year (presented in "Track Change" format,)
- Additional changes requested by your employees,
- Approval forms and assistance,
- Re-writing of the index to your schedules to reflect the changes made,
- Unlimited e-mail and telephone assistance / Q&A throughout the year.

\$250 a year (July 1 – June 30); Subscription continues until cancelled by the City.

METHODOLOGY

All work is performed by the President of Gladwell Governmental Services, Inc. Assignments are not delegated to less skilled personnel or subcontractors, assuring the project is well-coordinated without communication problems or scheduling conflicts among various consultants and their other projects. In addition, this also assures the highest quality work.

The consultant proposes to build on the progress already made in the organization and the pre-existing intellectual property of GGS, ensuring consistency and high levels of quality for the project.

The project will be structured to increase participation, expedite results, minimize costs and ensure the successful implementation of an excellent program by temporarily employing the skills and knowledge of the contractor as needed.

This approach is customized for LFPD to ensure the program:

- Is interactive, producing a high level of participation and ownership;
- Matches the organization's values and structure;
- Provides appropriate solutions;
- Can be implemented quickly;
- Will achieve long-term viability; and
- Has the highest cost/benefit ratio and return on investment.

Drafts of all work will be released to LFPD during the course of the project. LFPD will have an opportunity to edit and comment on these drafts, assuring that (1) the City will maintain control of the project, and (2) the current work of the organization supports the final program. In addition, on-site visits, e-mail, and telephone communications will keep LFPD apprised of the work progress.

The consultant will provide the computer facilities, forms and equipment necessary to complete the work in this proposal. A resident workspace will be necessary when the consultant is on-site with access to computer systems, a photocopier, and LFPD staff for information.

"...a records management program is actually a money saver - a protection against ineffective operations. It is even more significant as a safeguard against disaster and lawsuits"

-ICMA (International City/County Management Association)

RESUME

SUMMARY

Diane R. Gladwell is a Master Municipal Clerk with over twenty years experience managing in public and private sectors. Recipient of multiple awards recognizing excellence in municipal clerk administration. Facilitator, author and instructor for document imaging, best practices and reengineering in over 200 organizations, including AIIIM, ARMA and COMDEX.

PROFESSIONAL BACKGROUND

Gladwell Governmental Services, Inc.
President

1989 to present

Clients have included over 200 California Cities, Special Districts and Counties. Projects have included:

1. Organization-wide and Department-level Records Management Programs:
Retention Schedules, Procedures, Manuals and Training
2. ECMS / Document Imaging / Trustworthy Electronic Records System Acquisition or Remediation
3. E-mail and electronic records
4. Educational Programs and Publications in Technology, Business Process Reengineering,
Best Practices, Records Management and other subjects.
5. Facilitation of Business Process Reengineering.
6. Elections Management.

City of San Luis Obispo
City Clerk

1992 to 1995

As a member of the management team, responsible for records management, election administration, municipal code maintenance, FPPC disclosures, special event permits, City Council support, and coordination of over 20 boards and commissions for the City of San Luis Obispo. Administration of the agenda process and all public notification and advertisement.

Received the Presidents Award of Distinction for Excellence in Organization and Administration from the California Clerks Association (1994). Reduced expenses by 22% while increasing services to the public; developed "InfoSLO" computerized information kiosk, electronic advertising and electronic agendas; reengineered all programs and processes in the Division.

City of Glendale
Assistant City Clerk

1989 to 1992

As a member of management, responsible for records management, election administration, municipal code maintenance, FPPC disclosures, business licensing, film permits and special events for Glendale (population 187,000). Supervised Council and Redevelopment Agency agendas, packets and minutes preparation as required; administrated publication and mailing of legal notices, bids, and process claims for the City. Develop, presented and administrated City Clerk annual budget of \$800,000. Acted as Public Information Officer for the City during emergencies (Glendale fire, storm damage). Supervised a staff of nine who serve a culturally diverse community.

Developed, implemented, and administrated a Citywide records management program based on optical disk technology which has received international, national and state awards for exceptional records management programs.

Proposal for Del Rey Oaks

Submitted by Gladwell Governmental Services, Inc. 909.337.3516 www.gladwellgov.org

page 5

**Food 4 Less / Market Basket / Viva / Boys Markets
Credit Management Services Supervisor**

1980-1989

Administered payment systems and collections for a chain of 50 grocery stores (over five million transactions annually.) Records management for payment transactions, criminal and civil incidents for chain. A key member of the management team that developed and implemented computerized Electronic Funds Transfer for checks and credit cards as well as several custom applications to track returned items and issue check cashing cards. Budget development and administration for four Divisions representing expenditures of over \$8,000,000.

EDUCATION

Pacific Southern University, Los Angeles: Bachelor of Science, Business Administration
California Polytechnic University, LFPD: Business administration courses
Citrus College, Azusa: Associate of Science, Business Administration
UCLA: Business management courses
Institution de Technologico, Yucatan, Mexico: Attended institute as a foreign exchange student
ESRI Geographic Information Systems (GIS) training

HONORS

Excellence in Records Management Programs;
Association of Records Management Administrators (ARMA)
President's Award of Distinction for Excellence in Organization and Administration;
City Clerks Association of California (CCAC)
Records Management Award for Exceptional Municipal Programs Utilizing Alternative Technologies;
International Institute of Municipal Clerks (IIMC)
President's Award for Excellence in Public Presentations and Published Articles;
City Clerks Association of California (CCAC);
Rotary, International, Lake Arrowhead Chapter: (2) Special Service Awards for Projects which raised over \$40,000 for fire victims.
Rotary District 5330 "Service with Passion" Award
(3) Honorary Service Awards (California PTA, for outstanding service to youth and community)
Life Member: Delta Mu Delta, Alpha Gama Sigma and California Scholarship Federation
Listed in Who's Who of Executives and Professionals
2017 Woman of Distinction Award, California 23rd Senate District

PRESENTATIONS AND PUBLICATIONS

University of Riverside, Extension / Technical Track for Clerks: Records Management, Elections
AIIM (Association for Information and Image Management)
ARMA (Association of Records Managers and Administrators)
IIMC (International Institute of Municipal Clerks)
CCAC (City Clerks Association of California)
Government Technology Conference
Co-Author: Ballot Counting Procedures and Guidelines (various voting systems)
Author: Document Imaging
Efficient Filing
Funding Records Management Projects
Elections Management and Performance Measurement
Various articles published by ARMA, ICMA, IIMC and NAGARA

PROFESSIONAL MEMBERSHIPS

AIIM Professional Level Member
Association of Records Managers and Administrators
City Clerks Association of California (*Past First Vice President, Past Second Vice President*)
International Institute of Municipal Clerks (*Past Chair, Resource Committee, Membership Task Force, Past Chair, Records Management Committee*)
National Association of Government Archives and Records Administrators (NAGARA)
Rotary, International

Proposal for Del Rey Oaks

Submitted by Gladwell Governmental Services, Inc. 909.337.3516 www.gladwellgov.org

RESOLUTION NO. 2021-09

A RESOLUTION OF THE DEL REY OAKS CITY COUNCIL IN APPRECIATION OF DEDICATED SERVICE TO THE CITY OF DEL REY OAKS BY DINO PICK

WHEREAS, Dino Pick served as the Manager of the City of Del Rey Oaks from March 2017 to February 2021; and

WHEREAS, Dino's financial acumen and leadership transformed Del Rey Oak's financial position from one of near bankruptcy to being fiscally solvent and the strongest in the city's 67 year history; and

WHEREAS, Under Dino's leadership and financial stewardship, Del Rey Oaks paid off \$500,000.00 FORA debt and established its first reserve fund of over \$1.5 million; and

WHEREAS, Dino conceived, drafted a plan for, negotiated and implemented the merger of the Monterey Regional Airport's Police Department with Del Rey Oaks resulting in additional police coverage for the Airport and the City at a reduced cost to both saving \$250,000.00 annually for each jurisdiction; and

WHEREAS, His tireless work as Chair of the Administrative Committee of the Fort Ord Reuse Authority brought \$9,619,399.00 to the City's Capital Improvement Program Fund; and

WHEREAS, Dino provided the leadership and guidance to our Public Works and staff resulting in the revitalization of our park and green space, to include the elimination of the dog park fees; and

WHEREAS, Dino with an eye on protecting the environment initiated, carried out plans, and completed the installation of the solar panels on City Hall; and

WHEREAS, Dino coordinated the DRO segment of FORTAG and synchronized efforts among several agencies to provide a safe pathway for bikers and walkers; and

WHEREAS, Dino facilitated the recruiting of Jeff Hoyne to the Position of Chief of Police, and subsequently his promotion to the position of Acting City Manager; and

WHEREAS, Dino conducted regular monthly meetings with citizens to promote transparency, during which he treated all with dignity, respect and politeness; and

WHEREAS, Dino has the ability to remain focused on the issues and work towards solutions that were not driven by emotions through incorporating expert opinions, Council desires and public input; and

WHEREAS, Dino always created a welcoming atmosphere at City Hall where he always made time for residents and Council Members; and

WHEREAS, His staff enjoyed and respected his hard work and leadership; he fostered a positive and productive work environment like no other; and

WHEREAS, Dino was always fair and honest; and

WHEREAS, He was respected and admired by community leaders and City Staff for his hard work and leadership; and

WHEREAS, Dino was committed to the success of Del Rey Oaks and often dedicated much of his time outside of normal business hours; and

WHEREAS, We thank Dino Pick for all he has done for Del Rey Oaks and wish him success and happiness in his future endeavors; and

NOW, THEREFORE, be it resolved that the City Council of the City of Del Rey Oaks does hereby approve Resolution number 2021-09 in Appreciation of the Dedicated Service to the City of Del Rey Oaks by Dino Pick.

PASSED AND ADOPTED as a resolution of the City Council of the City of Del Rey Oaks at a meeting held on this 27th day of April, 2021.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Patricia Lintell, Vice Mayor

ATTEST:

Jeffrey Hoyne, City Clerk



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD., DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

Staff Report

DATE: April 27, 2021

TO: Honorable Mayor and City Council

FROM: Jeffrey J. Hoyne, Acting City Manager

SUBJECT: Consider a revised 5-step developer selection process regarding the current RFQ for the Former Ft. Ord property.

CEQA: This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

Recommendation

Receive information about a revised 5-step developer selection process and give direction to staff.

Background

In October of 2019, the City published a Request for Qualifications (RFQ) for letters of interest regarding development on 230 +/- acres of the former Fort Ord property. Several steps in the selection process were completed, however the global COVID-19 pandemic halted further progress. In September of 2020 staff re-initiated discussions with responding development groups and have crafted a revised process for moving forward.

Discussion

Staff has been working on updating the developer selection process for the former Fort Ord property including: efforts to determine if the original finalists were still interested in moving forward with the process; determining if a new development group was eligible to participate in the process; and designing a revised process for moving forward. At the March 23, 2021 City Council meeting, staff presented a revised 5 step process for the Councils consideration. The new process would include: City efforts to meet obligations under the Surplus Land Act; conducting community outreach; scheduling developer presentations; conducting developer interviews; and selecting a finalist to enter into an Exclusive Negotiating Agreement (ENA) with.

Economic Impact

The economic impact of this action will be determined by the scope of the preparation and execution of the process, and any future agreements with a possible developer that could mitigate the costs. The costs will be funded with the Planning line item in the City's budget.

Recommended Action

Direct staff to proceed with the updated 5-step developer selection process regarding the current RFQ for development on the former Ft. Ord property.

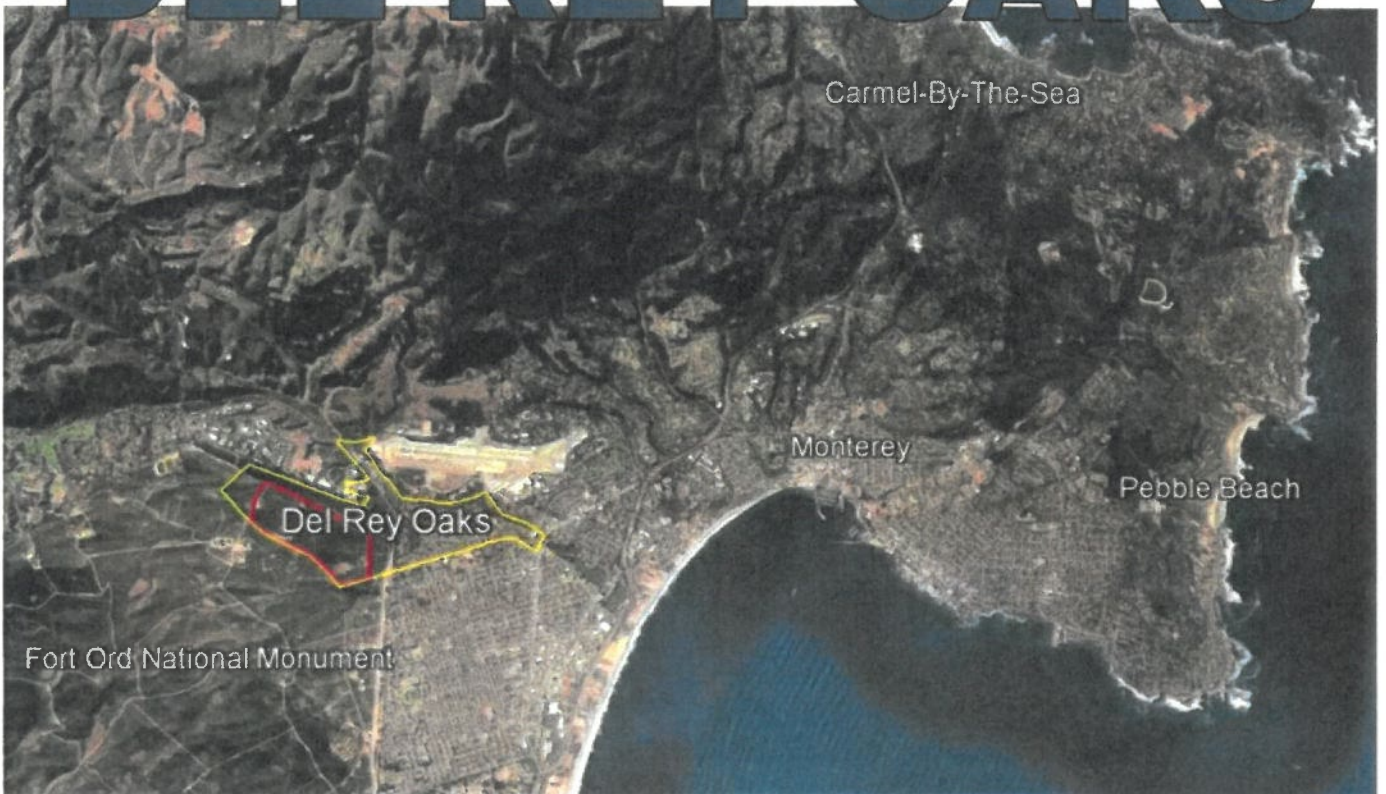
Attachments:

- October 2019 RFQ for City owned FORA property
- November 26, 2019 Staff Report updating the RFQ process
- Proposal for revised 5-step process

MONTEREY PENINSULA MASTER DEVELOPMENT OPPORTUNITY

+/- 230 ACRES

DEL REY OAKS



The City of Del Rey Oaks is pleased to present the opportunity to engage in a public-private partnership to master develop a location on the Monterey peninsula located on the former Fort Ord Military Installation. Del Rey Oaks envisions an addition to our community that incorporates cultural, recreational, residential, and commercial uses. Public investment in the area will include \$8 million for road improvements on South Boundary Road and additional funding for trail and utility infrastructure.

Developing the future of Del Rey Oaks



Del Rey Oaks *California*

Development Opportunity

The City invites Letters of Interest for a master planned development that complements our existing community.

Developers are encouraged to consider a development with combination of the following priority elements (not all elements have to be included):

Cultural - Community Center with Performing Arts and Art Exhibition Space, Nature Center, and Library.

Recreational - Recreational Trail, Parks, Sports Fields, and Courts.

Commercial and Residential— Café, Restaurants, Local Vendor Market, Mixed-Income Multifamily and Single Family Residential, Flex Industrial, and Hotel.

Community Serving— Outdoor Space/Public Plaza, Teen Activity Center, Primary School, Classroom, and Pre-School/Day Care.

Developer Submittal Requirements

Qualified developers are asked to submit a Letter of Interest with the following:

- General site concept or ideas that conform with the above vision. This may include overview of design, proposed land uses, renderings, etc. Detailed site plans are not required at this time.
- Project team member qualifications
- Demonstration of financial capacity to develop the Project as proposed.
- At least three representative projects of similar scale and type.
- Experience with California development and Federal reuse development.
- Contact information for public-agency references from previous projects.

Further information will be requested from selected development teams.

Preliminary Timeline

- Release of Offering Memorandum.....October 4, 2019
- Submittals Due.....October 25, 2019
- Developers Notified of Preliminary Determination.....November 15, 2019
- Selected Applicants Present to Council.....November 26, 2019

Additional steps may be identified throughout the application review process. The City reserves the right to interview selected applicants and request additional information such as detailed site and financial plans.

If you would like more information, including detailed instructions on submit a proposal, **please contact Kim Carvalho at kcarvalho@delreyoaks.org or 831.394.8511.** More information can be found on the Del Rey Oaks website at www.delreyoaks.org/development

The Opportunity:

Partner with the City of Del Rey Oaks to Master develop a 230 acre community. The City has \$8 million dedicated for the improvement of South Boundary Road.



The Environment:

The site is central to the Monterey Peninsula and is the sunbelt which enjoys more sunny days than its neighbors. The location borders the 14,650 acre Fort Ord National Monument with 86 miles of rugged trail. It is the gateway to the Laguna Seca Raceway which is home to annual races such as the Sea Otter Classic, Rolex Monterey Motorsports Reunion, Monterey Grand Prix, Superbikes World Championship, and the Trans Am SpeedFest. This location is minutes away from the Monterey Peninsula Regional Airport, Cannery Row, Fisherman's Wharf, and Pebble Beach, home of the world famous Pebble Beach Pro Am and Concours d'Elegance.





Del Rey Oaks *California*

The Space

APN	031-191-026
Acreage	+/- 230
Zoning	Neighborhood Commercial with Visitor Overlay (C-1-V)
Water	183 acre feet of Potable Water
Max Building Height	30 Feet
Ownership	City of Del Rey Oaks

The City will consider zoning changes to make the right project feasible.





CITY OF DEL REY OAKS

STAFF REPORT

DATE: November 26, 2019

TO: Honorable Mayor and City Council

FROM: Danial D. Pick, City Manager

SUBJECT: Status of Development of City Owned Parcels (APN 031-191-026) on the Former Fort Ord.

CEQA: This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378.

RECOMMENDATION

That Council receive a report and provide direction to staff.

BACKGROUND

In 2005 the City acquired a tract of land on the former Fort Ord from the Fort Order Reuse Authority. The tract is composed of several parcels, which are shown on the attached Tentative Parcel Map, and are known individually as Parcels A, B, C, D, and the "CalTrans Right of Way Parcel" (together the "Parcels").

In 2014 the City sold Parcels A, D, and the Cal Trans Right of Way Parcel to Monterey Peninsula Partners ("MPP") for \$3M, with the option to purchase Parcels B and C for \$17M.

In 2016 MPP entitled the Monument RV Park by initiative measure on Parcel D and the CalTrans Right of Way Parcel. Currently, there is no planned development on Parcel A though it is reasonable to assume it may be developed in conjunction with the Parcels B & C. Development has awaited the extension of public infrastructure including water, sewer, electricity and gas to the properties. The recent favorable result of litigation relating to South Boundary Road clears the path to extend the public infrastructure to Parcels B & C.

In 2018 MPP and Three Cedars, LLC agreed to become joint venturers to pursue the opportunity to develop the Parcels B & C. The new venture created Oak Ridge Development Group, LLC ("Oak Ridge"). After initial discussions, Oak Ridge informed the City it would no longer pursue development of Parcels B & C.

Subsequent to Oak Ridge informing the City it would no longer pursue development of Parcels B & C, Staff published the attached Request for Proposals on October 4, 2019 seeking a development partner for the City property.

SUMMARY AND DISCUSSION

There was significant interest from the development community in response to the Request for Proposals. Staff met with six development teams and received three submittals by the October 25, 2019 deadline.

Staff met internally to review the submittals and selected the top two for interviews. Interviews were conducted by panel of City staff, consultants and two members of City Council on November 22 and

25. Interviews included discussion of terms for an Exclusive Negotiating Rights Agreement, which includes robust public outreach, milestones to complete full environmental review, development of a specific plan and disposition and development agreement, and preservation of sufficient water allocation to support the development of the City's remaining 18.53 acres of former Fort Ord property. Staff will present its recommendation to Council at the next City Council meeting.

FISCAL IMPACT

There is no impact from receiving this report.

Respectfully Submitted,

Danial Pick
City Manager

Attachments:
Del Rey Oaks Master Development Opportunity

DEL REY OAKS CITY COUNCIL UPDATE

Prepared by
Economic & Planning Systems
in conjunction with
Denise Duffy & Associates
for the City of Del Rey Oaks



Economic & Planning Systems, Inc.
The Economics of Land Use



916.649.8010 ■ www.epsys.com
Sacramento, CA



INITIATING NEGOTIATIONS



5-TRACK PROCESS TOWARD INITIATING EXCLUSIVE NEGOTIATIONS

TRACK 1 & 2

- **Track 1: Legal**

Understand and satisfy any obligations relative to AB 1486, Surplus Land Act.
30-45 days

- **Track 2: City/Community Discussions**

EPS and DDA collaborate to develop opportunities and constraints analysis of City-owned developable property.

A major topic will be the degree of and location of commercial development to ensure strong fiscal results.

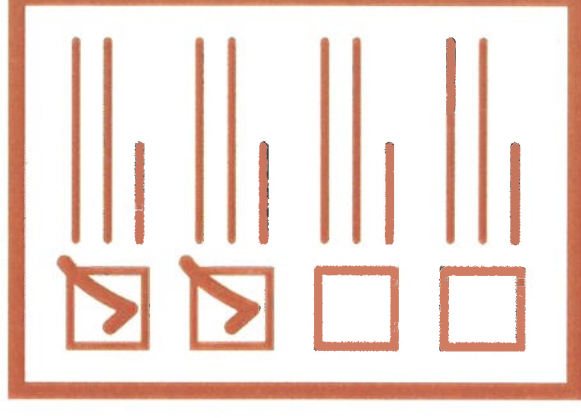
Present issues and options at a community workshop, and supplement with a simple survey to gather community input.
45 days



5-TRACK PROCESS TOWARD INITIATING EXCLUSIVE NEGOTIATIONS

TRACK 3, 4, & 5

- **Track 3: Updated/Completed Developer Submissions**
McKellar-McGowan and City Venture have provided a written statement of their interest in response to the City's original RFQ.
[this track is completed]
- **Track 4: Prepare For and Conduct Interviews**
Next step - provide each developer with a list of questions.
- **Track 5: Exclusive Negotiation Agreement Execution**
Initiate negotiation of deal terms.





ECONOMIC ANALYSIS

ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASK 1

Task 1: Commercial Land Use Prospects

- A. Retail sales leakage to other areas: opportunities to capture?
- B. New support for neighborhood retail
(assuming primarily residential buildout of Fort Ord)
- C. Office prospects (emphasis on medical office)
- D. Industrial prospects
(includes discussion of cannabis-related/other industrial)



ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASKS 2 & 3

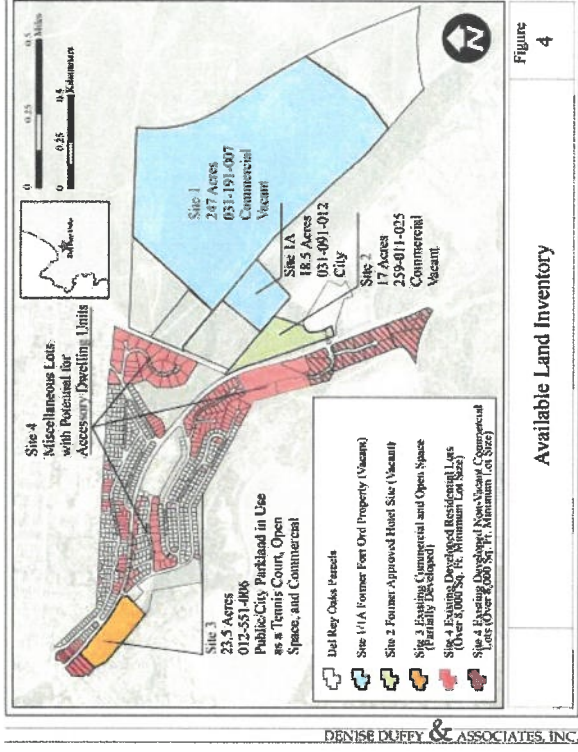
Task 2: Summary of Key Sites

DDA - site summary and information sheets on current land uses, constraints for development and other pertinent property data (DDA); EPS - appropriate uses and options, development constraints and implications for product type

- A. Fort Ord – main parcel (247 acres)
- B. 17-acre parcel
- C. Parcel 1A (18.5 acres)
- D. Public works/RV storage

Task 3: Summary of Development Potential on Sites

Issues and options



TASKS 4, & 5

**Task 4: Key Issues and Questions for Community Survey
Related to Development Types/Locations and Related
Community Concerns**

(Assumes independent contractor or City will administer)

**Task 5: Discuss Implications for Fort Ord Developer Selection
Process
(internal)**



BUDGET

EPS & DDA TEAM

Item	EPS	DDA	TOTAL
Task 1	\$7,125	\$375	\$7,500
Task 2	\$375	\$2,125	\$2,500
Task 3	\$1,625	\$875	\$2,500
Task 4	\$1,500	\$1,000	\$2,500
Task 5	\$1,500	\$1,000	\$2,500
Total	\$12,125	\$5,375	\$17,500
	69%	31%	100%



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD., DEL REY OAKS, CALIFORNIA 93940

PHONE (831) 394-8511 FAX (831) 394-6421

Staff Report

DATE: April 27, 2021

TO: Honorable Mayor and City Council

FROM: Jeffrey J. Hoyne, Acting City Manager.

SUBJECT: Consider contract for services with Economic Planning Systems to provide an analysis of undeveloped City owned properties, related to their economic development potential.

CEQA: This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

Recommendation

Receive information about a proposed contract for an economic study of undeveloped City properties and give direction to staff.

Background

The City of Del Rey Oaks is currently conducting a developer selection process for the City's former Fort Ord property. This process was started with a Request for Qualifications (RFQ) in October of 2019. The process was put on hold due to the COVID-19 pandemic for the majority of 2020. In September of 2020, the City initiated conversations with the original two finalists, and received interest from a new development group wishing to participate in the process. The City is currently reviewing options for the next steps in the process, including a review of all the City's undeveloped property to gain a greater understanding of their economic potential.

Discussion

At the February 2021 City Strategic Planning session, the City Council directed staff to present a report on the economic potential of all undeveloped City owned properties. City staff, in conjunction with its contract planning staff at Economic Planning Systems and Denise Duffy and Associates, developed a scope of work for the report, and presented the proposed format at the March 23, 2021 City Council meeting.

The scope of work for this contract entails: an economic study of undeveloped City owned, properties - focusing on their economic potential; the development challenges and opportunities of each property; and initiation of a public outreach program to obtain resident feedback on the City's

development efforts. This study will assist the City Council and the community in its development discussions and decisions moving forward.

Economic Impact

The cost of this contract is \$17,500.

Recommended Action

Authorize the City Manager to enter a contract with EPS for an economic study of the City's undeveloped properties.

Attachments:

- March 23, 2021 City Council Presentation

DEL REY OAKS CITY COUNCIL UPDATE

Prepared by
Economic & Planning Systems



Economic & Planning Systems, Inc.
The Economics of Land Use

Sacramento, CA
916.649.8010 ■ www.epsys.com

AGENDA ITEM B – INFORMATIONAL ITEM

DEVELOPMENT UPDATE AND DISCUSSION OF CITY-OWNED
PROPERTIES



**UPDATE TO DEVELOPER SELECTION PROCESS
AND STEPS TO INITIATING NEGOTIATIONS**

5-TRACK PROCESS TOWARD DEVELOPER SELECTION AND INITIATING EXCLUSIVE NEGOTIATIONS

TRACK 1 & 2

- **Track 1: Legal**

Alex Lorca, City Attorney, to lead evaluation of obligations relative to AB 1486, Surplus Land Act.

- **Track 2: City/Community Discussions**

EPS to conduct economic analysis, including defining opportunities and constraints for City-owned developable properties. DDA to assist with constraints analysis and land use evaluation.

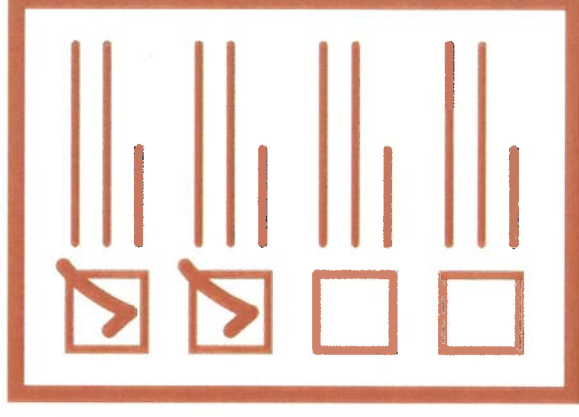
A key aspect will be solving for an overall mix of development that is fiscally positive, so a major topic will be the degree of and location of commercial development. Present issues and options at a community workshop, and/or supplement with a simple survey to gather community input.



5-TRACK PROCESS TOWARD DEVELOPER SELECTION AND INITIATING EXCLUSIVE NEGOTIATIONS

TRACK 3, 4, & 5

- **Track 3: Updated/Completed Developer Submissions**
McKellar-McGowan submitted a response in the original round that could be updated. City Venture has provided a written statement of their interest in response to the City’s original RFQ.
- **Track 4: Prepare For and Conduct Interviews**
Within 15 days of completion of Track 3, provide each developer with a list of additional questions for each developer. Interviews conducted and public presentation by developers.



- **Track 5: Select Developer and Initiate Exclusive Negotiation Agreement/Execution**
City Council selects developer at public meeting
City initiates negotiation of deal terms.

ECONOMIC ANALYSIS OF CITY OWNED PROPERTIES

ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASK 1

Task 1: Commercial Land Use Prospects

- A. Retail sales leakage to other areas: opportunities to capture?
- B. New support for neighborhood retail
(assuming primarily residential buildout of Fort Ord)
- C. Office prospects (emphasis on medical office)
- D. Industrial prospects
(includes discussion of cannabis-related/other industrial)



ECONOMIC ANALYSIS: CITY-OWNED LAND DEVELOPMENT POTENTIAL

TASKS 2 & 3

Task 2: Summary of Key Sites

DDA - site summary and information sheets on current land uses, constraints for development and other pertinent property data (DDA); EPS - appropriate uses and options, development constraints and implications for product type

- A. Fort Ord – main parcel (247 acres)
- B. 17-acre parcel
- C. Parcel 1A (18.5 acres)
- D. Public works/RV storage

Task 3: Summary of Development Potential on Sites

Issues and options

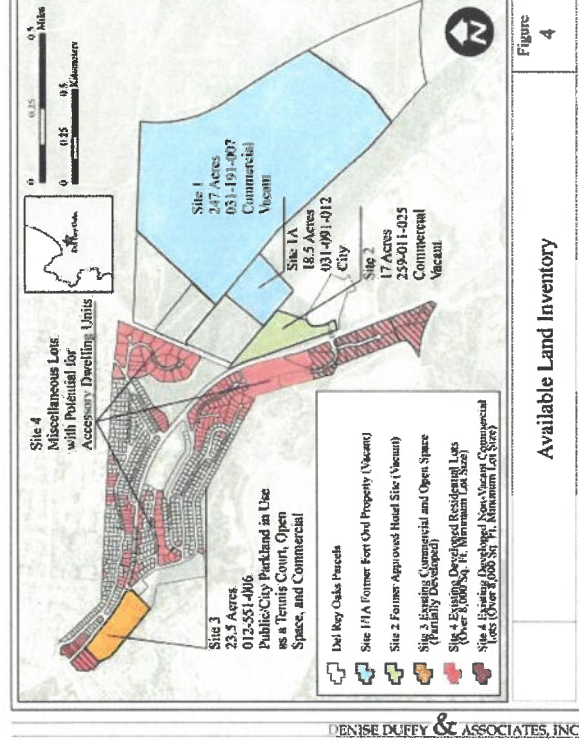


Figure 4
Available Land Inventory

TASKS 4, & 5

**Task 4: Key Issues and Questions for Community Survey
Related to Development Types/Locations and Related
Community Concerns**

**Task 5: Discuss Implications for Fort Ord Developer Selection
Process**



CITY OF DEL REY OAKS

Staff Report



DATE: April 27, 2021

TO: Honorable Mayor and City Council

FROM: Jeffrey J. Hoyne, Acting City Manager

SUBJECT: Audited Financial Statements for fiscal year ended June 30, 2020

CEQA: This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

Recommendation

Receive the audited financial statements for the fiscal year ended June 30, 2020.

Background

The City's financial statements were audited by Chavan & Associates, LLP. The audit of the financial statements is an annual requirement.

Summary & Discussion

Auditor's Opinion

The auditors, Chavan & Associates, stated on page 2 of the Auditor's Annual Financial Report ("Report") (Attachment 1), that the financial statements in the Report "present fairly, in all material respects" the City's financial position and results of operations for the fiscal year ended June 30, 2020. The audit includes a report on internal controls beginning on page 59 of the Report. The report noted no findings.

The Report contains information about the City's finances in accordance with Governmental Accounting Standards. A summary of the City's finances can be found in the section titled "Management Discussion and Analysis" beginning at page 5 of the Report. Staff will highlight some of the most important numbers in the financial statements in this Staff Report.

Statement of Net Position of \$4,392,719, page 11

The Statement of Net Position shows a total Net Position of \$18,967,995. Readers of the financial statements should keep in mind that the Statement of Net Position treats the City as if it was a business using full accrual accounting. This statement therefore takes into account all assets, including those that cannot be sold or used by anyone else, and all the liabilities, including those

that will be paid in the distant future. It then divides the Net Position (assets and deferred outflows, minus liabilities and deferred inflows) into five major categories. "Net invested in capital assets" is the total of all fixed assets less any debt on those assets. The Net Position of \$18,967,995 shows that the City's finances are in a positive position.

Positive Change in Net Position of \$14,575,276, page 12

The Statement of Activities, like the Statement of Net Position, is prepared on a full accrual basis, like a business. It includes depreciation, interest expense accruals, and net gains on sale of property which are not typically reported in Government Funds Statements.

The positive Change in Net Position of \$14,575,276 is due primarily to the fiscal impact of the termination of the Fort Ord Reuse Authority on June 30, 2020.

Balance Sheet – Unassigned unappropriated fund balance of \$260,058 in the General Fund, page 13

The Balance Sheet is prepared on a modified accrual basis, which more closely resembles how the City budgets. It takes into account only current assets (assets that can be readily converted to cash) and current liabilities (liabilities that will be paid within the next year). It shows an "Unassigned Unappropriated" fund balance of \$260,058. This represents funds available to spend at June 30, 2020.

All other funds reported have restrictions as to what the monies can be spent on as shown on the Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balances of \$4,565,777, page 15

The Statement of Revenues, Expenditures and Changes in Fund Balance is prepared on the same basis as the budget. It shows excess revenues over expenditures in the General Fund of \$71,551. The major reason for the increase in fund balance is the \$4,465,100 release of the City's obligation to FORA when the former FORA properties are sold. The requirement to turn over 50% of the proceeds of the sale of land to FORA ceased when FORA terminated operations on June 30 2020.

The other major increases in fund balances were also due to the FORA termination.

Note 5 – Long-Term Debt \$2,246,994, page 33

Page 33 shows the long-term debt of the City as of June 30, 2020, which is an important number. The FORA loan of \$565,455 was paid off during the year and the compound interest on it was forgiven. The Federal Group debt totals \$1,442,059 which is not due and payable until sales or development takes place on the former Fort Ord land. It is expected that any development or sales should cover this debt.

Auditor's Report on Internal Controls

As part of the audit, the auditor issued an Independent Auditor's Report on Internal Control over Financial Reporting, which states on page 59 of the Report that there are no findings.

Management Letter

As part of the audit, the auditors issued some Management Points (Attachment 2). The Management Points are comments and recommendations which are intended to improve the internal controls or result in operating efficiencies. The far-right column of the attached Management Points shows the City's response to the Management Points. All the Management Points have been addressed.

Governance Letter

As part of the audit, the auditors issued a Governance Letter (Attachment 3). The Governance Letter describes their responsibilities and communicates any items the auditor is required to disclose.

Fiscal Impacts

This item has no fiscal impact. It reports the results of the 2019-20 fiscal year's operations.

Recommended Action

Receive the audited financial statements for the fiscal year ended June 30, 2020.

ATTACHMENTS:

1. Annual Financial Report for the fiscal year ended June 30, 2020
2. Management Letter and Points from Chavan and Associates, city auditor
3. Governance Letter from Chavan and Associates, city auditor

Respectfully Submitted,

Jeffrey J. Hoyne
Acting City Manager

City of Del Rey Oaks

Annual Financial Report

June 30, 2020



Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

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City of Del Rey Oaks
Annual Financial Report
For the year ended June 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the
City Council of the City of Del Rey Oaks
Del Rey Oaks, 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 Del Rey Oaks (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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 City'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 City'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, as of June 30, 2020, and the respective changes in financial position and 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, budgetary comparison information, schedule of pension plan contributions, schedule of proportionate share of net pension liabilities, and schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Chavan and Associates, llp
Certified Public Accountants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2021 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

April 1, 2021
San Jose, California



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

INTRODUCTION

The discussion and analysis of the City of Del Rey Oaks' (the City) financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the year ended June 30, 2020 by \$18.97 million. However, \$1.28 million is a net investment in capital assets, restricted net position of \$19.04 million, leaving an unrestricted deficit net position of \$1.36 million.
- The City's total net position increased by \$14.58 million from current year operations.
- The City's governmental funds reported combined ending fund balance of \$20.95 million. The net change in fund balances was an increase of \$14.35 million, mostly to due to assets received from FORA as part of their dissolution.
- The General Fund reported a fund balance of \$11.13 million. The net change was an increase of \$4.6 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 other 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 liabilities, with the difference between the two 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, the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) and redevelopment projects, to assess the overall health or financial condition of the City.

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.

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. The fund financial statements

provide detail information about the most significant funds, not the City as a whole. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are governmental fund types. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide a reconciliation to facilitate the comparison between the governmental fund and government-wide statements.

The City maintains five individual governmental funds. Information is presented in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the nonmajor governmental funds.

Notes to Basic 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.

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 \$14.6 million in fiscal year 2020 from fiscal year 2019. The City's net investment in assets of \$10.19 million is used to provide services to citizens; consequently, these assets are not available for future spending, leaving the City with a deficit for operating purposes.

Summary of Net Position			
As of June 30			
	2020	2019	Increase (Decrease)
Assets			
Current and other assets	\$ 21,087,445	\$ 11,991,017	\$ 9,096,428
Capital assets	2,089,279	2,039,698	49,581
Total Assets	\$ 23,176,724	\$ 14,030,715	\$ 9,146,009
Deferred Outflows of Resources	\$ 384,060	\$ 563,682	\$ (179,622)
Liabilities			
Current and other liabilities	\$ 143,685	\$ 6,034,999	\$ (5,891,314)
Noncurrent liabilities	4,256,386	3,865,387	390,999
Total Liabilities	\$ 4,400,071	\$ 9,900,386	\$ (5,500,315)
Deferred Inflows of Resources	\$ 192,718	\$ 301,292	\$ (108,574)
Net Position			
Net investment in capital assets	\$ 1,284,344	\$ 6,479,271	\$ (5,194,927)
Restricted	19,039,139	4,633,442	14,405,697
Unrestricted	(1,355,488)	(6,719,994)	5,364,506
Total Net Position	\$ 18,967,995	\$ 4,392,719	\$ 14,575,276

- Current assets and capital assets increased while current liabilities decreased primarily due to the release from the obligation in the amount of \$4.5 million, as part of the FORA dissolution.
- Restricted net position increased primarily due to the assets received from the FORA dissolution.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities
As of June 30

Functions/Programs	2020	2019	Increase (Decrease)
Revenue:			
Program Revenues:			
Charges for services	\$ 1,343,856	\$ 1,089,046	\$ 254,810
Operating grants and contributions	361,583	352,577	9,006
Capital grants and contributions	9,682,439	94,755	9,587,684
General Revenues:			
Property tax	660,282	659,580	702
Sales tax	376,614	509,164	(132,550)
Transaction tax	808,102	981,141	(173,039)
Franchise tax	163,594	171,946	(8,352)
Business license tax	213,602	199,160	14,442
Other taxes	651,721	976,708	(324,987)
Investment earnings	36,675	6,938	29,737
Other revenue	14,769	65,356	(50,587)
Total Revenue	14,313,237	5,106,371	9,206,866
Expenses:			
General government	1,314,429	801,150	513,279
Public safety	2,629,147	2,349,959	279,188
Public works	172,593	204,375	(31,782)
Community development	78,017	98,749	(20,732)
Parks	92,286	121,410	(29,124)
Interest on long-term debt	85,427	80,691	4,736
Total Expenses	4,371,899	3,656,334	715,565
Special and Extraordinary Items:			
Special item - gain/loss on disposal of capital assets	168,838	(45,455)	214,293
Special item - release of obligation due to FORA	4,465,100	-	4,465,100
Total Special and Extraordinary Items	4,633,938	(45,455)	4,679,393
Change in Net Position	14,575,276	1,404,582	13,170,694
Net Position, Beginning of Year	4,392,719	2,988,137	1,404,582
Net Position, End of Year	\$ 18,967,995	\$ 4,392,719	\$ 14,575,276

- The increase in charges for services and public safety expenses is due to fiscal year 2020 reporting a full year of police services to the airport, whereas fiscal year 2019 reported only nine months of services.
- The decrease in transaction tax is due to the effects of pandemics.
- The decrease in other taxes is due to the effects of the pandemic on cannabis taxes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets as of June 30, 2020, amounted to \$2 million (net of accumulated depreciation). This amount included land, buildings, improvements, furniture, equipment, and vehicles.

Debt Administration - At fiscal year end, the City had \$2.2 million in debt. New debt for the year was \$279 thousand, which was related to a new loan with TAMC for prefunding of Measure X projects. In addition, the City made payments on debt of \$816 thousand, for a net decrease of \$536 thousand.

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 \$20.95 million. During the current fiscal year, the fund balance of the City's total governmental funds increased \$14.3 million.

FUND BUDGETARY HIGHLIGHTS

General Fund - The original budgeted general fund revenues increased \$350. General Fund estimated budgeted revenues exceeded the actuals by \$162 thousand. The original budgeted general fund expenses increased by \$88 thousand. Actual expenditures were \$408 thousand less than final budgeted expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2020-21 has felt the impact of the COVID-19 pandemic. Due to reductions in Sales tax and cannabis excise taxes, the City took steps to reduce its expenditures and has managed to maintain a balanced budget. As the City and the State come out of the pandemic, the City is seeing a slight increase in sales tax. Cannabis tax is expected to remain low due to the pandemic and the large number of competing dispensaries in the area. The City is expecting to maintain a balanced budget.

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 Del Rey Oaks, 650 Canyon Del Rey Road, Del Rey Oaks, California 93940.



BASIC FINANCIAL STATEMENTS

City of Del Ray Oaks
Statement of Net Position
June 30, 2020

ASSETS	
Current Assets:	
Cash and investments	\$ 3,160,056
Restricted cash and investments	8,644,441
Receivables:	
Taxes	314,755
Other receivables	63,520
Land held for resale	8,904,673
Total Current Assets	<u>21,087,445</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	549,500
Depreciable, net of accumulated depreciation	1,539,779
Total Capital Assets - Net	<u>2,089,279</u>
Total Assets	<u><u>\$ 23,176,724</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
OPEB Adjustments	\$ 57,996
Pension Adjustments	326,064
Total Deferred Outflows of Resources	<u><u>\$ 384,060</u></u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 118,748
Prepaid business licenses	8,255
Prepaid developer deposits	9,063
Long-term debt - due within one year	7,619
Total Current Liabilities	<u>143,685</u>
Noncurrent Liabilities:	
Long-term debt - due in more than one year	2,239,375
Compensated absences	92,224
Net pension liability	1,584,252
Total OPEB liability	340,535
Total Noncurrent Liabilities	<u>4,256,386</u>
Total Liabilities	<u><u>\$ 4,400,071</u></u>
 DEFERRED INFLOWS OF RESOURCES	
OPEB Adjustments	\$ 29,387
Pension Adjustments	163,331
Total Deferred Inflows of Resources	<u><u>\$ 192,718</u></u>
 NET POSITION	
Net investment in capital assets	\$ 1,284,344
Restricted for land held for resale	8,904,673
Restricted for pension	310,397
Restricted for streets and roads	7,473,483
Restricted for habitat management	775,854
Restricted for capital projects	1,574,732
Unrestricted	(1,355,488)
Total Net Position	<u><u>\$ 18,967,995</u></u>

The accompanying notes are an integral part of these financial statements.

City of Del Ray Oaks
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
General government	\$ 1,314,429	\$ 412,088	\$ 143,750	\$ 63,036	\$ 618,874	\$ (695,555)
Public safety	2,629,147	824,266	176,389	-	1,000,655	(1,628,492)
Public works	172,593	54,110	41,444	-	95,554	(77,039)
Community development	78,017	24,459	-	9,619,403	9,643,862	9,565,845
Parks	92,286	28,933	-	-	28,933	(63,353)
Interest and fiscal charges	85,427	-	-	-	-	(85,427)
Total	\$ 4,371,899	\$ 1,343,856	\$ 361,583	\$ 9,682,439	\$ 11,387,878	7,015,979

General Revenues and Special Item:

Taxes:

Property taxes	660,282
Sales tax	376,614
Transaction tax	808,102
Franchise tax	163,594
Business license tax	213,602
Other taxes	651,721

Investment earnings

36,675

Other revenues

14,769

Special item:

Release of obligation due to FORA	4,465,100
Gain (loss) on disposal of capital assets	168,838
Total General Revenues and Special Items	7,559,297

Change in Net Position

14,575,276

Net Position - Beginning of Year

4,392,719

Net Position - End of Year

\$ 18,967,995

The accompanying notes are an integral part of these financial statements.

City of Del Ray Oaks
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	SBR Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,665,554	7,268,813	\$ 2,550,670	\$ 11,485,037
Restricted cash and investments	319,460	-	-	319,460
Receivables:				
Taxes	310,169	-	4,586	314,755
Other receivables	63,520	-	-	63,520
Land held for resale	8,904,673	-	-	8,904,673
Total assets	<u>\$ 11,263,376</u>	<u>\$ 7,268,813</u>	<u>\$ 2,555,256</u>	<u>\$ 21,087,445</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 118,748	\$ -	\$ -	\$ 118,748
Prepaid business licenses	8,255	-	-	8,255
Prepaid developer deposits	9,063	-	-	9,063
Total liabilities	<u>136,066</u>	<u>-</u>	<u>-</u>	<u>136,066</u>
Fund Balances:				
Restricted:				
Land held for resale	8,904,673	-	-	8,904,673
Pension	310,397	-	-	310,397
Streets and roads	-	7,268,813	204,670	7,473,483
Habitat management	-	-	775,854	775,854
Capital projects	-	-	1,574,732	1,574,732
Unassigned:				
Economic uncertainties	1,652,182	-	-	1,652,182
Unappropriated	260,058	-	-	260,058
Total fund balances	<u>11,127,310</u>	<u>7,268,813</u>	<u>2,555,256</u>	<u>20,951,379</u>
Total liabilities and fund balances	<u>\$ 11,263,376</u>	<u>\$ 7,268,813</u>	<u>\$ 2,555,256</u>	<u>\$ 21,087,445</u>

The accompanying notes are an integral part of these financial statements.

City of Del Ray Oaks
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 20,951,379

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources.

Therefore, they were not reported in the governmental funds balance sheet. The capital assets were adjusted as follows:

Capital assets	\$	2,927,833	
Less: accumulated depreciation		(838,554)	
Total Capital Assets		2,089,279	2,089,279

Contributions made to pension plans will not be included in the calculation of the City's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources.

OPEB adjustments:

Change in assumptions		(29,387)	
Contribution subsequent to measurement date		57,996	

Pension adjustments:

Net change in assumptions		51,369	
Net difference between expected and actual experience		102,943	
Net difference between projected and actual investment earnings		(23,303)	
Net differences between employer's contributions and proportionate share of contributions		(77,391)	
Net change in employer's proportion		7,544	
Contribution subsequent to measurement date		101,571	

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet. The long-term liabilities were adjusted as follows:

Long-term debt	\$	(2,246,994)	
Compensated absences		(92,224)	
Net pension liability		(1,584,252)	
Total OPEB liability		(340,535)	
Total Long-Term Obligations		(4,264,005)	(4,264,005)

Net Position of Governmental Activities **\$ 18,967,995**

The accompanying notes are an integral part of these financial statements.

City of Del Ray Oaks
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	SBR Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 660,282	\$ -	\$ -	\$ 660,282
Sales tax	361,088	-	70,913	432,001
Transaction tax	767,327	-	-	767,327
Franchise tax	163,594	-	-	163,594
Business license tax	213,602	-	-	213,602
Other taxes	702,728	-	37,910	740,638
Licenses and permits	71,989	-	-	71,989
Fines, forfeits and penalties	11,986	-	-	11,986
Charges for current services	1,153,443	-	-	1,153,443
Intergovernmental revenues	383,175	7,268,813	2,392,030	10,044,018
Interest, rents and concessions	143,116	-	-	143,116
Other revenues	14,769	-	-	14,769
Total Revenues	4,647,099	7,268,813	2,500,853	14,416,765
EXPENDITURES				
Current:				
General government	873,245	-	-	873,245
Public safety	2,422,353	-	-	2,422,353
Public works	139,824	-	14,506	154,330
Community development	78,017	-	-	78,017
Parks	77,332	-	-	77,332
Capital outlay	390,718	-	86,886	477,604
Debt service				
Principal	562,962	-	52,946	615,908
Interest and fiscal charges	31,097	-	19,390	50,487
Total Expenditures	4,575,548	-	173,728	4,749,276
Excess (Deficiency) of Revenues over Expenditures	71,551	7,268,813	2,327,125	9,667,489
OTHER FINANCING SOURCES (USES)				
Proceeds from draw on loan	50,222	-	184,280	234,502
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	50,222	-	184,280	234,502
SPECIAL ITEMS				
Release of obligation due to FORA	4,465,100	-	-	4,465,100
Separation agreement	(21,096)	-	-	(21,096)
Total Special Items	4,444,004	-	-	4,444,004
Net Change in Fund Balances	4,565,777	7,268,813	2,511,405	14,345,995
Fund Balances Beginning	6,561,533	-	43,851	6,605,384
Fund Balances Ending	\$ 11,127,310	\$ 7,268,813	\$ 2,555,256	\$ 20,951,379

The accompanying notes are an integral part of these financial statements.

City of Del Ray Oaks
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 14,345,995
Amounts reported for governmental activities in the statement of activities and changes in net position were different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.	
Capital outlay	119,552
Depreciation expense	(69,971)
Revenues that were reported in the government-wide statement of activities in prior years have become current financial resources in the current year and have been reported in the governmental fund statement of revenues, expenditures and changes in fund balances.	(103,530)
Long-term compensated absences and claims payables were reported in the government-wide statement of activities, but they did not require the use of current financial resources and were not reported as expenditures in governmental funds.	(23,320)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	(216,025)
In governmental funds, actual contributions to the OPEB plan is reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	(13,825)
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Forgiveness of FORA loan debt	168,838
Repayment of debt principal	615,908
Proceeds from loan	(234,502)
Expenses that were reported in the government-wide statement of activities in prior year have become current financial uses in the current year and have been reported in the governmental fund statement of revenues, expenditures and changes in fund balances.	21,096
Interest expense on long-term debt was reported in the government-wide statement of activities and changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in compound interest from current year to prior year.	(34,940)
Change in Net Position of Governmental Activities	\$ 14,575,276

The accompanying notes are an integral part of these financial statements.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Del Rey Oaks, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Del Rey Oaks, California was incorporated as a general law city on September 3, 1953. The City operates under a city council-manager form of government and provides a wide range of municipal services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City. The City had no component units as of June 30, 2020.

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present a summary of the governmental activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City did not have any business-type activities during the year.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources (including capital assets, as well as infrastructure assets, and long-term liabilities), are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. In conformity with the City's indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Transfers in/Transfers out

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, and licenses and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

Major individual governmental funds are reported as separate columns in the fund financial statements.

The following funds are major funds:

General Fund - The General Fund is the general operating fund of the City. It accounts for the City's primary services (Public Safety, Public Works, Park, etc.) and is the primary operating unit of the City.

SBR Construction Fund - This capital project fund was established to account for the financial resources received as a result of the dissolution of FORA to be used for the completion of construction services for the South Boundary Roadway project that were initiated by FORA.

The following funds are nonmajor funds:

Gas Tax Fund - This special revenue fund was established to account for the financial resources required to be used on street/road projects.

SB 1 Fund - This special revenue fund was established to account for the financial resources received for transportation purposes.

Measure X Fund - This special revenue fund was established to account for the financial resources received as part of the Measure X retail transactions and use tax. The funds are to be used to fund transportation safety and mobility projects in Monterey County.

Fora Habitat Management Fund - This special revenue fund was established to account for the financial resources received as a result of the dissolution of FORA to be used maintenance and management of properties that were previously under the purview of FORA.

SBR Engineering Fund - This capital project fund was established to account for the financial resources received as a result of the dissolution of FORA to be used for the completion of engineering services for the South Boundary Roadway that were initiated by FORA.

SBR/GJM Intersection Fund - This capital project fund was established to account for the financial resources received as a result of the dissolution of FORA to be used for the completion of an intersection construction project that was initiated by FORA.

C. Cash, Cash Equivalents and Investments

The City pools its cash and investments of all funds. 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's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF). Under Federal Law, the State of California cannot declare bankruptcy; therefore deposits in the LAIF shall not be subject to either of the following: (a) transfer or loan pursuant to Government Code Section 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

D. Interfund Receivables and Payables

Items classified as interfund receivables/payables are referred to as “advances to/advances from other funds” or as “due to/from other funds”. Due to/from other funds include short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund. Advances to/advances from other funds represents non-current portions of any long-term

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation.

E. Receivables

Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

F. Assets Held for Sale

Property that has been classified as held for sale have met the following criteria:

- Management has committed to a plan to sell the asset;
- An active program to locate a buyer and other actions required to complete the plan of sale have been initiated;
- The sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale;
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- Actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

G. Capital Assets

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

Capital assets, which include property, facilities, equipment, and infrastructure purchased or acquired are carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Infrastructure fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been capitalized on a prospective basis, from July 1, 2003. Prior to July 1, 2003, infrastructure assets were not capitalized. 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, all land, and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on the construction or acquisition of major assets using debt proceeds. The amount

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year ended June 30, 2020.

Property, facilities, equipment, and infrastructure are 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

H. Deferred Outflows/Deferred Inflows

In addition to assets, the Statement of Net Position includes a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has recognized deferred outflows of resources related to the recognition of the net pension liability and OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports 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 as such, will not be recognized as an inflow of resources (revenue) until that time. The City has recognized deferred inflows of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

I. Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments.

In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

J. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plan. Member contributions for the fiscal year ending June 30, 2020 totaled \$36,850.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

the City's property and are not subject to City control, they have been excluded from these financial statements.

K. Compensated Absences

Compensated absences comprise of unpaid vacation, which are accrued as earned. Unused vacation may be accumulated up to 160 hours and is paid at the time of termination from City employment. The liability for compensated absence is determined annually. The long-term portion is recorded in the Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. The following is a summary of the changes in compensated absences for the fiscal year ended June 30, 2020:

<u>Description</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Government Activities	\$ 68,904	\$ 23,320	\$ -	\$ 92,224

L. Long-Term Liabilities

In the government-wide financial statements, long-term liabilities 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. Debt issuance costs are expensed in year incurred.

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 reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance 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 balance are restricted when constrains 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 balance are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the City Council.

Assigned

Assigned fund balance are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Manager.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Unassigned

The Unassigned Fund Balance category represents fund balance which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose.

The detail of amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet.

Flow Assumption /Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

N. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

O. Property Taxes

County tax assessments include secured and unsecured property taxes. "Unsecured" refers to taxes on personal property. These tax assessments are secured by liens on the property being taxed.

Monterey County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 90 days after year end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

P. Unearned Revenue

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Q. Unavailable Revenue

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows as unavailable revenue.

R. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Benefit Plans

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) plan (the Plan) and additions to/deductions from the Plan's 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes were used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the City's Retiree Benefits Plan (the Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports.

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

T. Upcoming New Accounting Pronouncements

GASB Statement No. 84, 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. 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 requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

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 were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period

This Statement addresses interest costs 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 activity or enterprise fund. The requirements of this Statement were initially to be effective for financial statements for periods

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

GASB 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 equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The City does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, Conduit Debt Obligations

The 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 also clarifies 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 of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 92, Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2020, cash and investments were reported in the financial statements as follows:

	Statement of Net Position		Total
	Unrestricted	Restricted	Cash and Investments
Cash in bank	\$ 1,800,489	\$ 9,063	\$ 1,809,552
Cash with fiscal agent	-	8,635,378	8,635,378
Local Agency Investment Fu	1,359,567	-	1,359,567
Total cash and investments	\$ 3,160,056	\$ 8,644,441	\$ 11,804,497

A. *Cash Deposits*

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution.

The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposits Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$1,981,433 at June 30, 2020 and were different from carrying amounts due to deposits in transit and outstanding checks. As of June 30, 2020, the City's cash balances exceeded insurance by \$1,731,433 but were collateralized as discussed above.

B. Restricted Cash with Fiscal Agent

For the year ended June 30, 2020, the City had a balance of \$310,397 in a Public Agency Retirement Services (PARS) Pension Rate Stabilization Program (PRSP) 115 irrevocable trust for pensions. Participating agencies maintain oversight of investment management and control over the risk tolerance level. Assets in the plan can be accessed to offset unexpected rate increases or be used as a rainy day fund related to their pension plan (CalPERS). These assets are not dedicated to providing plan benefits to plan participants and are not directly used to pay benefits until such time as the City transfers the funds from the PARS trust to the pension plan (CalPERS). The trust restricts the use of the assets to be used solely for pension related expenses. Amounts held in Trust for FORA Dissolution Administration and Successor Agency obligations are also reported as restricted cash and investments.

C. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques. This hierarchy has three levels.

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The City has the following recurring fair value measurements as of June 30, 2020:

- California Local Agency Investment Fund (LAIF) of \$1,359,567; valued using Level 2 inputs.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

D. Investment Policies

City Investment Policy

The City has an investment policy, which is in accordance with the California Government Code, the following investments are authorized:

<u>Authorized Investment Type</u>	<u>Maximum Maturity (1)</u>	<u>Maximum Total of Portfolio</u>	<u>Maximum Investment in Anyone Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	2 years	20%	None
County Pooled Investment Funds	1 year	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

E. External Investment Pool

The City's investments with LAIF at June 30, 2020, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/laif/index.asp>.

City of Del Rey Oaks
Notes to the Basic Financial Statements
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F. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. It is the City's practice to manage its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City's operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2020, the City's investments were in compliance with the ratings required by the City's investment policy, indenture agreements and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2020, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total City investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

NOTE 3 - INTERFUND TRANSACTIONS

A. Transfers In/Out

With Council approval resources may be transferred from one fund to another. Transfers routinely reimburse funds that have made an expenditure on behalf of another fund. Transfers may also be made to pay for capital projects or capital outlays, lease or debt service payments, and operating expenses. The City did not have any transfers in/out during the fiscal year ended June 30, 2020.

B. Interfund Receivables and Payables

The timing of when cash is received and paid can result in a negative cash balance in a fund as of fiscal year end. At year-end, a liability, "Due To Other Funds" is created to eliminate any negative cash balances along with a corresponding asset, "Due From Other Funds." In the following fiscal year, the liabilities are settled and the assets are liquidated. The City did not have any interfund receivables and payables as of June 30, 2020.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2020:

	Balance June 30, 2019	Additions	Deletions/ Adjustments	Balance June 30, 2020
Non-depreciable:				
Land	\$ 549,500	\$ -	\$ -	\$ 549,500
Construction in Progress	895,048	-	(895,048)	-
Total Non-Depreciable	<u>1,444,548</u>	<u>-</u>	<u>(895,048)</u>	<u>549,500</u>
Depreciable:				
Buildings and Improvements	638,486	-	-	638,486
Furniture, Equipment, and Vehicles	650,247	-	-	650,247
Structure and Improvements	75,000	1,014,600	-	1,089,600
Total Depreciable	<u>1,363,733</u>	<u>1,014,600</u>	<u>-</u>	<u>2,378,333</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(386,868)	(15,694)	-	(402,562)
Furniture, Equipment, and Vehicles	(317,965)	(50,527)	-	(368,492)
Structure and Improvements	(63,750)	(3,750)	-	(67,500)
Total Accumulated Depreciation	<u>(768,583)</u>	<u>(69,971)</u>	<u>-</u>	<u>(838,554)</u>
Total Depreciable Capital Asset - Net	<u>595,150</u>	<u>944,629</u>	<u>-</u>	<u>1,539,779</u>
Total Capital Assets - Net	<u>\$ 2,039,698</u>	<u>\$ 944,629</u>	<u>\$ (895,048)</u>	<u>\$ 2,089,279</u>

During fiscal year ended June 30, 2019, the City reclassified \$8,904,673 in land to “held for resale” as the City is in the process of selling the land, which the City originally received as part of an Economic Development Conveyance through the Fort Ord Reuse Authority (FORA). The land remained classified as held for sale as of June 30, 2020.

During fiscal year ending June 30, 2020, the City transferred \$895,048 from construction in progress to structure and improvements which are noted in the table above.

Depreciation expense was charged to the functions of the government as follows:

General Government	\$ 2,407
Police Department	40,979
Parks	10,496
Public Works	16,089
Total depreciation expense	<u>\$ 69,971</u>

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

The City's long-term liabilities consisted of the following as of June 30, 2020:

Description	Balance			Balance June 30, 2020	Due Within One Year
	June 30, 2019	Additions	Retirements		
Capital Leases:					
Software	\$ -	\$ 50,222	\$ 10,000	\$ 40,222	\$ 7,619
Subtotal leases	-	50,222	10,000	40,222	7,619
Loans payable:					
FORA (1)	565,455	-	565,455	-	-
FORA Compound Interest (1)	187,441	-	187,441	-	-
Federal Group International, LLC	1,200,000	-	-	1,200,000	-
Federal Group International, LLC Compound Interest	197,199	44,860	-	242,059	-
TAMC Measure X Loan	633,379	184,280	52,946	764,713	-
Subtotal loans payable	2,783,474	229,140	805,842	2,206,772	-
Total	\$ 2,783,474	\$ 279,362	\$ 815,842	\$ 2,246,994	\$ 7,619

- (1) The City entered into an agreement with FORA and paid \$552,962 towards principal payments during fiscal year end 2019-20. The remaining outstanding principal balance plus compound interest was forgiven which was recorded as gain.

The following is a summary of the City's long-term debt as of June 30, 2020:

Records Management Software Capital Lease

The City entered into a software and service agreement with Sun Ridge System, Inc. to receive computer software and services from Sun Ridge System, Inc. The lease qualifies as a capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments at the date of the inception of the lease. The principal and interest payments on the lease are \$8,713 with the interest rate of 2.721%.

As of June 30, 2020, the annual debt service requirements on the Records Management Software Capital Lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 7,619	\$ 1,094	\$ 8,713
2022	7,826	887	8,713
2023	8,039	674	8,713
2024	8,258	455	8,713
2025	8,480	231	8,711
Total	\$ 40,222	\$ 3,341	\$ 43,563

City of Del Rey Oaks
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Fort Ord Reuse Authority (FORA) Loan Payable

The City has a Memorandum of Understanding (MOU) with FORA dated July 1, 2013 concerning repayment to FORA of a pollution legal liability insurance loan for the City of Del Rey Oaks former Fort Ord property. The original term of the MOU was two full calendar years, beginning on the effective date of July 1, 2013 and ending on June 30, 2015. The MOU was extended for three years, through June 30, 2018. However, on July 31, 2019 the City signed a new agreement with FORA which is not reflected in the long-term liabilities schedule above. The City agreed to pay \$210,900 in August 2019 and will pay 11 monthly payments of \$31,096 thereafter. In the new agreement, the FORA Board of Directors has waived the compound interest and \$12,499 of the principal. The remaining outstanding balance was forgiven and fully paid as of June 30, 2020.

Federal Group International, LLC Loan Payable

The City has a promissory note with Federal Group International, LLC in the amount of \$1,200,000, \$700,000 of the note is the City's obligation to pay for funds loaned by Federal/JER Associates I, LLC to the former Redevelopment Agency of the City of Del Rey Oaks, the remaining \$500,000 of the note evidences the City's obligation to pay the holder as settlement of claims between the City and Bellmont Rock Holdings, LLC. Interest is accrued at 5% per annum on the \$700,000 beginning June 1, 2014 until the entire outstanding loan amount, plus interest, is paid in full. Payments on the note, once they commence, shall be for a five year period, however if the note is not paid in full at the end of the five year term it shall automatically renew, once, for an additional five year term. No payment shall be due under this loan until commencement of construction on the Fort Ord property and are based on an increase of 50% of City revenue associated with the development of the entire property.

As of June 30, 2020, the annual debt service requirements on the capital Federal Group International, LLC Loan Payable are as follows:

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	1,442,059	-	1,442,059
Total	\$1,442,059	\$ -	\$1,442,059

TAMC Measure X Loan Payable

In December 2018, the City entered into an agreement with the Transportation Agency for Monterey County (TAMC) for the purpose of receiving advance funding for the Del Rey Oaks Slurry Seal (the project). As of June 30, 2019, the TAMC has advanced \$677,020 to the City, of the allowable \$861,300, for expenses related to the project. The loan is payable from Measure X revenue, which can only be estimated year to year, so no amortization schedule has been established at this time. An interest rate of 2.5% is fixed until such time as the Monterey County Pool Quarterly Rate rises above 2.0%, at which point the interest rate will be variable, tied to the Monterey County Pool Quarterly Rate plus 50 basis points, only becoming fixed again at 2.5% when the Monterey County Pool Quarterly Rate drops below 2.0%.

NOTE 6 - LAND VALUE DUE TO FORA

In 2006, the City received property as part of an Economic Development Conveyance through the Fort Ord Reuse Authority (FORA). The Economic Development Conveyance requires that the property be used in a manner that promotes economic development in the area. FORA transferred the property to the City in

City of Del Rey Oaks
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accordance with Government Code Section 67678, which requires the use of the property consistent with the Base Reuse Plan and that all proceeds from the sale of the property be distributed equally to FORA and the City. The remaining property as of June 30, 2020 has a book value of \$8,904,673. The remaining balance due to FORA for the land, if it is sold based on the value originally used to calculate the book value of the land, is \$4,465,100. In the fiscal year ended 6/30/20, FORA was dissolved and as part of the dissolution agreement, the portion due to FORA from the sale of the land was forgiven and the City recognized the amount \$4,465,100 as a release of obligation.

NOTE 7 - RISK MANAGEMENT

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.

Financial statements for the Authority may be obtained from www.mbasia.org.

NOTE 8 - CALPERS PENSION PLAN

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans (the 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 service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

City of Del Rey Oaks
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The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		Safety	
	Tier 1	PEPRA	Police	Police - PEPRA
Benefit formula	2% @ 60	2% @ 62	2% @ 50	2% @ 57
Benefit vesting schedule	3 Years	3 Years	3 Years	3 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	60	62	55	57
Monthly benefits as a % of eligible compensation	2.00%	2.00%	2.00%	2.00%
Required employee contribution rates	7.000%	6.750%	7.000%	9.500%
Required employer contribution rates	8.081%	6.985%	13.540%	10.216%

Employees Covered - At June 30, 2020 (fiscal year), June 30, 2019 (the valuation date), the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	3	4
Transferred	3	2
Separated	2	1
Retired	6	14
Total	14	21

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are 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, 2020, the City's contributions were \$25,884 and \$75,687 for miscellaneous and safety, respectively.

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

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 404,949
Safety	1,179,303
Total	\$ 1,584,252

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2019, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was

City of Del Rey Oaks
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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 the Plans as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Plans</u>
Proportion - June 30, 2019	0.00953%	0.01952%	0.01561%
Proportion - June 30, 2020	0.01011%	0.01889%	0.01546%
Change - Increase/(Decrease)	<u>0.00058%</u>	<u>-0.00062%</u>	<u>-0.00015%</u>

For the year ended June 30, 2020, the City recognized pension expense of \$349,099 for the plans. At June 30, 2020, 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>
Changes of Assumptions	\$ 67,647	\$ 16,278
Differences between Expected and Actual Experience	105,123	2,179
Differences between Projected and Actual Investment Earnings	-	23,303
Differences between Employer's Contributions and Proportionate Share of Contributions	18,410	95,801
Change in Employer's Proportion	33,313	25,769
Pension Contributions Made Subsequent to Measurement Date	101,571	-
Total	<u>\$ 326,064</u>	<u>\$ 163,330</u>

The City reported \$101,571 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ 24,792
2022	(7,517)
2023	(1,288)
2024	1,431
Total	<u>\$ 17,418</u>

City of Del Rey Oaks
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Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent 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.

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 the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) 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 the Plans, calculated using the discount rate for the Plans, 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	6.15%	6.15%
Net Pension Liability \$	671,515	1,804,797
Current	7.15%	7.15%
Net Pension Liability \$	404,949	1,179,303
1% Increase	8.15%	8.15%
Net Pension Liability \$	184,918	666,495

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 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description - The City of Del Rey Oaks has contracted with the Public Employees Retirement System (PERS) under the PERS Care Health Plan to provide benefits of the Meyers-Geddes State Employees'

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Medical and Hospital Care Act per Government Code Section 22850. The Plan provides for continuation of medical insurance benefits for certain retirees or annuitants and their dependents. The Plan can be amended by action of the City Council on passing a resolution.

Benefits Provided - The City contributes toward post-retirement benefits for employees who retire after age 50 with at least 5 years of service. The City will pay the minimum CalPERS PEMHCA contribution. The monthly payment is \$133 in 2018 and \$136 in 2019 and is expected to increase further in future years. Payments are made for as long as the retired employee or dependent spouse is living.

Employees Covered by Benefit Terms - At June 30, 2019 (the valuation date), the benefit terms covered the following employees:

Active employees	15
Inactive employees	<u>1</u>
Total employees	<u>16</u>

Contributions - The City makes contributions based on an actuarially determined rate and are approved by the authority of the City's Council. Total contributions to the OPEB plan during the year were \$1,668. Total benefit payments included in the measurement period were \$7,542. The actuarially determined contribution for the measurement period was \$25,269. The City's contributions were 0.71% of covered employee payroll during the measurement period June 30, 2019 (reporting period June 30, 2020). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

Actuarial Assumptions

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	8.7 years
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Salary Increases	3.25%
Healthcare Trend Rate	4.00%
Mortality	2017 CalPERS OPEB Assumptions Model for miscellaneous
Retirement	2017 CalPERS OPEB Assumptions Model for miscellaneous public employees with 2.0% at 55 retirement.

Discount Rate - The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2019)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	\$ 261,827	\$ -	\$ 261,827
Service cost	8,242	-	8,242
Interest in Total OPEB Liability	9,987	-	9,987
Balance of diff between actual and exp experience	63,643	-	63,643
Balance of changes in assumptions	4,378	-	4,378
Benefit payments	(7,542)	-	(7,542)
Net changes	78,708	-	78,708
Balance at June 30, 2020	\$ 340,535	\$ -	\$ 340,535

Covered Employee Payroll	\$ 1,080,538
Total OPEB Liability as a % of Covered Employee Payroll	31.52%
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%
Service Cost as a % of Covered Employee Payroll	0.76%
Net OPEB Liability as a % of Covered Employee Payroll	31.52%

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources - At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 56,328	\$ -
Change in assumptions	-	29,387
OPEB contribution subsequent to measurement date	1,668	-
Totals	\$ 57,996	\$ 29,387

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,668 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2021.

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2021	\$	3,174
2022		3,174
2023		3,174
2024		3,172
2025		3,174
Thereafter		11,073
Total	\$	<u>26,941</u>

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Service cost	\$	8,242
Interest in TOL		9,987
Difference between actual and expected exp		7,315
Change in assumptions		(4,141)
OPEB Expense	\$	<u>21,403</u>

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Total OPEB liability ending	\$	340,535
Total OPEB liability beginning		<u>(261,827)</u>
Change in total OPEB liability		78,708
Changes in deferred outflows		(56,328)
Changes in deferred inflows		(8,519)
Employer contributions and implicit subsidy		<u>7,542</u>
OPEB Expense	\$	<u>21,403</u>

Sensitivity to Changes in the Municipal Bond Rate - The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a municipal bond rate (used to determine the discount rate) that is one percentage point lower or one percentage point higher, is as follows:

	Municipal Bond Rate		
	(1% Decrease)	3.50%	(1% Increase)
Total OPEB Liability	\$ 405,443	\$ 340,535	\$ 290,486

City of Del Rey Oaks
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Sensitivity to Changes in the Healthcare Cost Trend Rates - The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	4.00%	(1% Increase)
Total OPEB Liability	\$ 291,782	\$ 340,535	\$ 402,538

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Lawsuits

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS

The City has an agreement with the City of Seaside for fire protection and related services to be provided by Seaside pursuant to Government Code Section 55632. The annual fee for these services for fiscal year ending June 30, 2020 was \$195,000. Either party may cancel the agreement with at least 90 days written notice.

The City has an agreement, effective as of October 2018, with the Monterey Peninsula Airport District (Airport), a Special District, for the City to provide law enforcement services to the Airport pursuant to Government Code Sections 54981 and 55632. The City will receive \$774,306, a portion of the annual fee of \$1,097,408, from the Airport for the initial year. Each subsequent year the fee will be increased by 2.5% per year or 50% of known cost increases, subject to the annual true up of costs to account for actual costs incurred by the City.

NOTE 12 - SUBSEQUENT EVENTS

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the City had not suffered a material adverse impact from the CV19 Crisis. At the date of the issuance of these financial statements, the future impact of the CV19 Crisis cannot be reasonably estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Del Ray Oaks
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (GAAP Basis)
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 630,100	\$ 630,100	\$ 660,282	\$ 30,182
Other taxes	2,253,900	2,166,400	2,208,339	41,939
Licenses and permits	265,100	305,100	71,989	(233,111)
Reimbursements	900	900	936	36
Fines, forfeits and penalties	10,000	13,000	11,986	(1,014)
Grants	299,000	318,750	383,175	64,425
Current services	1,228,100	1,228,100	1,202,432	(25,668)
Parks and recreation	43,000	43,000	71,282	28,282
Other	79,000	104,100	36,678	(67,422)
Total Revenues	<u>4,809,100</u>	<u>4,809,450</u>	<u>4,647,099</u>	<u>(162,351)</u>
EXPENDITURES				
Payroll and benefits	2,630,810	2,571,110	2,423,573	147,537
Supplies	152,900	144,900	182,603	(37,703)
Utility and services	159,200	150,200	147,407	2,793
Other services	88,800	98,300	58,294	40,006
Outside services	528,950	713,450	711,119	2,331
Auto ops	191,000	162,000	143,906	18,094
Police and fire	209,550	209,550	210,632	(1,082)
Streets and storm water	50,800	50,800	103,955	(53,155)
Capital improvement	330,000	330,000	-	330,000
Debt service				
Principal	552,900	552,900	562,962	(10,062)
Interest and fiscal charges	-	-	31,097	(31,097)
Total Expenditures	<u>4,894,910</u>	<u>4,983,210</u>	<u>4,575,548</u>	<u>407,662</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(85,810)</u>	<u>(173,760)</u>	<u>71,551</u>	<u>245,311</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from draw on loan	-	-	50,222	50,222
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>50,222</u>	<u>50,222</u>
SPECIAL ITEMS				
Release of obligation due to FORA	-	-	4,465,100	(4,465,100)
Separation agreement	-	-	(21,096)	21,096
Net Change in Fund Balances	<u>\$ (85,810)</u>	<u>\$ (173,760)</u>	<u>4,565,777</u>	<u>\$ 316,629</u>
Fund Balances - Beginning of Year			<u>6,561,533</u>	
Fund Balances Ending			<u>\$ 11,127,310</u>	

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. The expenditures noted above in excess of appropriations were covered by fund balance, appropriations available in other categories, or revenues in excess of budget.

City of Del Ray Oaks
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (GAAP Basis)
SBR Construction Capital Projects Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 7,268,813	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>7,268,813</u>	<u>-</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	7,268,813	7,268,813
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>7,268,813</u>	<u>\$ 7,268,813</u>
Fund Balances - Beginning of Year			-	
Fund Balances Ending			<u>\$ 7,268,813</u>	

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the SBR Construction Capital Projects Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. The expenditures noted above in excess of appropriations were covered by fund balance, appropriations available in other categories, or revenues in excess of budget.

City of Del Ray Oaks
Schedule of Pension Plan Contributions
For the Fiscal Year Ended June 30, 2020

Miscellaneous Plan

Plan Measurement Date	2014	2015	2016	2017	2018	2019
Fiscal Year Ended	2015	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 33,822	\$ 44,939	\$ 37,901	\$ 34,721	\$ 23,757	\$ 25,884
Contributions in Relation to Contractually Required Contributions	33,822	44,939	37,901	34,721	23,757	25,884
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 368,033	\$ 374,374	\$ 296,535	\$ 297,685	\$ 434,368	\$ 322,853
Contributions as a % of Covered Payroll	9.19%	12.00%	12.78%	11.66%	5.47%	8.02%

Safety Plan

Plan Measurement Date	2014	2015	2016	2017	2018	2019
Fiscal Year Ended	2015	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 185,949	\$ 185,949	\$ 162,246	\$ 149,453	\$ 79,875	\$ 75,687
Contributions in Relation to Contractually Required Contributions	185,949	185,949	162,246	149,453	79,875	75,687
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 483,025	\$ 500,535	\$ 426,293	\$ 301,916	\$ 803,799	\$ 464,127
Contributions as a % of Covered Payroll	38.50%	37.15%	38.06%	49.50%	9.94%	16.31%

Notes to Schedule:

Valuation Date: June 30, 2018
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

City of Del Ray Oaks
Schedule of Proportionate Share of Net Pension Liabilities
For the Fiscal Year Ended June 30, 2020

Miscellaneous and Safety Plans

Plan Measurement Date	2014	2015	2016	2017	2018	2019
Fiscal Year Ended	2015	2016	2017	2018	2019	2020
Proportion of Net Pension Liability (Safety and Misc)	0.02058%	0.01585%	0.01592%	0.01564%	0.01561%	0.01546%
Proportion of Net Pension Liability (Safety Plan Only)	0.00636%	0.02145%	0.02084%	0.03008%	0.01952%	0.01011%
Proportion of Net Pension Liability (Misc Plan Only)	0.00966%	0.00744%	0.00858%	0.00928%	0.00953%	0.04949%
Proportionate Share of Net Pension Liability	\$ 1,280,369	\$ 1,088,059	\$ 1,377,408	\$ 1,551,296	\$ 1,504,158	\$ 1,584,252
Covered Payroll	\$ 853,661	\$ 851,058	\$ 874,909	\$ 722,828	\$ 599,601	\$ 1,238,167
Proportionate Share of NPL as a % of Covered Payroll	149.99%	127.85%	157.43%	214.61%	250.86%	127.95%
Plan's Fiduciary Net Position as a % of the TPL	79.31%	76.30%	75.12%	75.25%	75.63%	75.80%

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

City of Del Ray Oaks
Schedule of Changes in Total OPEB Liability
For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended	2018	2019	2020
Total OPEB liability			
Service cost	\$ 9,840	\$ 8,537	\$ 8,242
Interest	7,961	9,288	9,987
Differences between expected and actual experience	-	-	63,643
Changes of assumptions	(33,928)	(12,049)	4,378
Benefit payments	(770)	(6,774)	(7,542)
Net change in Total OPEB Liability	(16,897)	(998)	78,708
Total OPEB Liability - beginning	279,722	262,825	261,827
Total OPEB Liability - ending	<u>\$ 262,825</u>	<u>\$ 261,827</u>	<u>\$ 340,535</u>
Plan fiduciary net position			
Net change in plan fiduciary net position	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 262,825	\$ 261,827	340,535
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 977,093	\$ 953,262	\$ 1,080,538
Net OPEB liability as a percentage of covered employee payroll	26.90%	27.47%	31.52%
Total OPEB liability as a percentage of covered employee payroll	26.90%	27.47%	31.52%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were not changes in benefit terms.

The discount rate was decrease from 3.87% to 3.50% in fiscal year 2020.

The salary increases increased from 3.00% to 3.25% in fiscal year 2020.

The mortality rates were updated to the 2017 CalPERS OPEB Assumptions model.

City of Del Rey Oaks
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

NOTE 1 - BUDGETARY DATA

The City Council adopts an annual legal budget for the General Fund and the SBR Special Revenue Fund. All appropriations lapse at fiscal year end and then are rebudgeted for the coming fiscal year. Encumbrance accounting is not used. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

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.

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SUPPLEMENTARY INFORMATION

City of Del Ray Oaks
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				Capital Project Funds		Total Nonmajor Governmental Funds
	Gas Tax Fund	SB 1 Fund	Measure X Fund	FORA Habitat Management Fund	SBR Engineering Fund	SBR/GJM Intersection Fund	
ASSETS							
Cash and investments	\$ 35,188	\$ 68,925	\$ 95,971	\$ 775,854	\$ 518,564	\$ 1,056,168	\$ 2,550,670
Receivables:							
Taxes	-	4,586	-	-	-	-	4,586
Total assets	\$ 35,188	\$ 73,511	\$ 95,971	\$ 775,854	\$ 518,564	\$ 1,056,168	\$ 2,555,256
FUND BALANCES							
Restricted:							
Streets and roads	\$ 35,188	\$ 73,511	\$ 95,971	\$ -	\$ -	\$ -	\$ 204,670
Habitat management	-	-	-	775,854	-	-	775,854
Capital projects	-	-	-	-	518,564	1,056,168	1,574,732
Total fund balances	\$ 35,188	\$ 73,511	\$ 95,971	\$ 775,854	\$ 518,564	\$ 1,056,168	\$ 2,555,256

City of Del Ray Oaks
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Gas Tax Fund	SB 1 Fund	Measure X Fund	FORA Habitat Management Fund	SBR Engineering Fund	
REVENUES						
Taxes:						
Sales tax	\$ -	\$ -	70,913	\$ -	\$ -	\$ -
Other taxes	-	37,910	-	-	-	-
Intergovernmental revenues	41,444	-	-	775,854	518,564	1,056,168
Total Revenues	<u>41,444</u>	<u>37,910</u>	<u>70,913</u>	<u>775,854</u>	<u>518,564</u>	<u>1,056,168</u>
EXPENDITURES						
Current:						
Public works	14,506	-	-	-	-	-
Capital outlay	-	-	86,886	-	-	-
Debt service						
Principal	-	-	52,946	-	-	-
Interest and fiscal charges	-	-	19,390	-	-	-
Total Expenditures	<u>14,506</u>	<u>-</u>	<u>159,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	26,938	37,910	(88,309)	775,854	518,564	1,056,168
OTHER FINANCING SOURCES (USES)						
Proceeds from draw on loan	-	-	184,280	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>184,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	26,938	37,910	95,971	775,854	518,564	1,056,168
Fund Balances Beginning	8,250	35,601	-	-	-	-
Fund Balances Ending	<u>\$ 35,188</u>	<u>\$ 73,511</u>	<u>\$ 95,971</u>	<u>\$ 775,854</u>	<u>\$ 518,564</u>	<u>\$ 1,056,168</u>



**OTHER INDEPENDENT
AUDITOR'S REPORT**



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

To the Honorable Mayor and Members of the
City Council of the City of Del Rey Oaks
Del Rey Oaks, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Del Rey Oaks (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.



Chavan and Associates, LLP
Certified Public Accountants

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

April 1, 2021
San Jose, California

City of Del Rey Oaks
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

Current Year Findings:

None Noted

Status of Prior Year Findings:

None Noted



Chavan and Associates, llp
Certified Public Accountants

City of Del Rey Oaks
650 Canyon Del Rey Road
Del Rey Oaks, California 93940

In planning and performing our audit of the basic financial statements of City of Del Rey Oaks (the City) as of and for the year ended June 30, 2020, 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, we considered 's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of 's internal control over financial reporting.

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.

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

We have identified deficiencies in internal control that are less severe than material weaknesses and significant deficiencies, yet important enough to merit attention by those charged with governance. Please see attached list of management comments.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C & A LLP

April 1, 2021
San Jose, California

No.	Brief Description	Control Deficiency, Significant Deficiency, Material Weakness & Noncompliance	Fiscal Year of Disposition	Detailed Description	Status/Notes/Recommendations	Client Response/Comments
1	Incorrect pay rate for employee	Control Deficiency	FY20	C&A noted that an employee who had been given a promotion was being incorrectly paid due to not changing the employees old rate with the new rate	C&A recommends that each employee who has a change in salary be entered into the system correctly	Discussed with the client. they agreed with our recommendation and will come up with a pay change review policy/process.
2	No formal approval in place for recording general journal entries	Control Deficiency	FY20	C&A noted that there is no formal approval in place for recording general journal entries.	C&A recommends that they create a JE review policy/procedures.	Discussed with the client. they agreed with our recommendation and will come up with a JE review policy/process.



Chavan and Associates, llp
Certified Public Accountants

April 1, 2021

The Honorable Mayor and Members of the City Council
City of Del Rey Oaks
Del Rey Oaks, California

We have audited the basic financial statements of the City of Del Rey Oaks as of and for the year ended June 30, 2020, and have issued our report thereon dated April 1, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (and when applicable, *Government Auditing Standards*). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Del Rey Oaks solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City of Del Rey Oaks's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such



information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing as previously communicated to management.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Del Rey Oaks is included in **Note 1** to the financial statements. There were no new accounting policies implemented during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are accumulated depreciation from capital assets and unfunded liabilities and expenses based on assumptions in actuarial studies performed on retirement and postemployment benefit plans.

Management's estimates are based on generally accepted accounting principles using a rational basis for allocation and presentation. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.



Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Del Rey Oaks's financial statements relate to: cash and investments, capital assets, long-term obligations, other postemployment benefits, and pension obligations.

Significant Difficulties Encountered during the Audit

We did not encounter any significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no known and likely misstatements identified during the audit other than a salary accrual with a net impact of approximately \$50,000 on the government-wide financial statements and all other opinion units combined.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material, corrected misstatements resulting from the audit procedures performed.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Del Rey Oaks's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated April 1, 2021.



Chavan and Associates, llp
Certified Public Accountants

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the City of Del Rey Oaks, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City of Del Rey Oaks, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

This report is intended solely for the information and use of the Council, authorized committees and management of the City of Del Rey Oaks and is not intended to be and should not be used by anyone other than these specified parties.

C & A LLP

San Jose, CA
April 1, 2021



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD., DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

Staff Report

DATE: April 27, 2021

TO: Honorable Mayor and City Council

FROM: Jeffrey J. Hoyne, Acting City Manager

SUBJECT: Consider revising the Public Works property lease between the City of Del Rey Oaks and Integral Innovations to provide economic relief for the business during the COVID 19, pandemic-related, economic downturn.

CEQA: This action does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

Recommendation

Receive information about a proposed lease amendment between the City and Integral Innovations and give direction to staff.

Background

Integral Innovations has been an economic partner with the City of Del Rey Oaks since 2017. Since that time, the business has contributed sales tax, rent, and other fees totaling almost one million dollars to the City. In early 2019 the business was expanding quickly and needed additional workspace for their operations. To keep the business in Del Rey Oaks, and help it remain a successful economic partner with the City, Integral Innovations and the City entered a lease for the use of the Public Works building and a portion of the Public Works yard in June of 2019.

In late 2019 Integral Innovations’ business was negatively impacted by the “vaping” medical crises. Shortly thereafter, COVID-19 had an additional negative impact on their operations. These impacts resulted in a sharp reduction in revenue and investment, and the laying off of most of their employees. In April of 2020, the City approved a 4-month deferral of rent payments for the company, with the possibility of extending the deferral longer if necessary. Since that time, Integral Innovations has been struggling to stay in business and has not been able to make any rent payments.

Discussion

In early 2021 the City reached out to Integral Innovations to discuss their financial situation and the status of the lease. The City requested that Integral Innovations determine their ability to continue

renting the Public Works property. Additionally, if it was not feasible to do so, Integral Innovations was asked to prepare a request to end the lease. On April 16, 2021 Integral Innovations sent a letter to the City requesting to end the lease and receive back-rent relief in their continuing efforts to recover from the economic downturn and remain in business in the City.

Integral Innovations has offered to pay the City a reduced rent of \$1000 a month for a total of \$12,000 for the term of the lease. The City would sign an amended agreement with Integral Innovations documenting this amendment and rent payments would be paid monthly starting in July 2021 through June 2022. The City would regain control of the Public Works property immediately upon execution of the lease amendment.

Economic Impact

The cost of this contract amendment is a reduction of rental income to the City totaling \$36,000.

Recommended Action

Authorize the Mayor to sign an amended lease agreement for the Public Works property as proposed.

Attachments:

- Original lease agreement between the City of Del Rey Oaks and Integral Innovations
- Request letter from Integral Innovations seeking financial relief from the City through a lease amendment agreement
- Proposed amended lease agreement

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is entered into this June 28, 2019 ("Commencement Date"), by and between CITY OF DEL REY OAKS, a California municipal corporation (the "Landlord"), and INTEGRAL INNOVATIONS, LLC, a California limited liability company (the "Tenant"). Landlord and Tenant are singularly referred to as a "Party" and collectively referred to as the "Parties."

RECITALS

A. The Landlord is the owner of certain commercial real property located at 650 Canyon Del Rey, Del Rey Oaks, California 93940.

B. The Parties desire to enter into a lease covering the use and occupancy of the Premises (as defined below) as hereinafter specified.

NOW THEREFORE, in consideration of the mutual covenants, terms, provisions, conditions and limitations, the Parties agree as follows:

AGREEMENT

1. **DESCRIPTION OF THE PREMISES.** Landlord, in consideration of the rent payments described in this Lease, hereby leases to Tenant a portion of that certain commercial real property located in the City of Del Rey Oaks, County of Monterey, State of California, bearing assessor parcel number 012-521-004-000 (the legal description of which is attached hereto as Exhibit A), consisting of a one thousand six hundred (1,600) square foot building known as the Public Works Building and fourteen (14) parking spaces (the "Premises"), the depiction of which is attached hereto as Exhibit B.

2. **TERM.** The initial term of this Lease is for two (2) years beginning on the Commencement Date (the "Initial Term," together with any Extended Term (as defined below) the "Term"), unless otherwise extended pursuant to the provisions of Paragraph 33 hereof.

3. **BASE RENT.** Tenant shall pay to Landlord the sum of Four Thousand Dollars (\$4,000.00) per month prorated for each partial month in accordance with this Paragraph 3, payable in advance, on the Rent Commencement Date (as defined below), and on the first day of each month thereafter for the remainder of the Term ("Rent"). Rent for any partial month shall be prorated at the rate of one-thirtieth (1/30th) of the Rent per day. Tenant agrees to pay Rent to Landlord at 650 Canyon Del Rey Road, Del Rey Oaks, California 93940, or at such other place or places as may be designated from time to time by the Landlord in an advance writing.

3.1 **ADJUSTED RENT.** The Rent provided for in Paragraph 3 hereof shall be subject to adjustment on the first anniversary of the Commencement Date and on each twelve (12)-month anniversary thereafter during the term of the Lease. The Rent shall be increased by three percent (3%) as compared with the rent for the immediately preceding twelve (12) month period.

4. **STORAGE SHED.** Upon the execution of this Lease, Tenant shall pay a nonrefundable sum of Eight Thousand Dollars (\$8,000.00) for the purchase of a temporary storage shed (the "Storage Shed Consideration") to be located adjacent to 650 Canyon Del Rey Road, Del Rey Oaks, California (known as "City Hall"). The temporary storage shed shall maintain the contents currently in the Premises and shall be the property of the Landlord.

5. **TENANT IMPROVEMENTS.** Tenant agrees, at Tenant's sole expense, to make the following improvements to the premises: (a) install bathroom facilities; (b) add exterior paint, siding and plants to enhance the appearance of the Premises; (c) make any improvements required by building and fire code for the intended Use; (d) striping the parking area for fourteen (14) spaces; (e) facilitate a CASp inspection of the Premises and make any alterations required pursuant to such inspection; (f) facilitate an inspection of the Premises pursuant to the Americans with Disabilities Act of 1990, and make any alterations required pursuant to such inspection; and (g) repair any latent defects on the Premises of which Tenant has actual knowledge. Landlord and Tenant agree that if the estimate(s) for the foregoing improvements exceeds Fifty Thousand Dollars (\$50,000.00), Tenant shall, at Tenant's sole discretion, have the right to immediately terminate the Lease upon written notice to the Landlord. All improvements shall become the property of Landlord upon being made.

6. **COMMENCEMENT OF RENT PAYMENTS.** The Rent payments, described in Paragraph 3 above, shall commence upon the Tenant obtaining the necessary licensing from the State of California for Tenant's Permitted Use (as defined below), but in no event shall be more than eight (8) months from the Commencement Date (the "Rent Commencement Date"). In the event Tenant is unable to obtain the necessary licensing requirements from the State of California, Tenant shall have the right to terminate this Lease upon written notice to the Landlord.

7. **HOLDING OVER.** In the event that Tenant shall hold possession of the Premises herein demised after the term of this Lease without the consent of Landlord, Tenant shall become a tenant from month to month until such tenancy is terminated by Landlord, but nothing in this paragraph shall be construed as a consent by Landlord to the occupation or possession of the Premises by Tenant after the Term.

8. **USE.** Tenant shall use the Premises for packaging and distribution of cannabis products and for uses normally incidental to that purpose (collectively, the "Permitted Use"), and for no other purpose without the written consent of Landlord. Unless stated to the contrary herein, Tenant shall not use or cause to be used in the business operated on the Premises any hazardous or toxic substances or materials, or store or dispose of any such substances or materials on the Premises (Paragraph 17).

9. **CONDITION OF THE PREMISES.** Tenant has had the opportunity to inspect the Premises, knows its condition, and, except as otherwise set forth herein, accepts the Premises "AS-IS." Tenant acknowledges that it has taken all steps Tenant deems necessary to ensure that the Premises is suitable for the Permitted Use of the Premises and will diligently prosecute obtaining any necessary use permits in connection with Tenant's use of the Premises.

10. **UTILITIES, SIGNAGE AND OTHER EXPENSES.** Tenant will timely pay all utility charges (including without limitation, gas and electric service, water, internet, garbage service, alarm service, and sewer) for the Premises during the Term. All such services shall be in the name of the Tenant during the Term. Tenant agrees that Tenant shall not install any exterior signage on the Premises which indicates the purpose or purposes for which the Premises are used.

11. **TAXES.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

a. **Real Estate Taxes.** Landlord shall timely pay all real estate taxes and general and special assessments for the Premises.

b. **Personal Taxes.** Tenant shall timely pay all taxes, assessments, services charges, license fees and other charges that are levied or assessed against Tenant's personal property or improvements installed or located in or on the Premises during the Term. If any such taxes, assessments, license fees, and/or other charges are levied against Tenant or Tenant's property, or if the assessed value of the Premises is increased by the inclusion of a value placed on Tenant's personal property, and if Landlord pays such taxes, assessments, license fees, and/or other charges or any taxes based on the increase caused by Tenant's personal property, then Tenant, on Landlord's demand, shall immediately reimburse Landlord for the sum of such taxes, assessments, license fees, and/or other charges so levied against Tenant, or if levied against Tenant's property during the Term.

12. **INSURANCE.** Tenant shall for the Term and any hold over period, as described in Paragraph 7 above, at Tenant's sole cost and expense, procure and keep in force the following insurance:

a. **Liability Insurance.** Comprehensive general liability insurance for the mutual benefit of Landlord and Tenant, against any and all claims for personal injury, death or property damage occurring in or about the Premises, or arising out of Tenant's use or occupancy of the Premises or Tenant's operations on the Premises. Such insurance shall have a combined single limit of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.

b. **Fire Insurance.** A policy or policies of fire insurance with standard extended coverage endorsement on all of Tenant's fixtures, equipment, and personal property situated in or on, or about the Premises, in a sum equal to the full replacement value thereof. Landlord shall have the right to request and upon such request Tenant shall provide proof of the original book value of the property subject to coverage under the policy. So long as this Lease is in effect, the proceeds from any such fire insurance policy shall be used for the repair or replacement of the fixtures, equipment or other personal property so insured.

c. **Workers Compensation.** Workers' compensation coverage and any other employee benefit insurance or equivalent sufficient to comply with all applicable laws

Each policy of insurance required to be carried by Tenant pursuant to this Paragraph 12 shall (1) name Landlord as additional insured (except workers' compensation); (2) be carried

with companies duly licensed to do business in the State of California and bearing an "A+" rating or better; and (3) provide that such policy shall not be subject to cancellation, lapse or change except after at least thirty (30) days' prior written notice to Landlord. Tenant shall deliver a certificate of such insurance to Landlord prior to the time Tenant or any of its contractors enters the Premises and upon renewal of such policies, but not less than thirty (30) days prior to the expiration of the then-current term of such coverage. Landlord may, at any time and from time to time, inspect and/or copy any and all insurance policies required to be produced by Tenant pursuant to this Paragraph.

In the event Tenant is unable to obtain the insurance policies required pursuant to this Section 12 prior to the Commencement Date, Tenant shall have the right to terminate this Lease upon written notice to the Landlord.

Landlord is not required to maintain any level or type of insurance, but may elect to obtain such insurance which shall be for the sole benefit and protection of Landlord.

13. MAINTENANCE/REPAIRS/ALTERATIONS. Tenant agrees to maintain the Premises, and will make all necessary repairs and improvements to keep the Premises in good order, repair and in a condition in which it may be rented to another Tenant running a like business. Landlord has no obligation to maintain, alter, improve, or repair the Premises; provided, however, that Landlord will maintain and repair the structural elements of the roof, foundations, and bearing walls of the leased premises, unless the damage leading to the need for such maintenance and repair is the result of the negligence and/or misconduct of the Tenant, in which case the Tenant will pay for such maintenance and repair. Tenant hereby waives all rights to make repairs at the expense of Landlord, and Tenant hereby waives all rights provided for by Sections 1941 through 1942 of the Civil Code of the State of California. Tenant will not alter or build improvements on the Premises without first obtaining Landlord's written consent.

14. COMPLIANCE WITH LAWS. Tenant shall use the Premises in strict compliance with all laws, statutes, ordinances, rules, regulations and orders of any nature whatsoever, of federal (excepting federal cannabis laws and regulations), state or county governments, or of any agency, bureau, board, commission or officer thereof which may be applicable to Tenant's use or occupancy of the Premises including, but not limited to, the obligation at Tenant's cost to alter, maintain, or restore the Premises in compliance and conformity with all such laws relating to the condition, use or occupancy of the Premises during the lease Term.

15. NON-LIABILITY OF LANDLORD. Tenant agrees that, except to the extent expressly set forth herein or as a result of Landlord's gross negligence or intentional misconduct, Landlord is not liable to Tenant for any damage to the Premises or to Tenant's business, or to any of Tenant's personal or other property for any reason. Subject to the insurance requirements and releases set forth in this Lease, and except to the extent set forth herein, Tenant will defend, indemnify, and hold Landlord free and harmless from any charges, liens or encumbrances arising from a third party claim or action related to Tenant's use and occupancy of the Premises or of any work repair or construction performed by Tenant on the Premises during the Term.

16. **MUTUAL INDEMNITY.** Each party, (in such capacity, the "Indemnifying Party") agrees to defend, indemnify, and hold harmless the other party (the "Indemnified Party") from and against any and all third party losses, claims, demands, liabilities, expenses or charges of any nature or kind (including, without limitation, sanctions or penalties assessed by a governmental entity), which the Indemnified Party may suffer or incur from or in any way connected with the Indemnifying Party's negligence or intentional misconduct.

17. **HAZARDOUS MATERIALS.**

a. Tenant shall not at any time during the Term use, generate, store or dispose, on, under or about the Premises any "Hazardous Materials" (as defined below Paragraph 17(d) except for Hazardous Materials held by Tenant for use in the ordinary course of the Tenant's business.

b. Tenant will cleanup, remove and/or remediate any Hazardous Materials or effects thereof, to the extent caused by Tenant during the Term, in, on or under the Premises as required to comply with any federal, state or local law, rule, regulation or ordinance applicable to Tenant relating to pollution or the protection or regulation of human health, natural resources or the environment (collectively, "Environmental Laws").

c. During the Term and to the extent applicable to Tenant, Tenant will comply with all rules, regulations, ordinances, statutes and laws of all county, municipal, state, federal and other governmental authorities now or hereafter in effect pertaining to any Hazardous Materials which are used, generated, stored or disposed on, under or about the Premises by Tenant, its employees, agents, contractors, suppliers, customers or other invitees, or under the control of or at the direction of Tenant.

d. The term "Hazardous Materials" as used in this Lease means those substances (i) defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "extremely hazardous wastes" or "restricted hazardous wastes"; (ii) stated to be known to cause cancer or reproductive toxicity; or (iii) defined in similar terms as matters that are hazardous to the environment under the laws of (a) the United States, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. section 9601, *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. section 1801 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. section 6901 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. section 1317 *et seq.*, and/or (b) the State of California including, without limitation, sections 25117 and 25316 of the California Health and Safety Code; and/or (c) any of the regulations adopted and publications promulgated pursuant to said laws described in (a) and (b) above, as they may be amended from time to time.

e. Tenant shall indemnify, defend, and hold Landlord harmless from and against all claims, demands, actions, damages, liability, and expense including all foreseeable and unforeseeable consequential damages, directly or indirectly arising out of the use, generation, storage or disposal by Tenant of Hazardous Materials, including, without limitation, the cost of any fines, required or necessary repair, clean-up or detoxification and the preparation of any closure or other required plans, to the full extent that such action is attributable, directly or indirectly, to the use, generation, storage or disposal of Hazardous Materials on the Premises.

Landlord shall indemnify, defend, and hold Tenant harmless from and against all claims, demands, actions, damages, liability, and expense including all foreseeable and unforeseeable consequential damages, directly or indirectly arising out of the use, generation, storage or disposal of Hazardous Materials prior to and following the Term, including, without limitation, the cost of any fines, required or necessary repair, clean-up or detoxification and the preparation of any closure or other required plans, to the full extent that such action is attributable, directly or indirectly, to the use, generation, storage or disposal of Hazardous Materials on the Premises.

18. ENTRY BY LANDLORD.

a. Landlord shall retain the right of entry at all times to access the Public Works Corporation Yard, and the portion of the parking lot that is not part of the Premises, both of which adjoin the Premises. Such entry shall be for City-related business only. Ingress and egress for such right of entry shall be from either of the two existing points of entry to the Premises, namely from Canyon Del Rey Boulevard and from Del Rey Oaks Park.

b. Subject to compliance with any agreement between the parties that address confidentiality and nondisclosure, Tenant shall permit Landlord and Landlord's agents and assigns, at all reasonable times, to enter the Premises for the purpose of inspection. Situations in which the Landlord may enter the Premises include, but are not limited to, an emergency, to conduct necessary repairs, to display the premises, abandonment by Tenant, pursuant to a court order, with the Tenant's consent, and for reasonable inspections; provided, however, Landlord may not enter the premises for the purposes of displaying them until the date two (2) months prior to expiration of the Term. Such inspections shall be scheduled as to not unreasonably interfere with the conduct of Tenant's business. Tenant may require reasonable measures to insure Landlord's observations of its lawful operations remain confidential. Except in an emergency, Tenant has the right to have a representative of Tenant accompany Landlord in connection with Landlord's entry upon the Premises.

19. UNAUTHORIZED PERSONS. Tenant agrees that it will use commercially reasonable efforts to prevent entry of the Premises by any unauthorized person or persons.

20. LIENS. Neither Party shall suffer or permit any lien or encumbrance of whatever kind or nature to be placed upon, levied upon or assessed against the Premises, or the real property of which the same are a part, during the Term. If any such lien is placed upon the Premises during the Term, the responsible Party shall promptly pay or otherwise remove the lien, and if not so paid and removed by such responsible Party within fifteen (15) days after the lien is recorded, it may be paid by the other Party and charged to such responsible Party, the same being due and payable immediately upon presentation of a statement by such other Party. Landlord, or its agents, may at any time in its discretion go in and upon the Premises and post notices of non-responsibility where any alterations, repairs or improvements have been commenced by Tenant on the Premises during the Term.

21. NO ASSIGNMENT. Tenant shall not have the right to assign this Lease or any interest therein, either voluntarily or involuntarily, sublet the Premises or any part thereof, without the written consent of the Landlord, which may be withheld by the Landlord for any

reason or no reason at all. No subletting of all or any part of the Premises shall in any way relieve Tenant from any of its obligations under this Lease and Tenant shall fully guarantee the performance of all the terms and obligations of this Lease by such assignee or sublessee. Landlord's acceptance of any rent payment from another person other than Tenant shall not be deemed a waiver of this paragraph by Landlord.

22. TENANT'S DEFAULT. The occurrence of any of the following shall constitute a default by Tenant under this Lease, and any written notice given by Landlord with respect to such default, as identified below, shall be in lieu of, and not in addition to, any written notice required by any applicable unlawful detainer statute:

a. Failure To Pay Rent. Tenant fails to pay Rent or other monetary amounts due under this Lease as and when required to be paid by Tenant under this Lease, and such failure continues for a period of seven (7) days following Tenant's receipt of written notice of non-payment;

b. Committing of Waste or Nuisance. Tenant commits or allows waste, nuisance, or unreasonable annoyance to neighbors on the Premises. Tenant has the responsibility to keep the Premises clean and free of debris, properly dispose of trash, and shall not deliberately or negligently allow damage to the Premises. When the lease Term ends, Tenant shall return the Premises to Landlord in the condition it was in on Commencement Date, or better, except for reasonable wear and tear, or loss due to casualty or condemnation;

c. Failure To Perform Other Obligations. Tenant fails to perform any term, covenant or condition of this Lease and Tenant failed to cure such breach within fifteen (15) days after written notice from Landlord specifying the nature of such failure; provided however, that if more than fifteen (15) days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the fifteen (15)-day period and thereafter diligently pursues its completion. Landlord shall not be required to give such notice as specified in this Paragraph 21(c) if Tenant's failure to perform constitutes a non-curable material breach of this Lease;

d. Abandonment. Tenant abandons the Premises;

e. Entity Tenant's Dissolution. Tenant commences the dissolution or termination of its legal existence; or

f. Bankruptcy or Other Liquidation. A court makes or enters any decree or order with respect to Tenant or Tenant submitted to or sought a decree or order (or a petition or pleading shall have been filed in connection therewith) which: (1) grants or constitutes (or seeks) an order for relief, appointment of a trustee, or confirmation of a reorganization plan under the bankruptcy laws of the United States; (2) approves as properly filed (or seeks such approval of) a petition seeking liquidation or reorganization under said bankruptcy laws or any other debtor's relief law or statute of the United States or any state thereof; or (3) otherwise directs (or seeks) the winding up or liquidation of Tenant, and such petition, decree or order shall have continued in effect for a period of thirty (30) or more days.

23. LANDLORD'S REMEDIES IN EVENT OF DEFAULT. In the event of any default by Tenant pursuant to Paragraph 22 above, and in addition to all other rights and remedies Landlord may have at law, in equity, or otherwise, Landlord shall have the right to recover possession of the Premises, and shall also have the option to do any or all of the following:

a. Collection of Rent. Landlord may collect by suit or otherwise, pursuant to the provisions of section 1951.4 of the California Civil Code, each instalment of rent or other sum as it becomes due hereunder, or to enforce, by suit or otherwise, any other term or provision hereof on the part of Tenant required to be kept or performed, it being specifically agreed that all unpaid instalments of rent or other sums shall bear interest at the highest rate authorized by law from the due date thereof until paid.

b. Termination of Lease. Termination of this Lease, in which event Tenant shall surrender possession of the Premises within seven (7) days, and pay to Landlord, in addition to any other remedy Landlord may have, all damages Landlord may incur by reason of Tenant's default, including the cost of recovering the Premises, and including:

i. The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided.

ii. The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided.

iii. The express intent of this Section 23b. is to grant to Landlord all remedies specified in paragraphs (a)(1), (a)(2), (a)(3), and (a)(4) of Section 1951.2 of the California Civil Code.

c. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform the Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

d. Re-Letting. Should Landlord elect to re-enter, as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this Lease or may from time to time, without terminating this Lease, re-let the Premises, or any part thereof, as the agent and for the account of Tenant, either in the Landlord's name or otherwise, upon such terms and conditions and for such period (whether longer than the balance of the term hereof or not) as Landlord may deem advisable, either with or without any equipment or fixtures that may be situated thereon or therein, in which event the rents received on any such re-letting during the balance of the Term of this Lease, or any part thereof, shall be applied first to the expenses of re-letting and collecting including necessary renovation and alteration of the Premises and reasonable attorney's fees, and any real estate commission actually paid and, thereafter, toward payment of all sums due or to become due to Landlord hereunder, and if a sufficient sum shall not be thus realized to pay such rent and other charges, Tenant shall pay to Landlord monthly any deficiency, and Landlord may

sue therefor as each monthly deficiency shall arise. Such monthly deficiencies shall be paid punctually when due.

The remedies in this Paragraph shall not be exclusive, but shall be cumulative and in addition to all other remedies now or hereafter allowed by the laws of the State of California.

24. TENANT'S REMEDIES ON LANDLORD'S DEFAULT. Except as expressly provided herein, Tenant hereby waives any right to terminate this Lease and/or to vacate the Premises on Landlord's default under this Lease. Tenant's remedy on Landlord's default is an action for damages or injunctive or declaratory relief.

25. WAIVER. The failure of either party to enforce a breach of any term, covenant or condition contained in this Lease shall not be treated as a waiver of such term, covenant, or condition. The waiver by either party of a breach of any term, covenant or condition contained in this Lease shall not be construed as a continuing waiver of such term, covenant, or condition, or as a waiver of a future breach of the same or any other term, covenant or condition contained in this Lease. Tenant agrees that Landlord's acceptance of Rent or any portion thereof after serving notice pursuant to Code of Civil Procedure section 1161 or after the filing of a complaint to recover possession of the premises shall not be a waiver of Landlord's rights and remedies with respect to any preceding default by Tenant under this Lease other than a default resulting from Tenant's failure to pay the particular amount of Rent so accepted.

26. CONDEMNATION. In the event that any public authority exercises the right of eminent domain and condemns or takes the whole or such portion of the Premises as to constitute a material interference with Tenant's business operations, then this Lease shall thereupon terminate, and any award which may be made by reason thereof shall belong entirely to the Landlord, except for any portions of such award that is specifically allocated by the condemning party or separately awarded to Tenant. In the event of any such condemnation of a portion of the Premises so as not to materially affect Tenant's business operations, this Lease shall remain in full force and effect and any award which may be made by reason thereof shall belong entirely to the Landlord, but rental shall be abated equitably based on the proportion remaining. The rights of Landlord and Tenant regarding any condemnation shall be determined in the manner specified in this Paragraph and each Party hereby waives the provisions of section 1265.130 of the California Code of Civil Procedure and the provisions of any similar law hereinafter enacted allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

27. END OF LEASE. At the end of the Term of this Lease, Tenant will deliver to Landlord possession of the Premises in the same or better condition in which the Premises existed on the Commencement Date, except for reasonable wear and tear. All fixtures, including, but not limited to, the buildings erected on the Premises shall remain on the Premises as the property of Landlord. Paragraph 6 of this Lease (Holding Over) shall govern the Parties rights and obligations in the event that Tenant remains in possession of the Premises after the expiration of the Term of this Lease without Landlord's consent.

28. DISCLAIMER OF WARRANTIES. Landlord makes no warranty except as specifically set forth herein. Except to the extent provided herein, Landlord disclaims and

Tenant waives and releases all rights and remedies of Tenant and all warranties and obligations of Landlord, express or implied, arising out of law or otherwise. Tenant has made its own independent investigation to the suitability of the Premises for the uses authorized under this Lease.

29. **NOTICES.** Any notice to be given to either Party by the other must be in writing and must be either personally served or sent by prepaid, first-class mail addressed as follows:

To Landlord: CITY OF DEL REY OAKS
650 Canyon Del Rey Road
Del Rey Oaks, CA 93940

To Tenant: INTEGRAL INNOVATIONS, LLC
Attn: Adam Yader, Chief Executive Officer
191 Lighthouse Avenue, #4
Monterey, CA 93940

or such other address as a party may provide in writing in advance. Notice will be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this Paragraph. Personal service will be deemed communicated effective as of the date personally served.

30. **CONSTRUCTION.** The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning, and not strictly for or against either Landlord or Tenant. The captions used in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof. Exhibits referred to in this Lease shall be deemed incorporated by reference, whether actually attached or not. When the context of this Lease requires, the neuter gender includes the masculine, the feminine, a partnership or corporation or joint venture, and the singular includes the plural. The terms "shall," "will," and "agree" are mandatory. The term "may" is permissive. Whenever the consent of a party is required by a provision of this Lease, such consent shall not be unreasonably withheld, conditioned, or delayed. When a party is required to do something by this Lease, it shall do so at its sole cost and expense without right of reimbursement from the other party unless specific provision is made therefor.

31. **WARRANTY OF AUTHORITY.** Landlord and Tenant each represents and warrants to the other that they have the full right, power and authority to enter into this Lease and the transactions contemplated herein, and the signatories executing this Lease on behalf of the Landlord and Tenant constitute all of the persons necessary to bind all persons or entities on whose behalf they are executing.

32. **MISCELLANEOUS.** Time is of the essence of each provision of this Lease and each provision is binding upon the parties, their successors, and assigns. California law governs this Lease. Monterey County shall be the venue for any disputes, and nowhere else. The prevailing party in any action shall be entitled to their reasonable attorney's fees and costs in addition to any other relief to which the party is entitled. This Lease contains all of the agreements of the parties, and supersedes any of their prior discussions or agreements. Should

any provision hereof prove to be invalid or illegal, such invalidity shall in no way affect, impair or invalidate any other provision hereof and such remaining provisions shall remain in full force and effect.

33. **ENTIRE AGREEMENT.** This Lease and the exhibits attached hereto constitute the entire agreement between the Parties, and no promises, representations, or warranties not expressly made in this Lease is to be considered a part of this Lease. Tenant expressly waives all claims for damage by reason of any statement, representation, warranty, promise, or other agreements of Landlord or Landlord's agents, whether written or oral, express or implied if any, not contained in this Lease or in any addendum or amendment hereto. No subsequent change or addition to this Lease shall be binding unless in writing and signed by the Parties.

34. **OPTION TO EXTEND TERM/EXTENDED TERM RENT.** Tenant is given the option to extend the term of this Lease on all the provisions contained in this Lease for two (2) additional periods of three (3) years each (each, an "Extended Term") following expiration of the then current Term, by giving notice of exercise of the Option ("Option Notice") to Landlord at least six (6) months, but no more than one (1) year, before the expiration of the then current Term; provided that, if Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if Tenant is in default on the date the Extended Term is to commence, the Extended Term shall not commence and this Lease shall expire at the end of the then-current Term.

35. **EARLY TERMINATION.**

a. Either Party may terminate this Lease immediately upon: (i) assertion by any federal agency or body that the Tenant's activities on the Premises are in contravention of federal law; (ii) a change in federal law enforcement priorities regarding cannabis; or (iii) any change to state or local law that would cause either of the Parties' obligations under this Lease to become illegal.

b. In addition to the termination rights set forth in Section 35(a) above, Tenant may terminate this Lease immediately at any time upon written notice to Landlord and upon payment to Landlord of twelve thousand dollars (\$12,000.00) (the "Termination Payment"); provided, no Termination Payment will be due if, at the time of such written notice, Landlord is in material breach of any term or condition of this Lease. Notwithstanding the foregoing, if Landlord is in material breach of this Lease at the time the Termination Payment is otherwise due, Tenant shall pay Landlord the portion of the Termination Payment in excess of the damages caused by Landlord's material breach, if any.

36. **COUNTERPART SIGNATURES.** This Lease may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument. Scanned and electronically mailed or facsimile signatures shall have the same force and effect as original signatures.

37. **ADDITIONAL PROPERTY SUBJECT TO LEASE.** In the event a Party desires for Tenant to lease an additional portion of the Premises, or any real property adjacent to the Premises, such Party hereby agrees to provide the other Party with ninety (90) days' written

notice thereof. In the event such other Party desires to lease such additional portion of the Premises or real property adjacent to the Premises, the Parties shall enter into good faith negotiations with respect thereto.

38. **REQUIRED ACCESSIBILITY DISCLOSURE.** Landlord hereby advises Tenant that the Premises has not undergone an inspection by a certified access specialist, and except to the extent expressly set forth in this Lease, Landlord shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

"A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." [Cal. Civ. Code Section 1938(e)]. Any CAsp inspection shall be subject to Landlord's prior written consent.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:
CITY OF DEL REY OAKS

By:


Alison Kerr, Mayor

TENANT:
INTEGRAL INNOVATIONS, LLC
a California limited liability company

By:


Adán Yacier, Manager

Approved as to Form:

By:


Alex J. Lorca, City Attorney

EXHIBIT "A"

DESCRIPTION FOR LEASE AREA

That certain real property lying within a portion of Lot 5, Rancho Noche Buena, Monterey County, California, and being more particularly described as follows:

BEGINNING at a point distant North 8° 16' 30" East, 78.32 Feet from the northeasterly corner of Lot 32, Block 1, as shown on the map titled "Tract No. 195, Del Rey Terrace", filed December 28, 1950 in Volume 5 of Cities and Towns at Page 62, records of Monterey County, State of California; thence the following courses and distances:

- 1) North 56° 48' 14" West, 71.00 Feet; thence
- 2) South 33° 11' 46" West, 18.00 Feet; thence
- 3) North 52° 25' 36" West, 48.00 Feet; thence
- 4) North 33° 11' 46" East, 14.34 Feet; thence
- 5) North 56° 48' 14" West, 102.00 Feet; thence
- 6) North 33° 34' 20" East, 33.00 Feet; thence
- 7) South 56° 25' 40" East, 13.00 Feet; thence
- 8) North 33° 34' 20" East, 25.00 Feet; thence
- 9) South 56° 25' 08" East, 120.00 Feet; thence
- 10) North 33° 22' 25" East, 19.00 Feet; thence
- 11) South 33° 09' 24" East, 126.00 Feet; thence
- 12) South 56° 53' 04" West, 20.00 Feet; thence
- 13) North 76° 46' 23" West, 21.24 Feet to the **POINT OF BEGINNING**.

Containing 16,070.75 Square Feet, more or less, as shown on the plat attached hereto and made a part hereof.

APN: Portion 012-521-004

END OF DESCRIPTION



100 Calle del Oaks
Del Rey Oaks, CA 93940

April 16, 2021

To: Jeff Hoyne
City Manager
City of Del Rey Oaks

Dear Jeff,

As requested, I am writing regarding the Public Works building. Integral Innovations LLC has no need for the facility for the foreseeable future and would like to return use of the building to the City of Del Rey Oaks immediately.

Integral Innovations has had a great relationship with the City of Del Rey Oaks since starting our business here in 2017 and has paid the city nearly \$1 Million dollars in taxes, rent, and permits since that time. We look forward to a continued successful relationship well into the future.

Due to circumstances out of our control we suffered a serious setback in our business in the middle of 2020 and have not been able to pay taxes or rent since that time. We appreciate the city's patience as we work our way out of this. We are building the business back up and expect to begin paying taxes once again in the middle of 2021. This letter, though, is regarding the Public Works building that we negotiated to rent from the city.

Our contract was for \$4,000 per month starting March 2020. The contract is for 2 years, but rent was not due for 8 months to allow for planning. We paid 2 payments of \$4,000 which were for March and April of 2020. This is when our business began to struggle, but we thought it would only be for a short time. Unfortunately, it has continued, and we have not received additional investment as expected. We paid \$40,000 towards Architect and Engineering fees for the project and even though the costs were going to be substantially more than planned, with the expectation of investment funds and growth of the company, we felt this was a good investment. But we will not be able to move forward with this project.

The debt due as of April 1, 2021 is \$48,000. Integral Innovations is unable to pay this debt currently and for the foreseeable future. I would like to request that the debt be considered only \$1,000 per month for a total of \$12,000 and that we be allowed to pay this debt in payments of \$1,000 per month beginning in July 2021.

Best,

A handwritten signature in black ink, appearing to read "Annajane Lowe".

Annajane Lowe CPA
CFO

TERMINATION OF COMMERCIAL LEASE AGREEMENT

This TERMINATION OF COMMERCIAL LEASE AGREEMENT (the "Agreement"), effective May 1, 2021 (the "Effective Date"), is made by and between the CITY OF DEL REY OAKS, a California municipal corporation (the "Landlord"), and INTEGRAL INNOVATIONS, LLC, a California limited liability company (the "Tenant"). Landlord and Tenant are singularly referred to as a "party" and collectively referred to as the "parties."

RECITALS

A. WHEREAS, on June 28, 2019, Landlord and Tenant entered into a Commercial Lease (the "Lease") for a portion of that certain commercial real property owned by the City of Del Rey Oaks and located in the City of Del Rey Oaks, County of Monterey, State of California, bearing Assessor's Parcel Number 012-521-004-000 (the "Property");

B. WHEREAS, a copy of the Lease is attached hereto as Exhibit A and incorporated herein by this reference;

C. WHEREAS, the Lease provided for a term of two years, from June 28, 2019, to June 28, 2021;

D. WHEREAS, due to the COVID-19 pandemic and other factors, Tenant has not paid Landlord any rent payments as required by the Lease;

E. WHEREAS, as of April 1, 2021, pursuant to the terms of the Lease, Tenant owes Landlord rent in the amount of \$48,000; and

F. WHEREAS, the Parties wish to terminate the Lease pursuant to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual terms, conditions and covenants hereinafter set forth, Landlord and Tenant agree as follows:

1. TERMINATION OF LEASE. The Lease is hereby terminated as of the Effective Date.

2. PAYMENT TO LANDLORD. Tenant shall pay to Landlord a total of \$12,000 as full payment under the Lease. Tenant shall pay Landlord \$1,000 per month effective May 1, 2021, until said \$12,000 is paid in full.

3. TENANCY TERMINATED. As of the Effective Date, Tenant agrees its tenancy with respect to the Property is terminated.

4. SURRENDER OF PROPERTY. As of the Effective Date, Tenant shall surrender possession of the Property.

5. RETENTION OF IMPROVEMENTS. Tenant shall not remove, and Landlord shall be entitled to retain, any and all improvements made by Tenant at the Property, including, without limitation, the shed installed by Tenant. Tenant shall, however, promptly remove any improvements made to the Property at the request of Landlord.

6. RELEASE. Effective immediately, Tenant hereby releases Landlord, its current and former officers, officials, employees, representatives, and agents (hereafter the "Releasees"), from any and all claims Tenant might or could have against any of them arising out of Tenant's lease of the Property, including, without limitation, any claims, demands, or actions (collectively referred to as "claims").

7. WAIVER OF SECTION 1542. Tenant understands that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

Tenant further understands that Section 1542 gives it the right not to release existing claims of which it is not now aware unless it voluntarily chooses to waive this right. Having been so apprised, Tenant nevertheless voluntarily elects to waive its rights for any claims against Landlord and its officers, officials, employees, agents, representatives, and successors that now exist in its favor, whether known or unknown, suspected or unsuspected. Tenant also waives any rights it has under any law or statute that provides this release may or does not apply to claims Tenant does not know about or suspect.

8. FULL SETTLEMENT. Tenant, on behalf of itself and successors-in-interest, hereby fully and forever releases the Releasees from, and agrees not to sue concerning, any claim relating to any matters of any kind it may possess arising from any omissions, acts, or facts that have occurred up until and including the Effective Date of this Agreement. All such claims (including related administrative awards, attorney's fees, and costs) are forever barred by this Agreement and without regard to whether those claims are based on any alleged breach of a duty arising in contract or tort; any alleged unlawful act; any other claim or cause of action; and regardless of the forum in which it might be brought.

9. PARTIAL INVALIDITY. If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included herein.

10. ENTIRE AGREEMENT. It is agreed between the parties hereto that there are no other agreements or understandings between them relating to the subject matter of this Agreement. This Agreement supersedes all prior agreements, oral or written, between the parties and is intended as a complete and exclusive statement of the agreement between the parties. Neither this Agreement, nor its execution, has been induced by any reliance, representation, stipulation, warranty, agreement or understanding of any kind other than those herein expressed.

No change or modification of this Agreement shall be valid unless the same is in writing and signed by both parties.

11. ATTORNEYS' FEES. In the event of any suit or other proceeding or action to enforce the terms of this Agreement the non-prevailing party shall pay the prevailing party's reasonable attorneys' fees and costs.

12. GOVERNING LAW; VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of California. If any dispute shall arise hereunder to enforce or interpret any provision hereof, the venue for any such dispute shall be in Monterey County, California.

13. NO WAIVER. No waiver of any term, provision or condition of this Agreement or any breach or default hereunder shall be valid unless in writing and no waiver in any one or more instances shall be deemed to be either a continuing waiver or a waiver of any subsequent breach or default of any such term, provision, or condition of this Agreement.

14. HEADINGS. The headings and captions contained in this Agreement are for convenience purposes only and are not determinative, nor are they to be considered, in the construction of the terms or provisions of this Agreement.

15. ACKNOWLEDGMENT. Both parties acknowledge they have carefully read this Agreement and have had sufficient time to understand its terms, and to consult with legal counsel in regard to this Agreement, and acknowledge they knowingly, voluntarily, and based on their own judgment and not on any representation or promises other than those contained herein, are willfully entering into this Agreement and agree to be bound by each of the provisions contained herein.

16. COUNTERPART SIGNATURES. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument. Scanned and electronically mailed or facsimile signatures shall have the same force and effect as original signatures.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LANDLORD:

CITY OF DEL REY OAKS

By: _____
Alison Kerr, Mayor

Approved as to Form:

By: _____
Alex J. Lorca, City Attorney

TENANT:

INTEGRAL INNOVATIONS, LLC
a California limited liability company

By: _____
Adam Yader, Manager

CITY OF DEL REY OAKS

ACCESSORY DWELLING UNIT PUBLIC WORKSHOP

April 15, 2021



Purpose of Workshop

- Provide presentation on Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs)
- Answer Questions from the Public
- Input to be provided to Planning Commission and City Council for future approval of City Ordinance for ADUs



Accessory Dwelling Units

- What is an ADU? An accessory dwelling unit.
- What is it accessory to? A primary residence on the same lot.
- Best known as a “granny unit.”



Flavors of ADUs

1. Detached: ADU is separated from the primary structure.
2. Attached: ADU is attached to the primary structure.
3. Converted Existing Space: Space (e.g., master bedroom, attached garage, existing accessory structure) on the same lot as the primary residence that is converted into an ADU.
4. Junior Accessory Dwelling Unit : A specific type of conversion of existing space that is contained entirely within an existing or proposed single-family residence.
 - Big difference: Though they must have an “efficiency kitchen,” JADUs can share bathroom with primary residence. “Efficiency kitchen” = appliances that do not require electrical service greater than 120 volts, or natural or propane gas.



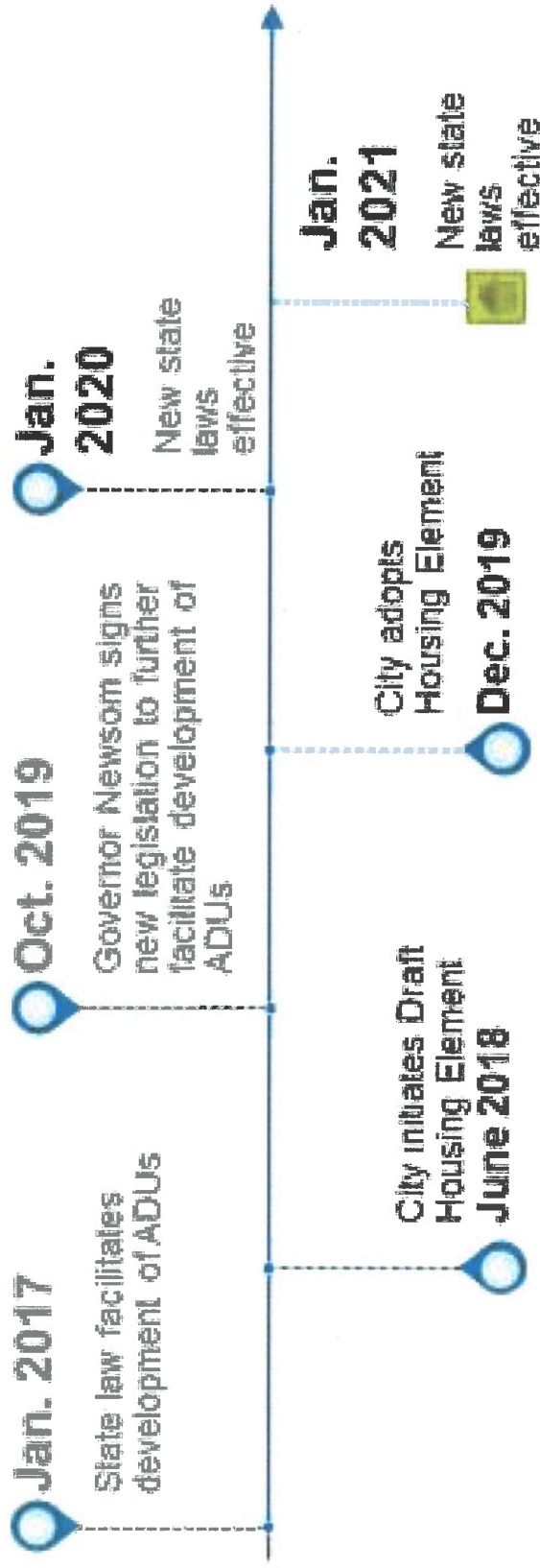
Why Now?

- Housing is top priority statewide.
- Flurry of legislation:
 - AB 68 (Ting): Allows one ADU and one JADU in addition to a primary residence on a single lot; limits development standards; and streamlines approvals.
 - SB 13 (Wiekowski): Restricts impact fees; allows delay in code enforcement.
 - AB 587 (Friedman): Allows an ADU to be sold or conveyed separately to a qualified nonprofit corporation under specified conditions.
 - AB 670 (Friedman): Prohibits HOAs from unreasonably restricting or effectively prohibiting ADUs.
 - AB 671 (Friedman): Requires Housing Elements to incentivize and promote affordable ADUs.
 - AB 881 (Bloom): Eliminates ADU occupancy-owner requirements for five years (expires January 1, 2025).
- As with most new laws, some uncertainty exists.



State and City Key Dates

Key Dates



Ministerial vs. Discretionary

- Ministerial approvals: Approvals that involve little or no personal judgment by the public agency/official.
Example: “over-the-counter” permits.
- Discretionary approvals: the public agency/official exercises discretion in reviewing an application. That is, the decision-maker has the power to shape a project. Example: conditional use permit.



Where in the City are ADUs Allowed?

- State Law: ADUs must be “considered in any residential or mixed-use zone,” whether the residential use is by right, or by conditional use permit.
- City Discretion:
 - City may permit ADUs in other residential zones.
 - City may limit locations where ADUs are permitted based on the adequacy of water and sewer service, traffic impacts, and public safety.
 - For example, an existing cease and desist order



ADU Size Limitations

- Minimum Square Footage (per State law):
 - 850 sf for studios and 1-bedrooms;
 - 1,000 sf for ADUs with more than one bedroom.
- Maximum Square Footage (per State law):
 - No maximum (except maximum size for a JADU is 500 sf)
 - If City doesn't regulate size, default is: 1,200 sf for a new detached ADU; or 50% of the floor area of the existing primary dwelling for an attached ADU (but at least 800 square feet).
- Conversion of an *existing* accessory structure or a portion of an existing primary residence to an ADU is not subject to size requirements. That is, the structure can remain the same size.



Design Standards

- The City may impose design standards such as parking, height, setback, landscape, architectural review, maximum size, as well as considerations based on historical resources.
- All design standards must be substantially objective to allow for ministerial approval of an application for and ADU or JADU.
- Applications that don't meet the objective criteria can still be approved through a discretionary process.



Density & Setback

- Density
 - An ADU is deemed an *accessory* use for the purposes of calculating allowable density. So, if a city allows one unit per 7,500 square feet, an ADU would not be counted as an additional unit.
- Setback
 - No setback for existing living area or ADU constructed in same location (and in same dimension) as an existing structure.
 - Otherwise, maximum of four feet from side and rear property lines.



Parking

- City does not have to require parking spaces for ADUs.
- City cannot require more than one parking space per unit or bedroom, whichever is less.
 - Parking requirement can be met by tandem parking, which means “two or more automobiles that are parked on a driveway or in any other location on a lot, lined up behind one another.”
 - City cannot require guest parking spaces.
- State law prohibits parking requirements in certain circumstances...



Parking Cont.

City may not impose parking standards where:

- ADU is located within one-half mile walking distance of public transit.
- ADU is located within an architecturally and historically significant historic district.
- ADU is part of the proposed or existing primary residence or an accessory structure.
- When on-street parking permits are required but not offered to the occupant of the ADU.
- When there is a car share vehicle located within one block of the ADU.



Owner Occupancy

- Cannot require the owner of the primary residence to live in either the primary residence or ADU until January 1, 2025.
- However, should a property have both an ADU and JADU, the owner must occupy either the JADU or the primary residence.



ADUs as STRs

- Local agencies may require ADUs to be rented for longer than 30 days.
- Because of the housing shortage and the legislative goals of ADU law, most public agencies are prohibiting ADUs from being used as short-term rentals.



Subdivision (e)

Government Code Section 65852.2(e) requires the City to ministerially approve building permits in four circumstances:

1. One ADU and one JADU within an *existing* single-family residence with exterior access. Setbacks must satisfy fire and safety requirements (i.e., no fixed minimum); a JADU must comply with applicable law.
2. One detached, new construction ADU that does not exceed four-foot side and rear setbacks. City can require a limit of 800 sf and height limit of 16 feet.



Subdivision (e) cont.

3. Multiple ADUs within portions of existing *multifamily* dwelling structures that are not used as living space (e.g., garages, attic, basements etc.). City must allow at least one ADU within a multifamily dwelling and allow up to 25% of the multifamily dwelling units.
4. Up to two ADUs located on a lot that has an existing *multifamily* dwelling, but are detached from the multifamily dwelling unit, subject to the four-foot side/rear setback and 16-foot height limit.



Subdivision (e) cont.

- Short term rental of ADUs and JADUs approved under Subdivision (e) is prohibited.
- It appears design standards do not apply to ADUs and JADUs approved under Subdivision (e).



Additional Information

- CA Department of Housing and Community Development (“HCD”) has stated ADUs “count” towards the City’s Regional Housing Needs Allocation.
- HOA’s cannot prohibit ADUs in their development, even if CCRs prohibit them.
- HCD will review the City’s ADU ordinance after adoption to determine whether it complies with ADU law.



Additional Information Cont.

- Review of an ADU ordinance is expressly exempted from review under the California Environmental Quality Act (CEQA) by Public Resources Code Section 21080.17.
 - Moreover, the ADU ordinance is exempt under CEQA Guidelines Sections 15061(b), 15301, 15303 and 15305.
- ADUs must comply with building code.



City Process for ADU Approval

- The City accepts ADU applications similarly to building permits. The plans are submitted to the plan checker and once water management approves, a building permit is issued and processed.
- ADU application is treated similarly to all other additions and remodels in the City.
- As noted, for ADUs to be approved ministerially, the City must adopt sufficiently objective standards to allow for ministerial review.
 - Examples: setbacks, design standards, colors, and materials.
 - Approval of ADUs cannot be subject to a hearing.



Water

Per Monterey Peninsula Water Management District:

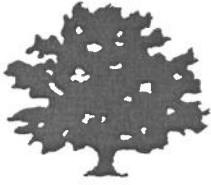
- Water may be used for ADUs.
- A sub-meter is required for new construction ADUs.
- If ADU includes new water fixtures, water credits must be obtained, e.g., by retrofitting existing fixtures.



Next Steps

- Receive public input tonight.
- Staff will draft ADU Ordinance.
- Present ADU ordinance to Planning Commission for recommendation to City Council.
- City Council adoption of ADU ordinance.





CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD. DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

Doug and Anne –

Thank you for your continued communication regarding Mr. Mori's operation of his Del Rey Oaks Garden Center. The City appreciates Mr. Mori's efforts to remediate his violations of his lease and the applicable conditional use permit.

As discussed, I write to confirm the City's direction regarding the Garden Center. At this juncture, the City is requiring Mr. Mori comply with the terms of his 2015 lease with the City ("Lease"), Conditional Use Permit # 14-08 ("CUP 14-08"), and the Encroachment Permit dated [DATE] ("Encroachment Permit").

The following actions must be *completed* within 60 days of this letter.

1. The repair shop, and all associated equipment and materials, must be completely removed. The City appreciates Mr. Mori's initial efforts to do as much, but insists this task be completed in full.
2. The haul road running between the Garden Center and Wilson Way must cease to be used for any purpose. The haul road was never permitted, either by the City or other applicable agencies, as required by the Encroachment Permit.

At this juncture, the City does not seek to exercise its right under the Encroachment Permit to require Mr. Mori to remove the haul road; however, it does not waive its right to require as much in the future.

3. With respect to the Garden Center's footprint, it must be returned to the boundaries shown in Exhibit "A" of the Lease. In doing so, Mr. Mori must remove all structures, containers, improvements, fences, gravel, dirt, woodchips, or other items so that the areas outside of the leased boundaries may return to their natural state.

Thank you for your continued efforts to assist Mr. Mori comply with the terms of the Lease, CUP 14-08, and the Encroachment Permit. Should you have any questions regarding the above, please do not hesitate to contact me.

Jeff Hoyne



MST HIGHLIGHTS

April 12, 2021 Board Meeting

APRIL EMPLOYEE OF THE MONTH

The MST Board unanimously adopted Resolution 2021-22 recognizing Emma Patel, Transit Planning Assistant, as the April 2021 Employee of the Month for her outstanding contribution to MST and to the entire community.

APPOINTED MEMBERS TO MEASURE Q OVERSIGHT COMMITTEE

The MST Board appointed members to the members to the Measure Q Oversight Committee with corresponding terms of office.

RECEIVED MEASURE Q OVERSIGHT COMMITTEE LETTER

The MST Board received a letter from the Measure Q Oversight Committee reporting that FY 2020 funds were spent on eligible expenses.

APPOINTED MEMBERS TO MOBILITY ADVISORY COMMITTEE

The MST Board appointed Jessica McKillip, Madilyn Jacobsen, and Reyna Gross as members to the Mobility Advisory Committee.

APPRECIATION FOR 30 YEARS OF SERVICE

The MST Board and staff recognized Mike Cargile, Transit Operations Supervisor for his 30 years of service at Monterey-Salinas Transit.

RECEIVED COVID-19 INCIDENT RESPONSE AND RECOVERY PLANNING UPDATE

The MST Board received a report from the General Manager/CEO on activities related to COVID-19 pandemic incident response and recovery planning.

APPROVED LCTOP PROJECTS FOR FY 2020/2021

The MST Board unanimously approved Resolution 2021-23 authorizing the certifications and assurances, authorized agent forms and execution of the Low Carbon Transit Operations Program (LCTOP) projects for FY 2020/2021.

APPROVED SOUTH COUNTY SERVICE PLAN AND IMPROVEMENTS

The MST Board received a summary of the South County Service Planning efforts and approved staff recommended service improvements.

REVIEWED 2nd DRAFT FY 2022-2025 STRATEGIC PLAN AND 2 YEAR ACTION PLAN

The MST Board received and reviewed the 2nd Draft FY 2022-25 Strategic Plan and Draft 2 Year Action Plan.

ADOPTED NEW WEBSITE PRIVACY POLICY

The MST Board reviewed and unanimously adopted a new website privacy policy.

NEXT MST BOARD MEETING

The next regular MST Board meeting will be held on May 10, 2021.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

www.tamcmonterey.org

HIGHLIGHTS

March 24, 2021



TAMC Board Approves Programming for Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 Funds

The Transportation Agency Board of Directors approved the programming of federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 funds that are distributed through the State Transportation Improvement Program to the State Route 156/Castroville Boulevard improvement project.

This opportunity for new funding is made possible from \$911.8 million of funding to the State of California through the appropriations act signed into law by the federal government in December. The intent of these funds is to provide relief to regional agencies and local jurisdictions who have suffered the loss of gas tax revenues under the shelter-in-place by funding projects that are ready to move forward quickly.

TAMC is expecting to receive from \$2.2 million or \$4.5 million of federal stimulus funds through the State Transportation Improvement Program depending on the distribution method approved by the California Transportation Commission. The State Route 156 / Castroville Boulevard project cost is \$55.2 million, including \$29.5 million in construction costs. The project has a certain portion of Measure X and Regional Development Impact fee funds that are more flexible than the federal funds, yet the project is already federalized. Shifting these new federal funds to the SR 156 project would allow these local funds to be available to other eligible regional projects.

TAMC Board Approves Prioritizing Projects for Federal Community Project Funding

The Transportation Agency Board of Directors approved TAMC staff recommendations to prioritize the *US 101 South of Salinas* project and the *State Route 68 Scenic Corridor* project for Federal Community Project funding. Prioritizing the regional Measure X projects would make them eligible for two versions of this new federal funding source. Up to \$2 million from a 2022 congressional appropriation for the *US 101 South of Salinas* project will be used for project's development and environmental review. A potential new infrastructure authorization could direct up to \$20 million to construct the *State Route 68 Corridor* project.



Caltrans Provides Update on Highway 1 at Rat Creek

Caltrans reported that crews continue to steadily work 7 days a week throughout the daylight hours to restore Highway 1 in Big Sur at Rat Creek. To date they have removed 70,000 cubic yards of debris from the highway and replaced it with 25,000 cubic yards of fill material. Much to the expressed gratitude of Supervisor Adams and TAMC Board Chair Ed Smith, City Councilmember for the City of Monterey, for their hard work, Caltrans remains on track to reopen the Highway 1 this summer.

JIMMY PANETTA
20TH DISTRICT, CALIFORNIA

COMMITTEE ON
WAYS AND MEANS

COMMITTEE ON
AGRICULTURE

COMMITTEE ON
THE BUDGET

Congress of the United States
House of Representatives
Washington, DC 20515-0520

212 CANNON HOUSE OFFICE
BUILDING
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(202) 225-2861
100 WEST ALISAL
SALINAS, CA 93901
(831) 424-2229
701 OCEAN STREET
ROOM 318
SANTA CRUZ, CA 95060
(831) 429-1976

March 12, 2021

Alison Kerr
Mayor
City of Del Rey Oaks
650 Canyon Del Rey Boulevard
Del Rey Oaks, CA 93940



Dear Mayor Kerr:

Alison,

I am writing about the relief that is coming to local governments across the central coast of California following the passage of President Joe Biden's American Rescue Plan. The legislation, signed into law on March 11, provides \$350 billion to state and local governments, including \$130.2 billion for localities of all sizes. That amount includes funding specifically for the city of Del Rey Oaks.

Our local governments are on the front lines of the COVID-19 crisis. They have experienced not only increased costs to provide public health and other emergency services, but also have seen a decline in revenues that could lead to cuts to personnel or public resources.

Since the beginning of this pandemic, I have heard from local leaders requesting more direct support for local governments. Based on my constant communication with local leaders, I consistently have been a strong supporter of direct, flexible funding for local governments of all sizes.

As you know, the Coronavirus Aid, Relief and Economic Security (CARES) Act provided direct funding for state and larger local governments but failed to provide direct funding for local governments serving populations under 500,000.

In order to ensure that a portion of this funding reached cities like Del Rey Oaks, I wrote to Governor Gavin Newsom, urging him to provide funding from California's share of CARES Coronavirus Relief Fund assistance. Following that letter, California announced funding for assistance for smaller localities from this funding, including \$50,000 for Del Rey Oaks.

Additionally, I cosponsored H.R. 6467 in the 116th Congress, the Coronavirus Community Relief Act, which would have provided \$250 billion to smaller local governments representing under 500,000 people. That bipartisan bill would have ensured that our smaller governments receive direct support in this time of crisis instead of having to share funding provided to the state.

The House has made funding for local governments a priority, as demonstrated by its passage of the Heroes Act. That legislation included \$1 trillion in funding for state and local governments,

including direct, flexible funding for smaller governments. The Heroes Act passed in the House in May but was never considered by the Senate.

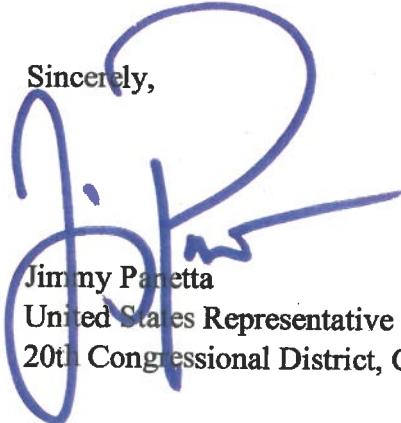
Moreover, as a member of the Problem Solvers Caucus, I worked on a compromise relief proposal that would have provided \$500 billion for state and local governments, including \$120 billion to address local government revenue shortfalls. Working with a group of bipartisan senators, we formulated another bipartisan relief bill introduced in the Senate that would have provided \$160 billion for state and local governments, including \$60 billion for local governments of all sizes. Unfortunately, funding for state and local governments was not included in the Coronavirus Response and Relief Supplemental Appropriations Act that passed at the end of last year.

Fortunately, Congress now has passed and President Biden has signed into law the American Rescue Plan Act, which will provide critical funding to localities. **I am pleased to announce that the legislation will provide an estimated \$310,000 for the City of Del Rey Oaks.**

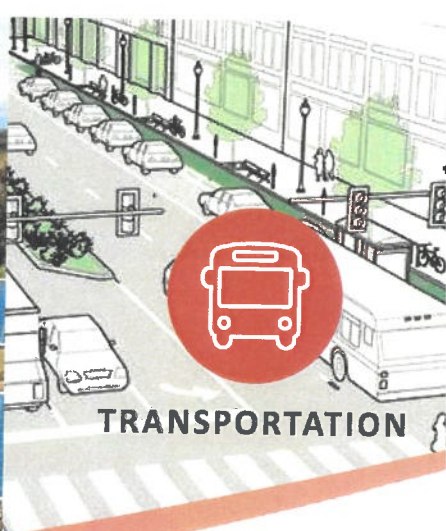
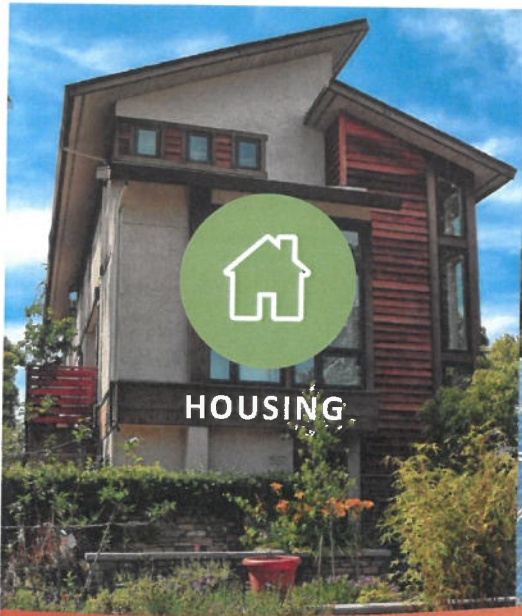
Please note that this is only an estimate, and that actual funding received could be less, or more, than this amount. The Treasury Department will soon release guidance on how each municipality can certify their eligibility to receive payments. For more information, visit www.treasury.gov.

As your U.S. Representative, I will continue to work to provide local governments the funding they need as this crisis continues. Please do not hesitate to contact me if you have any additional questions or concerns as we work on providing additional relief.

Sincerely,



Jimmy Panetta
United States Representative
20th Congressional District, California



SCHEDULE

Monday, May 10
Monterey County
Virtual Workshop
5:30 p.m.- 7:00 p.m.

Tuesday, May 18
Santa Cruz County
Virtual Workshop
5:30 p.m.- 7:00 p.m.

Wednesday, May 19
San Benito County
Virtual Workshop
5:30 p.m.- 7:00 p.m.



To register for one of the workshops, visit www.ambag.org

WORKSHOP

What will the Monterey Bay region look like in 2045?

The Association of Monterey Bay Area Governments (AMBAG) invites you to come learn about new tools to help shape our future together in collaborative and positive ways! Get involved and let us know what you think as we move forward to 2045.

By 2045, another 107,500 people will likely live in our region. We are also forecasted to create nearly 42,000 new homes and more than 65,000 new jobs!

Where will we live? Where will we work? How can we as a region make it easier for our residents to find appropriate housing and get to jobs and other destinations? And how can we best minimize impacts to the environment and maintain a quality of life that is the envy of visitors to our region?

Each virtual workshop will begin with a presentation describing the Sustainable Communities Strategy and the potential new strategies to help local communities plan for a more sustainable future and high quality of living. During the presentation, various questions will be asked in order to gather more input about housing, economic and transportation options for our region.

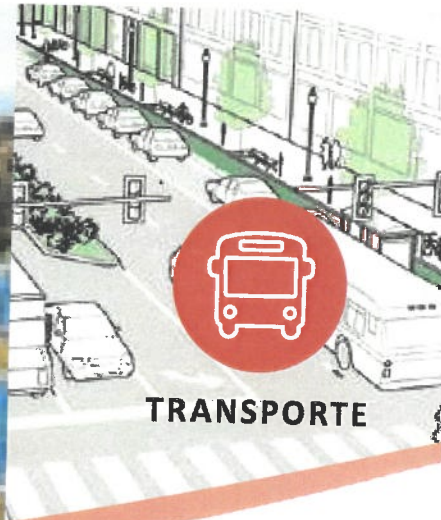




VIVIENDA



DESARROLLO
ECONÓMICO



TRANSPORTE

TALLER

¿Cómo será la región de la Bahía de Monterey en 2045?

La Asociación de Gobiernos del Área de la Bahía de Monterey (AMBAG) lo invita a aprender sobre las nuevas herramientas para ayudar a dar forma a nuestro futuro juntos de forma colaborativa y positiva. Participe y díganos lo que piensa mientras avanzamos hacia 2045.

En 2045, es probable que otras 107,500 personas vivan en nuestra región. También se prevé la creación de casi 42,000 nuevas viviendas y más de 65,000 nuevos puestos de trabajo.

¿Dónde viviremos? ¿Dónde trabajaremos? ¿Cómo podemos, como región, hacer que sea más fácil para nuestros residentes encontrar una vivienda adecuada, y poder ir al trabajo y a otros destinos? ¿Cuál es la mejor manera de minimizar el impacto en el medio ambiente y mantener una calidad de vida que sea la envidia de los visitantes de nuestra región?

Cada taller virtual comenzará con una presentación en la que se describirá la Estrategia de Comunidades Sostenibles y las posibles nuevas estrategias para ayudar a las comunidades locales a planificar un futuro más sostenible y una alta calidad de vida. Durante la presentación, se harán distintas preguntas para recoger más información sobre las opciones de vivienda, economía y transporte para nuestra región.

PROGRAMA

Lunes 10 de mayo
Condado de Monterey
Taller virtual
5:30 p. m. - 7:00 p. m.

Martes 18 de mayo
Condado de Santa Cruz
Taller virtual
5:30 p. m. - 7:00 p. m.

Miércoles 19 de mayo
Condado de San Benito
Taller virtual
5:30 p. m. - 7:00 p. m.



Para inscribirse en uno de los talleres, visite www.ambag.org



Del Rey Oaks City Council Report for April 2021

County of Monterey Veterans Issues Advisory Committee (VIAC), United Veterans Council (UVC) for Monterey County, Ft Ord Area Retired Soldiers Council (RC)

The VIAC met on 25 March 2021, via Zoom.

Announcement: Sadly, the local veterans community lost a young and vibrant member with the tragic death of Ryan Sparks in a motorcycle accident. A memorial is planned for 11 April, and they are hoping to be able to have an in-ground burial at the CA Central Coast Veterans Cemetery (CCCVC) very soon (see below re: issues at the CCCVC.)

The Housing Choice/Section 8/VASH voucher program was discussed. The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines HUD's Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers (VAMCs), community-based outreach clinics (CBOCs), through VA contractors, or through other VA designated entities. The Veterans Transition Center (VTC) is one of the service providers this program supports.

CCCVC: In-ground burials are pending several things. One new item of equipment, a lift, is leaking hydraulic fluid, and cannot be used until repaired or replaced. Unfortunately, because it is a new piece of equipment, they have to wait on the supplier/manufacturer. The cemetery is awaiting the delivery of the last supplies, such as plywood and decomposed granite (dg). The cemetery also was a hiring action out for additional groundskeepers needed for the expanded facilities and in-ground burials. (See attached)

Research continues into identifying and obtaining some property adjacent/near the CCCVC for a small memorial park, since CalVet cemetery regulations (based on and must follow VA National Cemetery regulations in order to get VA funding) severely limit memorial items. They would like to move "The Drill Sgt" statue currently by the former Army Chapel on old Ft Ord to this area.

CCCVC Funding: The CCCVC Foundation continues to raise funds, because the legislation which help create the cemetery requires at least 10% "local" matching funds. Another Epic Ride is under consideration.

VTC: Is working to add emergency/transition and geriatric care to its portfolio of veterans services.

The VA is working with the National Personnel Records Center (NPRC) (keeper military service records in St Louis) to get NPRC employees vaccinated against COVID-19 in an effort to get more people back to on-site work and speed up record requests processing. Due to the current situation which limited the number of people able to work on site, the NPRC has a 500,000+ request backlog.

(Related information: https://www.military.com/daily-news/2021/04/08/lawmaker-blames-lack-of-urgency-sluggish-military-records-processing.html?ESRC=eb_210409.nl)

Monterey County Fair 2021: Will have a free day for military and veterans. Veterans can park their RV at the fairgrounds at a discounted rate.

The next meeting will be at 1500, 22 April 2021

The UVC Executive Committee met on 31 March 2021.

The committee had a moment of silence to honor Ryan Sparks.

Following general "housekeeping" actions, the following was addressed:

The UVC's Emergency fund gave several grants...one to cover a one-night hotel stay to cover a "gap" for a veteran who graduated from the VTC program, prior to moving into an apartment. Another was to another VTC graduate to cover the purchase of a bed for the veteran's new apartment. (At times, the fund also will help with security deposits for the VTC graduate's first apartment. Many have income from VA benefits and jobs, by no savings to cover security deposits, etc.) The UVC emergency fund continues to seek donations.

American Legions Post 591 (Seaside) is closed for the next two years while the building is demolished and rebuilt. Members may use the Seaside Veterans of Foreign Wars (VFW).

VA/DoD Clinic: The pharmacy continues to be a hot topic. The pharmacy has two assigned pharmacists but does not dispense medications to patients. Efforts are underway through coordination with the US Army CA Medical Detachment, to see if there is a way to set up a joint dispensing pharmacy to serve both veterans and military family members. A letter writing campaign to local, state, and federal representatives was also discussed. The letter would also go to the director of the Palo Alto VA Healthcare System (Ms. Liz Howard). Discussion centered around having some kind of "draft" for people and organizations use as a template, providing specifics concerning the pharmacy's history and staffing.

The next meeting will be on 28 April, (usually at 1830 at the VTC Conference Room) and hopefully will be able open to the full membership.

The 1 April Retired Soldiers Council meeting was cancelled. The next meeting will be at 1300, 6 May 2021 at the Stilwell Community Center.

I am/will be "attending," via Zoom, the full meeting of the Chief of Staff Army (CSA) Retired Soldiers Council daily (all day, Eastern Time) 19 – 23 April.



NORTHERN SALINAS VALLEY
MOSQUITO ABATEMENT DISTRICT

**831st REGULAR MEETING
OF THE
BOARD OF TRUSTEES**
342 Airport Blvd.
Salinas, CA. 93905

JOIN ZOOM MEETING
<https://us02web.zoom.us/j/8314226438>
Meeting ID: 831 422-6438 Password: mosquito

~AGENDA~

12:00 P.M. Noon

Accessible Public Meetings: Upon Request, Northern Salinas Valley Mosquito Abatement District will provide written agenda materials in appropriate alternative formats, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and a brief description of the requested materials and preferred alternative format or auxiliary aid or service at least thirty (30) days before the meeting. Requests should be sent to: Northern Salinas Valley Mosquito Abatement District, 342 Airport Blvd. Salinas, CA. 93905.

1. **CALL TO ORDER:**

2. **ROLL CALL – ESTABLISHMENT OF QUORUM:**

Chair Jeff Cecilio – County of Monterey, Vice Chair Don Cranford – County of Monterey, Secretary Nancy Amadeo – City of Marina, Mary Ann Carbone – City of San City, Jim Tashiro – City of Salinas, Diane de Lorimier – City of Monterey, Jason Campbell – City of Seaside, Louise Goetzelt – City of Del Rey Oaks

3. **PUBLIC INPUT (Limited to 3 minutes)**

The consent calendar includes routine items than can be approved with a single motion and vote. A member of the Board of Trustees may request that any item be pulled from the Consent Calendar for separate consideration

4. **CONSENT CALENDAR:**

A. **APPROVAL OF THE MINUTES:**

B. **PAYROLL WARRANTS: March 2021 \$83,077.75**

C. **COMMERICAL WARRANTS: March 2021 \$21,866.40**

D. **UMPQUA BANK: February 2021 \$982.02 (Included in Commercial Warrants)**

E. **TIME DISTRIBUTION: March 2021**

F. **BALANCE SHEET: March 2021**

G. **SCHEDULE OF EXPENDITURES: March 2021**

4. **CLOSED SESSION:**

Pursuant to Government Code § 54957(b), to discuss the evaluation of employee (Manager)

5. **OTHER BUSINESS:**

Review of SCI 5-year agreement for Levy Administration Services Agreement

Review of Fiscal Year 21-22 proposed annual budget and projected revenues

Records were shredded or scanned into PDF in accordance with Policy Title: Records Retention, Policy Number: 3070

Discussion of selling items around the District that are no longer needed or not taking with the move

6. **ACTION ITEMS:**

Acceptance and Approval of SCI 5-year agreement

Acceptance and Approval of FY 21-22 projected revenues

Acceptance and Approval of FY 21-22 annual budget

7. **MONTHLY OPERATIONS REPORT:** Ken Klemme, District Manager/Biologist

February, March

8. **TRUSTEE COMMENTS:**

Adjournment to: May 11, 2021 @ 12:00 Noon

Del Rey Oaks City Council's Representative to the
Northern Salinas Valley Mosquito Abatement District (NSVMAD)

Report

April 2021

The NSVMAD met at Noon on April 11, 2021. (See Agenda)

The board reviewed and approved a contract for levy administration services.

The board reviewed and approved the proposed projected revenues and budget for fiscal year 2021-2022.

The board discussed the excess disposal of durable and non-durable items in conjunction with the up-coming move to the new building. Some excess items may be put up for sale. Records and files are being reviewed and scanned, and/or disposed of or retained per regulations and policies.

The district has started booking classes and events as COVID-19 restrictions are relaxing. Mosquito abatement efforts continue, though on a slower scale over the "winter", with the district treating drains to prevent mosquito larvae growth/maturing.

Construction of the new building continues to go well. The district, in conjunction with the Salinas Valley Chamber of Commerce, held a "Golden Shovel Groundbreaking" on March 25, 2021. The location is 926 Blanco Cir, Salinas. At the ceremony, they were in the process of pouring the foundation and pads.

As of Apr 11, most of the outside walls of the main building were up. The "pole-building" for the workshop, etc., should be deliver in a few weeks and its assembly should one take a few weeks. The district may be about to start moving some property to the new location in June, when the pole-building is completed. It is anticipated that the main building and move may completed in Sep, significantly ahead of schedule. Once the building is completed, a ribbon cutting ceremony will be held.

The next meeting of the NSVMAD Board of Trustees is scheduled for noon, May 11, 2021 at the district offices (342 Airport Blvd. Salinas, CA 93905).