



**AGENDA**  
**MEETING OF THE**  
**CITY OF KING CITY COUNCIL**  
**AND**  
**Sitting as SUCCESSOR AGENCY OF**  
**THE RDA FOR THE CITY OF KING**

**TUESDAY, JANUARY 12, 2016**

**City Council Meeting 6:00 PM**

***Closed Session will immediately follow  
upon adjournment of  
regular City Council Meeting***

**City Hall  
212 S. Vanderhurst Ave.  
King City, California, 93930**

***\*Spanish interpretation services will be available at meeting***

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, please contact the City Clerk's Office (831-386-5925) at least 48 hours prior to the Meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.*

*\* Please submit all correspondence for City Council PRIOR to the meeting with a copy to the City Clerk.*

- **CALL TO ORDER**
- **FLAG SALUTE**
- **ROLL CALL:** Council Members Darlene Acosta, Belinda Hendrickson, Mike LeBarre, Mayor Pro Temp. Karen Jernigan, and Mayor Robert Cullen
  - **CLOSED SESSION ANNOUNCEMENTS**
- **AGENDA REVIEW**
- **CEREMONIAL CALENDAR**
- **PRESENTATIONS**
- **PUBLIC COMMUNICATIONS**  
Any member of the public may address the Council for a period not to exceed *three minutes* total on any item of interest within the jurisdiction of this Council that is not on the agenda. The Council will listen to all communications; however, in compliance with the Brown Act, the Council cannot act on items not on the agenda.
- **COUNCIL COMMUNICATIONS**

This item gives individual Council Members the opportunity to seek consensus for scheduling a specific item on a future agenda, authorizing staff time to provide background information and prepare a staff report for a future agenda, or to comment on Council business, City operations, projects or other items of community interest.

- **CITY STAFF REPORTS AND COMMENTS**

- 1. **SUCCESSOR AGENCY CONSENT ITEMS**

- A. Monthly Treasurer's Report- November 2015  
Recommendation: Approve and File
- B. Monthly Check Register- November 2015  
Recommendation: Approve and File

- 2. **CONSENT AGENDA**

- A. Meeting Minutes of December 8, 2015 Council Meeting.  
Recommendation: Approve and File
- B. Monthly Treasurer's Report- November 2015  
Recommendation: Approve and File
- C. Monthly Check Register- November 2015  
Recommendation: Approve and File
- D. Consideration of HERO Energy and Water Conservation Low- Interest Loan Program  
Recommendation: Council Approve Resolution 2016-4492
- E. Consideration of Change Order for the 2015 King City Sanitary Sewer Infrastructure Project- Conduit & Pull Boxes  
Recommendation: Approve and File
- F. Consideration of Proclamation in celebration of Centennial of the National Park Service and Funding for Celebration Activities.  
Recommendation: Approve and File
- G. Acceptance of 2014-2015 Financial Audit Report  
Recommendation: Approve and File
- H. Adoption of Draft Initial Study/Mitigation Negative Declaration and approval of a Zoning District amendment of H-S Zoning Boundary at property at located East of Canal Street between Broadway Street and Bassett Street. (Rezone Case No. No. 150-290)  
Recommendation: The City Council approve Second reading and read by title only an ordinance, which would change the zoning from the Multiple Family Residential and Professional Offices Zoning District to Highway Service Zoning District at 743 Broadway Street. (Rezone Case No. 150-290)

- 3. **PUBLIC HEARING**

- A. Introduction and First Reading of Ordinances 718, 719, & 720 adopting a text amendment amending the King City Municipal Code M-1 and M-2 Zoning Ordinances, The East Ranch Business Park Specific Plan and Related Planning and Zoning documents to regulate Marijuana Cultivation or in the alternative to impose a total ban in all Zoning Districts.

- 4. **REGULAR BUSINESS**

- A. Pre Application and Potential Municipal Code Change to Allow Code change to Farmworker Housing in FSC Zone.  
Recommendation: It is recommended the City Council: 1) provide comments to the applicant regarding a proposed farmworker housing project at the existing Meyer building on the east side of First Street; 2) direct staff to initiate a Development Code Change to the FSC Zone to allow Farmworker Housing with a Conditional Use Permit per recommendations of the Planning Commission; and 3) authorize the

- City Manager to execute an “early construction agreement” with the applicant.
- B. Consideration of Fiscal Year 2016-2017 Annual Budget Process and Schedule  
 Recommendation: Council approve staff recommendation
- C. Consideration of Agenda Process Policy and Procedure  
 Recommendation: Council approve Resolution 2016-4493

**CITY COUNCIL CLOSED SESSION**

1. Conference with Legal Counsel  
 Existing Litigation: 1 Case  
 Gov. Code Section: 54956.9(d)  
 Garcia vs. City of King et al.
2. Public Employee Appointment:  
 Gov. Code. Section 54957 (b) (1)  
 Position: Chief of Police
3. Conference with Legal Counsel  
 Anticipated Litigation: 1 Case  
 Gov. Code Section: 54956.9(b)

• **ADJOURNMENT**

\* \* \* \* \*

Upcoming Meetings

January 19 <sup>th</sup>	6:00 p.m.	Planning Commission
January 26	6:00 p.m.	City Council
February 2 <sup>nd</sup>	6:00 p.m.	Planning Commission
February 9	6:00 p.m.	City Council
February 15	6:00 pm	Airport Advisory Commission
February 16	6:00pm	Planning Commission
February 23	6:00 pm	City Council



## Item 1(A)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**RE:** SUCCESSOR AGENCY MONTHLY TREASURER'S REPORT – NOVEMBER 2015

#### RECOMMENDATION

Receive and File

#### EXECUTIVE SUMMARY

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

The California Government Code authorizes and regulates the investment of local agency (city and county) funds, including successor agencies. The Successor Agency invests its bond proceeds in US Treasury obligations. All bond reserve funds are held by one bond trustee, U.S. Bank, and invested in accordance with the trustee agreement. The Successor Agency has three tax allocation bonds (TABs) issued. Yield, maturity and investment amount (proceeds) are itemized on the Successor Agency Schedule of Cash and Investments for the Agency.

#### FISCAL IMPACT

There is no fiscal impact as a result of this action.

#### EXHIBIT (1) Investment Report

Prepared by:

  
PATRICIA GRAINGER, ACCOUNTANT

Approved by:

  
STEVEN ADAMS, CITY MANAGER

City of King  
Investment Report  
Schedule of Cash and Investments  
November 30, 2015

**EXHIBIT** 

Investment Instrument		Yield	Amount	Maturity	Value
<b>Invested by City Treasurer</b>					
<b>Institution</b>	<b>Investment Type</b>				
Wells Fargo Bank	Checking Account		465,623.80	On Demand	N/R
Invested by City Treasurer (Subtotal):			465,623.80		
<b>Invested by Trustees (as of November 2015 Statements)</b>					
<b>Bond Reserves (1)</b>					
<b>U.S. Bank - 1998 TARB</b>					
First Union Corporation	Reserve Account #45	6.49%	482,963.24	9/1/2024	482,963.24
First American Treasury Obligations	Special Fund #40	0.00%	0.03	9/30/2016	0.03
First American Treasury Obligations	Interest Account #41	0.00%	0.10	9/30/2016	0.10
First American Treasury Obligations	Principal Account #42	0.00%	0.01	9/30/2016	0.01
First American Treasury Obligations	Surplus Account #46	0.00%	116,960.11	9/30/2016	116,960.11
<b>U.S. Bank - 2011 TARB</b>					
US Bank Money Market Ct	Reserve Account #8005	0.00%	481,062.50	8/1/2034	481,062.50
US Bank Money Market Ct	Special Fund #8000	0.04%	32.42	8/1/2016	32.42
US Bank Money Market Ct	Sinking Fund #8003	0.04%	0.20	8/1/2016	0.20
US Bank Money Market Ct	Special Fund #8001	0.00%	0.30	8/1/2016	0.30
US Bank Money Market Ct	Cost of Issu Fund#8009	0.00%	0.00		0.00
Market Value Provided by U.S. Bank, Trustee					
Invested by Trustees (Subtotal):			1,081,018.91		
<b>Total Cash and Investments</b>			<b>1,546,642.71</b>		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 01/12/2016. Cash flow liquidity is still limited.

SIGNED:  \_\_\_\_\_  
City Treasurer

Note:  
(1) Bonds



## Item 1(B)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**RE:** SUCCESSOR AGENCY MONTHLY CHECK REGISTER – NOVEMBER 2015

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#### RECOMMENDATION

Receive and File

#### EXECUTIVE SUMMARY

At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register and invoice approval fund list.

Attached are these documents for the month of November 2015.

#### EXHIBIT(S)

1. November 6, 2015 \$ 240.00 (FY 15-16)
2. November 30, 2015 \$8,720.48 (FY 15-16)

Prepared by:

  
Patricia Grainger, Accountant

Approved by:

  
Steven Adams, City Manager

Check Register Report

Nov 6, 2015 (FY 2015-16)SA

Date: 11/06/2015

Time: 11:36 am

Page: 1

CING CITY CITY HALL

BANK: SUCCESSOR AGENCY OF

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
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**SUCCESSOR AGENCY OF Checks**

167	11/06/2015	Printed			KOCZANOWI; LAW OFFICE OF	Successor Agency	240.00
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Total Checks: 1

Checks Total (excluding void checks): 240.00

Total Payments: 1

Bank Total (excluding void checks): 240.00

Total Payments: 1

Grand Total (excluding void checks): 240.00

**EXHIBIT 1**

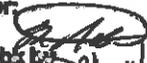
**INVOICE APPROVAL LIST BY FUND REPORT**  
 Nov 6, 2015 (FY 2015-16)SA

Date: 11/06/2015  
 Time: 11:30 am  
 Page: 1

KING CITY CITY HALL

qqqq

Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
<b>Fund: 61 Successor Agency to CI</b>							
<b>Dept: 000</b>							
61-000-531.000	Legal Services LAW OFFICE OF	756 SA	Successor Agency	0	10/31/2015	11/06/2015	240.00
							<u>240.00</u>
						<b>Total Dept. 000:</b>	<u>240.00</u>
						<b>Successor Agency to CDA:</b>	<u>240.00</u>
						<b>Grand Total:</b>	<u>240.00</u>

~~Accounts Payable~~ ~~Date~~  
 Prepared by: GREENS 11/6/15  
 Approved by:  
 Finance Director:   
 City Manager:   
 Recorded in Clabs by:   
 Appended by:  
 Posted by: 

Check Register Report

Nov 30, 2015 (FY 2015-16)SA

**EXHIBIT** Date: 11/30/2015  
 Time: 4:58 pm  
 Page: 1

KING CITY CITY HALL

BANK: SUCCESSOR AGENCY OF

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>SUCCESSOR AGENCY OF Checks</b>							
168	11/30/2015	Printed		GREEN'S	GREEN'S ACCOUNTING	Assistance W/RDA	3,412.50
169	11/30/2015	Printed		MOCO TAX	MONTEREY COUNTY TAX COLLECTOR	Property Tax - 1st Installment	5,307.98
<b>Total Checks: 2</b>						<b>Checks Total (excluding void checks):</b>	<b>8,720.48</b>
<b>Total Payments: 2</b>						<b>Bank Total (excluding void checks):</b>	<b>8,720.48</b>
<b>Total Payments: 2</b>						<b>Grand Total (excluding void checks):</b>	<b>8,720.48</b>

**INVOICE APPROVAL LIST BY FUND REPORT**  
 Nov 30, 2015 (FY 2015-16)SA

Date: 11/30/2015  
 Time: 4:50 pm  
 Page: 1

KING CITY CITY HALL                      qqqq

Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
<b>Fund: 61 Successor Agency to CI</b>							
<b>Dept: 000</b>							
61-000-534.000	Audit Services GREEN'S ACCOUNTING	11122015	Assistance W/RDA	0	11/12/2015	11/30/2015	3,412.50
							<u>3,412.50</u>
<b>61-000-544.101 Property Taxes</b>							
	MONTEREY COUNTY TAX C	FY 15-16 (SA)	Property Tax - 1st Installment	0	11/30/2015	11/30/2015	5.82
	MONTEREY COUNTY TAX C	FY 15-16 (SA)	Property Tax - 1st Installment	0	11/30/2015	11/30/2015	5,252.74
	MONTEREY COUNTY TAX C	FY 15-16 (SA)	Property Tax - 1st Installment	0	11/30/2015	11/30/2015	7.24
	MONTEREY COUNTY TAX C	FY 15-16 (SA)	Property Tax - 1st Installment	0	11/30/2015	11/30/2015	8.33
	MONTEREY COUNTY TAX C	FY 15-16 (SA)	Property Tax - 1st Installment	0	11/30/2015	11/30/2015	27.96
	MONTEREY COUNTY TAX C	FY 15-16 (SA)	Property Tax - 1st Installment	0	11/30/2015	11/30/2015	5.89
							<u>5,307.98</u>
<b>Total Dept. 000:</b>							<b>8,720.48</b>
<b>Successor Agency to CDA:</b>							<b>8,720.48</b>
<b>Grand Total:</b>							<b>8,720.48</b>

~~Accounts Payable~~                      ~~Date~~  
 Prepared by: *Green's*                      11/30/15  
 Approved by:  
 Finance Director:  
 City Manager:  
 Recorded in Clkbk by: *[Signature]*  
 Appended by:  
 Posted by: *[Signature]*                      12/1/15

**Minutes  
City Council Meeting  
December 8, 2015**

**CALL TO ORDER:** Meeting was called to order at 6:07 pm by Mayor Cullen. He thanked everyone for attending.

**FLAG SALUTE:** The flag salute was led by Chalone Peaks Middle School Students.

**ROLL CALL:**

City Council: Council Members Belinda Hendrickson, Michael LeBarre, Darlene Acosta, Mayor Pro Tem Karen Jernigan, and Mayor Cullen  
City Staff: City Manager, Steven Adams, City Attorney Martin Koczanowicz, Assistant Planner, Maricruz Aguilar, & Chief of Police, Anthony Sollecito

**AGENDA REVIEW**

No reported changes

**CLOSED SESSION ANNOUNCEMENTS:** City Attorney Martin Koczanowicz announced there were no reportable action from closed session.

**PRESENTATIONS:** Litterati Project- Mayor Cullen introduced King City Union School District Superintendent Theresa Rouse. She proceeded to introduce Ms. Morrice and her 7<sup>th</sup> Grade Enrichment Class. She briefly described initiation of program and impact on students. Students proceeded to conducted power point presentation describing Litterati presentation and what they've learned.

Council and Public applauded and thanked students.

**PUBLIC COMMUNICATIONS:**

No Public Comments received.

**COUNCIL COMMUNICATIONS:**

Mayor Pro Tem Jernigan thanked City's Fire Department for their efforts and response to recent fire on Broadway St. She attended King City Facilities committee meeting. Council member Hendrickson attended TAMC meeting and explained they discussed proposed sales tax measure and possible use of funds. She met with Center of Community Advocacy Representative and added recent completed repairs at Komfort Court included tree trimming. She then explained property owner Mr. Murray is moving slow with other repairs. Will met with Juan Uranga to further discuss other Komfort Court issues. Provided Red Cross with list of victims' who were impacted by the recent fire. Council member Acosta reported she will attend 4C4P meeting tomorrow, described community response team duties and encouraged the collaboration between the neighboring cities and Monterey County Sheriff's Office continue. Council member LeBarre attended Mission Community Services Corporation graduation, described program, explained citizens have contacted him concern with water rates, urges to stop consolidation with Salinas's water district. Asked city consider managing water system service. Mayor Cullen reported he met with Greg Bistline Director of Development, California State University Monterey College of Education & College of Health Science & Human Services, discussed implementation of teacher accreditation program in partnership with Hartnell, and added he will also invite him to Rotary. Attended Rotary lunch with Alvarado College of Education, announced account at wells Fargo was set up to assist people displaced by recent fire on Broadway. Reported King City unification meeting at Orradre, encouraged public participate in canned food drive. He then added Senator Canella is scheduled to visit in February.

## **CITY STAFF REPORTS AND COMMENTS**

Chief Sollecito introduced new Police Officer Evan Umstead, King City Native. He added he was city's Code Enforcer Officer prior to attending police academy. He then explained current department staffing levels and clarified the department has 17 authorized sworn positions and currently 15 of those are filled. He added he continues to recruit for two more positions and currently there are three applicants currently on background for positions. Recruitment for Community Service Officer and Police Chief Administrative Assistant has closed, interviews will be conducted after the holidays. Reports department has two new patrol vehicles, new Department Motto has been adopted "Proud to Protect, an Honor to Serve". City Managers Adams continues efforts in meeting with numerous community groups, appreciates and welcomes feedback. Continues work on Disaster Preparedness efforts, currently reviewing City Emergency Plan. Thanked Maricela Herrea for her efforts and feedback. Emergency Flooding Handout soon to be available. City Sewer project currently ongoing. Reviewing city's budget process, financial system and hopes to establish a long range financial plan for city, and has hope to how to overcome City financial challenges. City Attorney Koczanowicz noted he and staff continues to work with City Manager in providing updates on city matters. Wished Council and Staff Happy Holidays.

### **1. SUCCESSOR AGENCY CONSENT ITEMS**

- A. Successor Agency Monthly Treasurer's Report- October 2015
- B. Successor Agency Monthly Check Report- October 2015

Action: No discussion. Motion to approve items A & B made by council member LeBarre seconded by council member Jernigan.

AYES: Council Members: Acosta, Hendrickson, LeBarre, Mayor Pro Tem Jernigan and Mayor Cullen,

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

### **2. CONSENT AGENDA**

- A. Meeting Minutes of: October 20, 2015 7:00 pm, October 27, 2015, November 10, 2015, November 24, 2015.
- B. Monthly Treasurer's Report-October 2015
- C. Monthly Check Register Report-October 2015
- D. Revenue/Expenditure Report
- E. Community Development Department Update
- F. Police Department Update
- G. King City Police Towing Report
- H. Recreation Department Update
- i. Public Works/ Engineering Department Update
- J. Building Department Update
- K. Request by Tourism Group for City Letter for Support for Celebration of the Centennial of the National Park Service with Pinnacles National Park.
- L. Resolution 2015-4488 amending the City's Negotiating Real Property Negotiations Representatives.

Mayor Cullen introduced items. Mayor Pro Tem pulled item D. Council member LeBarre expressed appreciation to Mayor Pro Tem Jernigan for letter in support of Pinnacles National Park and Tourism group.

Mayor Pro Tem Jernigan request a proclamation be presented in honor of 100 years of Pinnacle National Park and expressed interest for City to host mixer event at park during National Park week.

Action: Motion to approve items A-C & E-L made by Mayor pro Tem Jernigan seconded by council member LeBarre.

AYES: Council Members: Acosta, Hendrickson, LeBarre, Mayor Pro Tem Jernigan and Mayor Cullen,

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

Further discussion on Item D. Mayor Pro Tem Jernigan expressed concerns with numbers as stated in report, currently working with City Manager and Finance Director to better understand report and expressed she does not feel comfortable accepting report.

Action: Motion to approve Item D made by council member LeBarre, seconded by Council member Acosta.

AYES: Council Members: Acosta, Hendrickson, LeBarre, Mayor Cullen

NOES: Council Members: Mayor Pro Tem Jernigan

ABSENT: Council Members:

ABSTAIN: Council Members:

### **3. PUBLIC HEARING**

- A. Consideration of the approval of an Initial Study/Negative Declaration ("IS/ND") for a proposed zoning boundary change to facilitate commercial use of the vacant area at the southeast corner of Broadway Street and Canal Street and Consideration of a request by *O'Reilly Auto Enterprises, LLC*. ("Applicant") to change the zoning boundary from the Multiple Family Residential and Professional Offices ("R-4") Zoning District to Highway Service ("H-S") Zoning District, adding approximately 0.3 acres of H-S Zone at the rear of the vacant area of the property described above. Planning Commission recommends approval of the proposed request, Case No. P00-000-293.

Assistant Planner Maricruz-Aguilar introduced item and provided background information as described on staff report. She noted Don Funk Principal Planner was not able to be present for presentation. She provided project description and noted Applicant O'Reilly Auto Enterprise has requested the zoning boundary change in order to facilitate the development of a retail commercial building for an auto part store on 743 Broadway Street and noted O'Reilly Auto Enterprise Representatives present if council had further questions. Mrs. Aguilar further explained applicants request and confirmed Planning Commission unanimously approved resolution recommending council adopt Initial Study/Negative Declaration and approve applicants request to change zoning. Mrs. Aguilar answered Councils questions on project and proposed timeline. Council thanked applicants for investment in community.

AYES: Council Members: Acosta, Hendrickson, LeBarre, Mayor Pro Tem Jernigan and Mayor Cullen

ABSENT: Council Members:

NOES: Council Members:

ABSTAIN: Council Members:

Action: Motion to accept first reading of ordinance 717 by tittle only, and 1. approve the Initial Study/Negative Declaration for a proposed zoning boundary change to facilitate commercial use of the vacant area at the southeast corner of Broadway Street and Canal Street and 2. Approve request Applicants by O'Reilly Auto Enterprises, LLC. request to change the zoning boundary from Multiple

Family Residential and Professional Offices (R-4) Zoning district to Highway Services Zoning District, adding approximately 0.3 acres of H-S Zone at the rear of the vacant area of the property described above made by council member LeBarre Seconded by council member Hendrickson.

AYES: Council Members: Hendrickson, Acosta, LeBarre, Mayor Pro Tem Jernigan and Mayor Cullen,

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

Mayor Cullen announced item 4B - will be up for discussion next.

#### **4. REGULAR BUSINESS**

- B. Discussion regarding consideration of District Elections- City Manager Adams introduced item and provided background information. He explained council has been considering District Elections since summer 2013 when the item was first brought to council. He proceeded to describe types of City Council Elections systems as outlined in staff report. He then explained ongoing concerns and potential benefits of establishing district elections. He briefly described process to change election process and explained recent legislature changes will not require for city to place a measure on ballot to establish district elections. He clarified there will be a significant cost for city to change election procedure. Mr. Adams clarified item is on agenda in efforts to receive further public comment. Staff request direction from council. Mayor Cullen added that he understands the complexity of issue and appreciates as much feedback as possible. Mayor Cullen open discussion to receive public comment. Approximately ten public comments were received describing potential benefits and concerns of establish district elections, district election process, strategies to increase Community involvement in local government. Assemblyman Luis Alejo welcomed new City Manager Adams and expressed his support for district elections and mentioned he looks forward to having item on for a formal action in the near future. Council thanked public for feedback. Mayor Cullen expressed council hopes to come to a decision that is best for the Community. Mayor Pro Tem Jernigan expressed support in establishing district elections in hopes of making a positive difference in community. Upon Council consensus staff to provide further research in efforts for all factors be considered to allow council make best decision. Further discussion on areas for further research involving district elections and timeline for council to make decision followed. Item to be placed on agenda for potential action at end of February. Staff to follow up with establishing public workshops in efforts to continue to receive community feedback on item.
- A. Discussion regarding Medical Marijuana Cultivation and cannabis ordinance-City Manager Adams briefly introduced the item and clarified staff is recommend action is for city council to make an interpretation whether cultivation of cannabis is a permitted use in the General Commercial (C-2) Zoning District and provide direction to staff on how to proceed with preparing a cannabis ordinance. He further clarified that the item only pertains to cultivation. The City has received several requests to locate and cultivate cannabis plants within the C-2 Zoning District. Mr. Adams He briefly described recent amendments to state law changing medical marijuana regulations, changes to medical marijuana licensing system and upcoming state deadlines. He noted, this item was noticed as a public hearing. Assistant Planner Maricruz Aguilar conducted a power point presentation. She outlined and described recent changes to State Laws regulating medical marijuana as outlined in staff report. The presentation included commercial cannabis activity definitions per state law, history, and new State deadlines. She then explained prospective proponents have has expressed interest in beginning cultivation

operations prior to January 1, 2016 and added council direction is requested to determine if cultivation is allowed under the current city standards of C-2 District. City Attorney Koczanowicz noted, Planning Commission has referred this item to Council for an interpretation. He then provided clarification of current city municipal code and explained that current code is silent to cultivation of medical marijuana as a permitted use. He noted that State Law requires that if cities who want to maintain local control over dispensing, cultivating, and transportation of cannabis within city limits, must have an ordinance in effect by March 1, 2016. Further discussion on ordinance adoption and state deadlines followed. He explained if council does not have ordinance in place by March 1, 2016 cities will be subject to state law. City Attorney clarified staff is asking for direction on how to proceed with ordinance or not. Further discussion on timeline for first and second reading of potential ordinance followed.

Mayor Cullen clarified after consulting with City Attorney Koczanowicz no conflict of interest determine being that Council Member Acosta is employed by Sun Street Centers as a social worker. Mayor Cullen suggested having two discussion to address item. He then open discussion for public comment. Approximately 15 comments were received supporting medical marijuana use, explained consequences of using marijuana for recreational use, community safety concerns and potential benefits for city to allow cultivation of medical marijuana within city limits. Comments opposed to marijuana usage and morale values were also received. Mayor Cullen asked discussion be focused on cultivation of medical marijuana within city limits. Discussion on prospective proponents interested to cultivate medical marijuana followed. Brandon Gesicki, Representing prospective proponents, expressed his client business operates in a professional and transparent way, and confirmed they hold strong professional standards and adds they work closely with local law enforcement. He confirms their work is secure, and asked city consider application as they are very interested in working closely with city. End of public comment. Council thanked public for comments.

Council member LeBarre expressed he has met with prospective proponents, and confirms professionalism and expressed he strongly believes this is a great opportunity for city. Further discussion on sensitive timeline to adopt ordinance followed. Chief Sollecito answered council's questions on staffing levels and safety measures to included in possible ordinance. Further review on possible security measures followed. Chief Sollecito expressed concerns with community safety and possible increase in crime activity if cultivation of marijuana is allowed. He then advised council implement necessary security measures to be included if cultivation is approved. City Attorney Koczanowicz clarified the specific action needed includes making determination and direct staff on ordinance language. Mayor Pro Tem Jernigan expressed she respects the benefits of medical marijuana but is reluctant to allow cultivation in city, and request the city focus on other opportunities. Council member Hendrickson expressed concerns with recreational use of marijuana and expresses she also is concern with violence in community, but also appreciates the medical benefits of using medical marijuana and adds she supports allowing cultivation of cannabis within C-2 zone. Mayor Cullen expressed the importance of applicants working closely with City and Police Department to assure all safety precautions are met. Mr. Gesicki reassured the council location will be secure and will work closely with city. Council member Jernigan expressed she strongly believes city is not equipped to assist with possible consequences that might evolved from allowing cultivation and strongly expressed she is not in favor of allowing cultivation of medical marijuana in city.

Action: Motion to approve Resolution 2015-4489 made by Council member LeBarre, Seconded by council member Hendrickson. Motion Carried 3-2.

**AYES:** Council Members: Hendrickson, LeBarre, and Mayor Cullen

**NOES:** Council Members: Acosta, and Mayor Pro Tem Jernigan

**ABSENT:** Council Members:

**ABSTAIN:** Council Members:

Council engaged in discussion on draft ordinance and the need to present ordinance at next regular City Council meeting January 12, 2016. Mayor Cullen provided clarification on the need for city to have the ordinance adopted in order to meet the state deadline and the city be able to regulate medical marijuana cultivation, dispensing, and mobile delivery so that ultimately the City maintains local control and state does not become the regulatory agency. Further discussion on ordinance guidance language to be included in the first draft in January. Mayor Cullen expressed he is in favor in formulating an ordinance that allows cultivation with the proper safety precautions, procedures regulations, and continue to ban dispensaries. He open discussion for public comment. About 13 public comments were received. Speakers spoke in support of city allowing medical marijuana as an economic investment for city, shared safety concerns with allowing cultivation, and personal experiences with use of medical marijuana and potential regulations to include in ordinance. Comments opposing cultivation, and marijuana usage were also received. Mayor Pro Tem Jernigan thanked public for sharing concerns and comments. Mayor Cullen clarified prior banned against marijuana dispensaries is no longer applicable with new state regulations. Further discussion on current banned against dispensaries followed. City Attorney provided clarification on various elements to add in ordinance and provided suggestions on how staff should move forward and added that ordinance will regulate commercial cultivation. Further discussion on provisions for ordinance. Mayor Pro Tem Jernigan expressed she is against cultivation operation and rather focus in other city business, but respects councils decision. Further discussion on potential locations of establishing cultivation within the (C-2) zone followed. Council reached consensus and provided direction on the ordinance to allow commercial cultivation, follow the Conditional Use Permit process, analyze appropriate zones, potentially prohibiting smaller growers of cultivation, ban mobile dispensaries and ban dispensaries.

**CORRESPONDENCE:** Salinas Valley Fair Strategic Plan- Mayor Pro Tem thanked staff for including plan and asked for clarification on future plan to hold strategic planning – City Manager Adams expressed he plans to further discuss item during budget review discussion at next regular council meeting.

**ADJOURNMENT:** There being no further business to come before the City Council, Mayor Cullen adjourned the meeting at 10:45 pm.

**Approved Signatures:**

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Mayor, Robert Cullen  
City of King

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City Clerk, Steven Adams  
City of King



## Item 2(B)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**RE:** MONTHLY TREASURER'S REPORT – NOVEMBER 2015

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#### RECOMMENDATION

Receive and File

#### EXECUTIVE SUMMARY

The California Government Code Section 41004 states "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances."

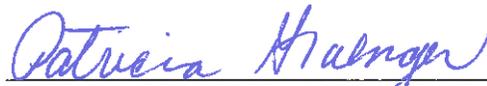
The California Government Code authorizes and regulates the investment of local agency (city and county) funds. The City currently invests its funds with the Local Agency Investment Fund (LAIF) Program, administered by the State of California Treasurer's office. The City's housing rehab account is held at 1<sup>st</sup> Capital Bank, and the City's checking and payroll accounts, as well as developer deposits, are held at Well Fargo Bank, located at 506 Broadway, King City, CA 93930.

#### FISCAL IMPACT

There is no fiscal impact as a result of this action.

#### EXHIBIT (1) Investment Report

Prepared by:

  
PATRICIA GRAINGER, ACCOUNTANT

Approved by:

  
STEVEN ADAMS, CITY MANAGER

City of King  
Investment Report  
Schedule of Cash and Investments  
November 30, 2015

**EXHIBIT**   1  

Investment Instrument		Yield	Amount	Maturity	Value
<b>Invested by City Treasurer</b>					
<b>Institution</b>	<b>Investment Type</b>				
State of California LAIF - City	Pooled	0.32%	5,287,962.20	On Demand	N/R
1st Capital Bank	Checking Acct Housing Rehab	-	91,920.07	On Demand	N/R
Wells Fargo Bank	General Checking	-	380,909.05	On Demand	N/R
Wells Fargo Bank	Payroll Checking Account	-	93,587.28	On Demand	N/R
Petty Cash/ Police	Change Cash Drawer		200.00	On Demand	N/R
Petty Cash/ Police-Special Inv.	Change Cash Drawer		400.00		
Petty Cash-City Hall/Change Fund	Change Cash Drawer	-	205.00	On Demand	N/R
Invested by City Treasurer (Subtotal):			5,855,183.60		
<b>Total Cash and Investments</b>			<b>5,855,183.60</b>		

Pursuant To Government Code 41004, I hereby certify that this report reflects all City's investments. This investment program complies with the City Investment Policy, approved by the City Council on 01/12/2016. Cash flow liquidity is still limited.

SIGNED:  \_\_\_\_\_  
City Treasurer



## Item 2(C)

### REPORT TO THE CITY COUNCIL

**DATE:** January 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**RE:** MONTHLY CHECK REGISTER – NOVEMBER 2015

---

#### RECOMMENDATION

Receive and File

#### EXECUTIVE SUMMARY

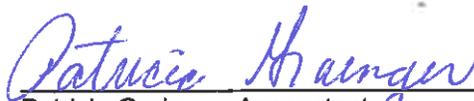
At least once a month, the City Treasurer shall submit to the City Council, a copy of the check register and invoice approval fund list.

Attached are these documents for the month of November 2015.

#### EXHIBIT(S)

1. November 6, 2015 \$122,335.69 (FY15-16)
2. November 19, 2015 \$153,295.26 (FY15-16)

Prepared by:

  
Patricia Grainger, Accountant

Approved by:

  
Steven Adams, City Manager

Check Register Report

Nov 6, 2015 (FY 2015-16)

**EXHIBIT** | Date: 11/06/2015  
 Time: 10:51 am  
 Page: 1

KING CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>WELLS FARGO BANK Checks</b>							
57023	11/06/2015	Printed		A & G PUMP	A & G PUMPING, INC	3 Hrs Pumping San Lorenzo	450.00
57024	11/06/2015	Printed		A T T	A T & T	U-Verse Internet	145.00
57025	11/06/2015	Printed		ALVAREZ	ALVAREZ TECHNOLOGY GROUP INC	Monthly Billing - Dec 2015	2,950.00
57026	11/06/2015	Printed		BENSON	RICHARD A. BENSON PLUMBING	Maint. & Repairs (Pearl St.)	84.00
57027	11/06/2015	Printed		CA WATER	CALIFORNIA WATER SERVICE CO.	Utilities -	16,842.65
57028	11/06/2015	Printed		CSFA	CSFA	Active Firefighter Dues	25.00
57029	11/06/2015	Printed		DMV RENEW	DMV RENEWAL	Special Equip Billing Notice.	25.00
57030	11/06/2015	Printed		EARTH DESI	EARTH DESIGN, INC.	Mee Hospital Records	12,887.70
57031	11/06/2015	Printed		DOT/FAA	FAA	Ref: AJW-ON-AAC-15-A771	8,366.05
57032	11/06/2015	Printed		FLORESTH	THOMAS FLORES	Soccer Official - 7.5 @ \$10	75.00
57033	11/06/2015	Printed		GIS	GONZALES IRRIGATION SYSTEMS,	Irrigation Supplies	192.21
57034	11/06/2015	Printed		GOOGLE	GOOGLE	Google Apps for Work.	162.50
57035	11/06/2015	Printed		GOULD	DIXIE GOULD	Reimbursement - Training	1,296.90
57036	11/06/2015	Printed		HANNA	HANNA & BRUNETTI	SWMP Fund	26,987.64
57037	11/06/2015	Printed		HDLCO	HDL COREN & CONE	Contract Services -	1,250.00
57038	11/06/2015	Printed		KC CHAMBER	KING CITY CHAMBER OF COMMERCE	August Chamber Luncheon	30.00
57039	11/06/2015	Printed		KRKC	KING CITY COMMUNICATIONS CORP	KCH FB & BB	135.00
57040	11/06/2015	Printed		KOCZANOWIK	LAW OFFICE OF	Planning	16,668.55
57041	11/06/2015	Printed		LIBERTY	LIBERTY TAX SERVICE	Spanish Interpretation,	227.50
57042	11/06/2015	Printed		MAYNARD	THE MAYNARD GROUP	Platinum Service - NEC Station	458.29
57043	11/06/2015	Printed		OWENE	OWEN EQUIPMENT COMPANY	Supplies	250.11
57044	11/06/2015	Printed		PINN	PINNACLE HEALTHCARE	Employment Exam - Fire Dept	146.00
57045	11/06/2015	Printed		POWERS	MICHAEL POWERS	Mileage (Sept & Oct.)	148.96
57046	11/06/2015	Printed		RED SHIFT	RED SHIFT INTERNET SERVICES	Internet Service -	30.90
57047	11/06/2015	Printed		SVSWA	SALINAS VALLEY SOLID WASTE	2014-2015 Cal Recycle	5,000.00
57048	11/06/2015	Printed		SOCOA	SERGIO ALVAREZ	2011 Ford F-150 XL	6,907.98
57049	11/06/2015	Printed		SIEMENS	SIEMENS INDUSTRY INC.	Broadway & San Antonio	2,400.00
57050	11/06/2015	Printed		SPRINT	SPRINT	Long Distance Service -	245.49
57051	11/06/2015	Printed		ZAPPIA	THE ZAPPIA LAW FIRM, APC	Professional Services - Aug	17,055.84
57052	11/06/2015	Printed		VALSA	VALLEY SAW AND GARDEN EQUIP.	Parts & Labor	177.41
57053	11/06/2015	Printed		VERIZON WI	VERIZON WIRELESS	Monthly Charges -	714.01
<b>Total Checks: 31</b>						<b>Checks Total (excluding void checks):</b>	<b>122,335.69</b>
<b>Total Payments: 31</b>						<b>Bank Total (excluding void checks):</b>	<b>122,335.69</b>
<b>Total Payments: 31</b>						<b>Grand Total (excluding void checks):</b>	<b>122,335.69</b>

**INVOICE APPROVAL LIST BY FUND REPORT**  
 Nov 6, 2015 (FY 2015-16)

Date: 11/06/2015  
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KING CITY CITY HALL                      qqqq

Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
<b>Fund: 10 General Fund</b>							
<b>Dept: 111 City Council</b>							
10-111-522.000	Operating Supplies LIBERTY TAX SERVICE	2360	Spanish Interpretation,	0	11/01/2015	11/06/2015	227.50
							<u>227.50</u>
						<b>Total Dept. City Council:</b>	<b>227.50</b>
<b>Dept: 121 City Manager</b>							
10-121-551.000	Conference, Trave KING CITY CHAMBER OF CC POWERS/MICHAEL//	2441	August Chamber Luncheon	0	10/29/2015	11/06/2015	15.00
		10282015	Mileage (Sept & Oct.)	0	10/28/2015	11/06/2015	148.96
							<u>163.96</u>
10-121-554.102	Public Notices KING CITY COMMUNICATION	123134	KCH FB & BB	0	10/31/2015	11/06/2015	135.00
							<u>135.00</u>
						<b>Total Dept. City Manager:</b>	<b>298.96</b>
<b>Dept: 131 Finance</b>							
10-131-551.000	Conference, Trave KING CITY CHAMBER OF CC	2441	August Chamber Luncheon	0	10/29/2015	11/06/2015	15.00
							<u>15.00</u>
						<b>Total Dept. Finance:</b>	<b>15.00</b>
<b>Dept: 151 City Attorney - General</b>							
10-151-531.000	Legal Services						
	LAW OFFICE OF	759	Professional Services.	0	10/31/2015	11/06/2015	1,146.55
	LAW OFFICE OF	756 B	General Admin	0	10/31/2015	11/06/2015	9,826.00
	LAW OFFICE OF	756 C	Police	0	10/31/2015	11/06/2015	5,456.00
	LAW OFFICE OF	756 D	Planning	0	10/31/2015	11/06/2015	176.00
	THE ZAPPIA LAW FIRM, APC	15-08-213	Professional Services - Aug	0	10/21/2015	11/06/2015	480.55
	THE ZAPPIA LAW FIRM, APC	15-08-215	Professional Services - Aug	0	10/21/2015	11/06/2015	264.00
	THE ZAPPIA LAW FIRM, APC	15-08-206	Professional Services - Aug	0	10/22/2015	11/06/2015	216.00
	THE ZAPPIA LAW FIRM, APC	15-08-211	Professional Services - Aug	0	10/22/2015	11/06/2015	528.00
	THE ZAPPIA LAW FIRM, APC	15-08-205	Professional Services - Aug	0	10/22/2015	11/06/2015	9,070.20
	THE ZAPPIA LAW FIRM, APC	15-08-210	Professional Services - Aug	0	10/22/2015	11/06/2015	2,011.70
	THE ZAPPIA LAW FIRM, APC	15-08-209	Professional Services - Aug	0	10/22/2015	11/06/2015	4,485.39
							<u>33,660.39</u>
						<b>Total Dept. City Attorney - General Legal:</b>	<b>33,660.39</b>
<b>Dept: 161 Civic Center</b>							
10-161-541.101	Water CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	804.29
							<u>804.29</u>
10-161-541.103	Telephone SPRINT	55102151040351	Long Distance Service -	0	10/24/2015	11/06/2015	98.34
	SPRINT	55102151040351	Long Distance Service -	0	10/24/2015	11/06/2015	83.72
							<u>182.06</u>
10-161-541.104	Internet Access A T & T	10222015	U-Verse Internet	0	10/22/2015	11/06/2015	145.00
	RED SHIFT INTERNET SERV	1706095, 1706096	Internet Service -	0	11/01/2015	11/06/2015	30.90
							<u>175.90</u>
10-161-543.100	Building Repairs BENSON PLUMBING/RICHAF	52586	Maint. & Repairs (Pearl St.)	0	10/14/2015	11/06/2015	84.00
							<u>84.00</u>
10-161-543.204	Office Equipment						

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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
MAYNARD GROUP/THE//		P224096	Platinum Service - NEC Station	0	11/01/2015	11/06/2015	458.29
							<u>458.29</u>
<b>Total Dept. Civic Center:</b>							<b>1,704.54</b>
<b>Dept: 221 Engineering</b>							
10-221-533.000	Contract Services						
	HANNA & BRUNETTI	12858	City Admin	0	11/05/2015	11/06/2015	546.00
	HANNA & BRUNETTI	12857	City Admin	0	11/05/2015	11/06/2015	1,081.50
	HANNA & BRUNETTI	12856	City Admin	0	11/05/2015	11/06/2015	4,814.25
							<u>6,441.75</u>
<b>Total Dept. Engineering:</b>							<b>6,441.75</b>
<b>Dept: 241 Planning</b>							
10-241-533.000	Contract Services						
	EARTH DESIGN, INC.	0097-15	General Admin	0	11/04/2015	11/06/2015	6,233.84
	EARTH DESIGN, INC.	0098-15	O'Reilly Auto Parts	0	11/04/2015	11/06/2015	379.04
	EARTH DESIGN, INC.	0099-15	General Plan Amendment	0	11/04/2015	11/06/2015	3,941.49
	EARTH DESIGN, INC.	0100-15	Medical Marijuana	0	11/04/2015	11/06/2015	968.53
	EARTH DESIGN, INC.	0101-15	Verizon Cell CUP2014-007	0	11/04/2015	11/06/2015	47.38
	EARTH DESIGN, INC.	0102-15	First Street Greening	0	11/04/2015	11/06/2015	402.73
	EARTH DESIGN, INC.	0103-15	SOI Annexation	0	11/04/2015	11/06/2015	355.35
	EARTH DESIGN, INC.	0104-15	Nino Inclusionary Housing	0	11/04/2015	11/06/2015	511.96
	EARTH DESIGN, INC.	00105-15	Mee Hospital Records	0	11/04/2015	11/06/2015	47.38
							<u>12,887.70</u>
<b>Total Dept. Planning:</b>							<b>12,887.70</b>
<b>Dept: 264 Non-Departmental</b>							
10-264-538.000	Professional Servi						
	HDL COREN & CONE	0022168-IN	Contract Services -	0	10/27/2015	11/06/2015	1,250.00
							<u>1,250.00</u>
10-264-543.202	Computer Mainten						
	ALVAREZ TECHNOLOGY GR	34056	Domain Controller Down.	0	11/04/2015	11/06/2015	332.50
	ALVAREZ TECHNOLOGY GR	33944	Monthly Billing - Dec 2015	0	11/01/2015	11/06/2015	1,142.50
	GOOGLE	5965248143932925-23	Google Apps for Work.	0	10/31/2015	11/06/2015	162.50
							<u>1,637.50</u>
<b>Total Dept. Non-Departmental:</b>							<b>2,887.50</b>
<b>Dept: 311 Police Administration</b>							
10-311-541.108	Cellular Telephone						
	VERIZON WIRELESS	9754026557	Monthly Charges -	0	10/15/2015	11/06/2015	99.43
							<u>99.43</u>
<b>Total Dept. Police Administration:</b>							<b>99.43</b>
<b>Dept: 312 Support Services</b>							
10-312-541.103	Telephone						
	SPRINT	55102151040351	Long Distance Service -	0	10/24/2015	11/06/2015	7.44
							<u>7.44</u>
10-312-543.202	Computer Mainten						
	ALVAREZ TECHNOLOGY GR	34056	Domain Controller Down.	0	11/04/2015	11/06/2015	332.50
	ALVAREZ TECHNOLOGY GR	33944	Monthly Billing - Dec 2015	0	11/01/2015	11/06/2015	1,142.50
							<u>1,475.00</u>
<b>Total Dept. Support Services:</b>							<b>1,482.44</b>
<b>Dept: 315 Patrol &amp; Field Operatio</b>							
10-315-541.108	Cellular Telephone						
	VERIZON WIRELESS	9754026557	Monthly Charges -	0	10/15/2015	11/06/2015	589.37

**INVOICE APPROVAL LIST BY FUND REPORT**  
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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
							<u>589.37</u>
							<b>Total Dept. Patrol &amp; Field Operations: 589.37</b>
<b>Dept: 318 Animal Control</b>							
10-318-522.000	Operating Supplie: GOULD/DIXIE//	10262015	Reimbursement - Training	0	10/26/2015	11/06/2015	1,296.90
							<u>1,296.90</u>
							<b>Total Dept. Animal Control: 1,296.90</b>
<b>Dept: 320 Code Enforcement</b>							
10-320-541.108	Cellular Telephone VERIZON WIRELESS	9754026557	Monthly Charges -	0	10/15/2015	11/06/2015	25.21
							<u>25.21</u>
							<b>Total Dept. Code Enforcement: 25.21</b>
<b>Dept: 321 Fire Prevention &amp; Supp</b>							
10-321-538.301	Physical Exams PINNACLE HEALTHCARE	09292015	Employment Exam - Fire Dept	0	09/29/2015	11/06/2015	146.00
							<u>146.00</u>
10-321-541.101	Water CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	385.93
							<u>385.93</u>
10-321-541.103	Telephone SPRINT SPRINT	55102151040351 55102151040351	Long Distance Service - Long Distance Service -	0 0	10/24/2015 10/24/2015	11/06/2015 11/06/2015	7.87 11.04
							<u>18.91</u>
10-321-552.000	Dues & Membersh CSFA	8928	Active Firefighter Dues	0	11/03/2015	11/06/2015	25.00
							<u>25.00</u>
							<b>Dept. Fire Prevention &amp; Suppression: 575.84</b>
<b>Dept: 422 Public Works Administ</b>							
10-422-543.301	Vehicles Repair & SERGIO ALVAREZ	15556	2011 Ford F-150 XL	0	10/27/2015	11/06/2015	6,907.98
							<u>6,907.98</u>
							<b>Total Dept. Public Works Administration: 6,907.98</b>
<b>Dept: 426 City Park</b>							
10-426-541.101	Water CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	1,847.31
							<u>1,847.31</u>
10-426-541.103	Telephone SPRINT SPRINT	55102151040351 55102151040351	Long Distance Service - Long Distance Service -	0 0	10/24/2015 10/24/2015	11/06/2015 11/06/2015	9.67 12.84
							<u>22.51</u>
10-426-543.301	Vehicles Repair & DMV RENEWAL	SPCON	Special Equip Billing Notice.	0	12/31/2015	11/06/2015	25.00
							<u>25.00</u>
							<b>Total Dept. City Park: 1,894.82</b>
<b>Dept: 428 City Wide Landscaping</b>							
10-428-522.129	Supplies-Landscaj GONZALES IRRIGATION SYE	KC87238	Irrigation Supplies	0	10/20/2015	11/06/2015	97.06

**INVOICE APPROVAL LIST BY FUND REPORT**  
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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
							97.06
10-428-541.101	Water						
	CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	2,195.82
							<u>2,195.82</u>
							<b>Total Dept. City Wide Landscaping: 2,292.88</b>
<b>Dept: 429 San Antonio Communit</b>							
10-429-541.101	Water						
	CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	6,549.86
							<u>6,549.86</u>
10-429-543.000	Repair & Maintena						
	GONZALES IRRIGATION SYE	KC87308	Irrigation Supplies	0	10/26/2015	11/06/2015	38.38
	GONZALES IRRIGATION SYE	KC87336	Irrigation Supplies	0	10/26/2015	11/06/2015	56.77
							<u>95.15</u>
							<b>I Dept. San Antonio Community Park: 6,645.01</b>
<b>Dept: 430 Corporation Yard</b>							
10-430-541.101	Water						
	CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	136.03
							<u>136.03</u>
10-430-541.103	Telephone						
	SPRINT	55102151040351	Long Distance Service -	0	10/24/2015	11/06/2015	7.44
							<u>7.44</u>
							<b>Total Dept. Corporation Yard: 143.47</b>
<b>Dept: 431 Creek Bridge Parks</b>							
10-431-541.101	Water						
	CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	4,188.83
							<u>4,188.83</u>
							<b>Total Dept. Creek Bridge Parks: 4,188.83</b>
<b>Dept: 620 Aquatics Program</b>							
10-620-541.101	Water						
	CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	392.36
							<u>392.36</u>
10-620-541.103	Telephone						
	SPRINT	55102151040351	Long Distance Service -	0	10/24/2015	11/06/2015	7.13
							<u>7.13</u>
							<b>Total Dept. Aquatics Program: 399.49</b>
<b>Dept: 623 Sports Facilities</b>							
10-623-541.101	Water						
	CALIFORNIA WATER SERVIC	10302015	Utilities -	0	10/30/2015	11/06/2015	291.07
							<u>291.07</u>
							<b>Total Dept. Sports Facilities: 291.07</b>
<b>Dept: 626 Youth Sports</b>							
10-626-513.010	Temp Salary-Part						
	FLORES/THOMAS//	10242015	Soccer Official - 7.5 @ \$10	0	10/24/2015	11/06/2015	75.00
							<u>75.00</u>
							<b>Total Dept. Youth Sports: 75.00</b>
							<b>Total Fund General Fund: 85,031.08</b>

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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
<b>Fund: 15 Airport Operations Func</b>							
<b>Dept: 440 Airport Operations</b>							
15-440-531.000	Legal Services LAW OFFICE OF	756	Airport (Firle #1404)	0	10/31/2015	11/06/2015	64.00
							<u>64.00</u>
15-440-541.101	Water CALIFORNIA WATER SERVIC	10302015	Utilities	0	10/30/2015	11/06/2015	51.15
							<u>51.15</u>
							<b>Total Dept. Airport Operations: 115.15</b>
<b>Dept: 727 Airport Improvements</b>							
15-727-573.133	Airport Improveme FAA	10282015	Ref: AJW-ON-AAC-15-A771	0	10/28/2015	11/06/2015	8,366.05
							<u>8,366.05</u>
							<b>Total Dept. Airport Improvements: 8,366.05</b>
							<b>  Airport Operations Fund: 8,481.20</b>
<b>Fund: 18 Sewer Operations Fund</b>							
<b>Dept: 412 Sewer Operations</b>							
18-412-543.000	Repair & Maintena A & G PUMPING, INC	15-3082	3 Hrs Pumping San Lorenzo	0	10/31/2015	11/06/2015	450.00
							<u>450.00</u>
							<b>Total Dept. Sewer Operations: 450.00</b>
							<b>  Sewer Operations Fund: 450.00</b>
<b>Fund: 22 State Gasoline Tax</b>							
<b>Dept: 423 Street Maintenance</b>							
22-423-532.000	Engineering Servic HANNA & BRUNETTI	12860	First St. Pedestrian & Bike	0	11/05/2015	11/06/2015	4,526.25
	HANNA & BRUNETTI	12859	First St. Pedestrian & Bike	0	11/05/2015	11/06/2015	6,830.26
	HANNA & BRUNETTI	12847-A	First St. Pedestrian & Bike	0	10/12/2015	11/06/2015	1,004.25
							<u>12,360.76</u>
22-423-543.000	Repair & Maintena VALLEY SAW AND GARDEN	81354	Parts & Labor	0	10/19/2015	11/06/2015	177.41
							<u>177.41</u>
							<b>Total Dept. Street Maintenance: 12,538.17</b>
<b>Dept: 424 Street Sweeping</b>							
22-424-543.200	Equipment Repair OWEN EQUIPMENT COMPAT	00034609	Supplies	0	10/26/2015	11/06/2015	250.11
							<u>250.11</u>
							<b>Total Dept. Street Sweeping: 250.11</b>
<b>Dept: 427 Street Lighting</b>							
22-427-543.211	Traffic Signal Main SIEMENS INDUSTRY INC.	5610006343	Broadway & San Antonio	0	10/30/2015	11/06/2015	2,400.00
							<u>2,400.00</u>
							<b>Total Dept. Street Lighting: 2,400.00</b>
							<b>  Fund State Gasoline Tax: 15,188.28</b>

**Fund: 44 Storm Sewer Impact Fee**  
**Dept: 851 Storm Water Managem**

**INVOICE APPROVAL LIST BY FUND REPORT**

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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
44-851-532.000	Engineering Servic HANNA & BRUNETTI	12864	SWMP Fund	0	11/05/2015	11/06/2015	8,185.13
							<u>8,185.13</u>
							Dept. Storm Water Management Plan: 8,185.13
							n Sewer Impact Fee Fund: 8,185.13
<b>Fund: 71 Trust Deposits Fund</b>							
<b>Dept: 000</b>							
71-000-204.152	Recycling St of C/ SALINAS VALLEY SOLID WA	2014-15-1	2014-2015 Cal Recycle	0	10/09/2015	11/06/2015	5,000.00
							<u>5,000.00</u>
							Total Dept. 000: 5,000.00
							Fund Trust Deposits Fund: 5,000.00
							<u>Grand Total: 122,335.69</u>

**Accounts Payable**  
 Prepared by: *Concepcion* 11/6/15  
 Approved by: \_\_\_\_\_  
 Finance Director: \_\_\_\_\_  
 City Manager: \_\_\_\_\_  
 Recorded in Check by: \_\_\_\_\_  
 Appended by: \_\_\_\_\_  
 Posted by: \_\_\_\_\_

Check Register Report

CHENGAO  
11-30-15

Nov 19, 2015 (FY 2015-16)

**EXHIBIT 2**

Date: 11/30/2015

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BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>WELLS FARGO BANK Checks</b>							
57054	11/30/2015	Printed		AIREX	AIR EXCHANGE, INC	King City Fire Dept -	255.48
57055	11/30/2015	Printed		ALVAREZ	ALVAREZ TECHNOLOGY GROUP INC	Payroll PC Stall	1,239.00
57056	11/30/2015	Printed		AM SUPPLY	AMERICAN SUPPLY CO.	Janitorial Supplies -	1,310.58
57057	11/30/2015	Printed		AT & T	AT & T	Access Transport Services	339.01
57058	11/30/2015	Printed		AT&T - C	AT&T	CALNET3 -	112.57
57059	11/30/2015	Printed		ALVALOS	ALFONSO AVALOS	Soccer Official (3 @ \$10)	30.00
57060	11/30/2015	Printed		BARCO	BARCO PRODUCTS	4', 6' Bench, Black	908.29
57061	11/30/2015	Printed		CTOWT	CALIFORNIA TOWING & TRANSPORT	Secondary Tow -	275.00
57062	11/30/2015	Printed		CAMPOSM	MARICRUZ CAMPOS	Soccer Official - 2.5 @ \$10)	25.00
57063	11/30/2015	Printed		CASEY PRIN	CASEY PRINTING, INC.	S Adams Business Cards.	99.49
57064	11/30/2015	Printed		FIRE	CATHERINE HENDRICKSON	Mesa Del Rey Airport	1,398.60
57065	11/30/2015	Printed		DAVE'S REP	DAVE'S REPAIR SERVICE	K C Airport - Annual Tank	891.35
57066	11/30/2015	Printed		DEPT ACCNT	DEPARTMENT OF JUSTICE	Fingerprint APPS	49.00
57067	11/30/2015	Printed		ELCAM	EL CAMINO ELECTRIC, INC	KC Council Chamber.	2,068.00
57068	11/30/2015	Printed		VEVH	EMERGENCY VEHICLE SPECIALISTS	Labor, Remove Radio from	175.00
57069	11/30/2015	Printed		EDD	EMPLOYMENT DEVELOPMENT DEPT.	Employment Tax PE: 9/30/15	361.00
57070	11/30/2015	Printed		FAIL	FAILSAFE TESTING	K C V F D -Ground Ladders	539.55
57071	11/30/2015	Printed		FLORESTH	THOMAS FLORES	Soccer Official (4 @ \$10)	40.00
57072	11/30/2015	Printed		GALLS, AN	GALLS, AN	Flame Retardant Relief	192.65
57073	11/30/2015	Printed		GAALEX	ALEXIS GAYTAN	Soccer Official (4.5 @ \$10)	45.00
57074	11/30/2015	Printed		GEORGE L M	GEORGE L MEE MEMORIAL HOSPITAL	Direct Client Transactions.	128.00
57075	11/30/2015	Printed		GOMEZAN	ANDRES GOMEZ	Soccer Official (4.5 @ \$10)	45.00
57076	11/30/2015	Printed		GREEN'S	GREEN'S ACCOUNTING	Monthly Fee - Oct 2015	6,487.50
57077	11/30/2015	Printed		HALE	DAVID P HALE	Professional Services - Genera	1,872.00
57078	11/30/2015	Printed		KRKC	KING CITY COMMUNICATIONS CORP	Acct #67	276.00
57079	11/30/2015	Printed		LA HEARNE	L.A. HEARNE COMPANY	Stall Mats	848.12
57080	11/30/2015	Printed		LOPEZ AUTO	LOPEZ AUTO GLASS	Ford F 650.	190.35
57081	11/30/2015	Printed		MO BAY SYS	MONTEREY BAY OFFICE PRODUCTS	Contract Invoice.	291.80
57082	11/30/2015	Printed		MOCO TAX	MONTEREY COUNTY TAX COLLECTOR	Property Tax Statements	11,911.53
57083	11/30/2015	Printed		O'REILLY A	O'REILLY AUTOMOTIVE, INC.	Supply - Cust# 1092902	24.97
57084	11/30/2015	Printed		OFFICE DEP	OFFICE DEPOT	Office Supplies	1,130.95
57085	11/30/2015	Printed		PACIFIC CR	PACIFIC CREST ENGINEERING INC.	Annual Groundwater Monitoring	3,960.00
57086	11/30/2015	Printed		PG & E	PG&E	Utilities	34,685.74
57087	11/30/2015	Printed		PHOENIX	PHOENIX SUPPLY LLC	Animal Control Supplies	65.67
57088	11/30/2015	Printed		PINEDA	BRYAN PINEDA	Soccer Official (4.5 @ \$10)	45.00
57089	11/30/2015	Printed		PBGFS	PITNEY BOWES GLOBAL	Leasing Mailing System.	630.87
57090	11/30/2015	Printed		PURE WATER	PURE WATER BOTTLING	Police Dept.	60.95
57091	11/30/2015	Printed		QUILL CORP	QUILL CORPORATION	Office Supplies	522.40
57092	11/30/2015	Printed		RAMIREZC	CORALI RAMIREZ	"Santa" Paint Event	750.00
57093	11/30/2015	Printed		ROSSI BROS	ROSSI BROS TIRE & AUTO SERVICE	Maint. & Repairs	40.54
57094	11/30/2015	Printed		SV FAIR	SALINAS VALLEY FAIR	Expo Basketball -	810.00
57095	11/30/2015	Printed		SALINAS V	SALINAS VALLEY PRO SQUAD	Uniform Supply	966.24
57096	11/30/2015	Printed		SANTOYO	MARIA S. SANTOYO	Soccer Official (3 @ \$10)	30.00
57097	11/30/2015	Printed		SINTR	SINTRA GROUP	Investigations	4,905.00
57098	11/30/2015	Printed		SMITHE	SMITH & ENRIGHT	Arboleda Baseball Field:	207.99
57099	11/30/2015	Printed		SO CO NEWS	SO CO NEWSPAPERS	Great People (Rec Dept)	50.00
57100	11/30/2015	Printed		SPEAK	SPEAKWRITE BILLING DEPT	KCPD - GrpLEKCPD1	71.81
57101	11/30/2015	Printed		SUAREZ/FER	FERNANDO SUAREZ	Reimburse - Continuing	60.00
57102	11/30/2015	Printed		SUN BADGE	SUN BADGE COMPANY	Reg Suntone Badge.	93.00
57103	11/30/2015	Printed		SWRCB - AC	SWRCB - ACCOUNTING OFFICE	Permit Fee-KC Domestic CS	51,744.00
57104	11/30/2015	Printed		THE SALINA	THE SALINAS CALIFORNIAN	Notice of Public Hearing.	2,322.63
57105	11/30/2015	Printed		SPCA	THE SPCA FOR MONTEREY COUNTY	Services for October 2015.	3,220.00
57106	11/30/2015	Printed		TORO	TORO PETROLEUM CORP.	Fuel and Oil - Acct 6835	2,352.34

# Check Register Report

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BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount	
<b>WELLS FARGO BANK Checks</b>								
57107	11/30/2015	Printed		TRANSU	TRANSUNION RISK AND ALTERNATIV	KCPD - ID#412260	31.75	
57108	11/30/2015	Printed		TRI	TRI-COUNTY FIRE PROTECTION INC	Sprinklers - Qtly	95.00	
57109	11/30/2015	Printed		U.S. BANCO	U.S. BANCORP EQUIPMENT FINANCE	Contract Payment.	278.42	
57110	11/30/2015	Printed		U.S. BAN	U.S. BANK CORP PAYMENT SYSTEM	Various Charges -	3,896.26	
57111	11/30/2015	Printed		UMSTEAD EL	UMSTEAD ELECTRIC	Disconnect Flashing Lights	2,053.11	
57112	11/30/2015	Printed		WHEEL	WHEELER'S FLOORING	Install Vinyl 4" Rubber Base.	3,358.00	
57113	11/30/2015	Printed		AVERY	WILLIAM AVERY AND ASSOCIATES	Search Expenses, Recruitment	2,427.75	
<b>Total Checks: 60</b>							<b>Checks Total (excluding void checks):</b>	<b>153,295.26</b>
<b>Total Payments: 60</b>							<b>Bank Total (excluding void checks):</b>	<b>153,295.26</b>
<b>Total Payments: 60</b>							<b>Grand Total (excluding void checks):</b>	<b>153,295.26</b>

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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
<b>Fund: 10 General Fund</b>							
<b>Dept: 111 City Council</b>							
10-111-522.140	Miscellaneous						
	U.S. BANK CORP PAYMENT :	11062015CI	Various Charges -	0	11/06/2015	11/19/2015	38.25
							<u>38.25</u>
10-111-553.000	Training						
	U.S. BANK CORP PAYMENT :	11062015CI	Various Charges -	0	11/06/2015	11/19/2015	31.55
							<u>31.55</u>
							<b>Total Dept. City Council: 69.80</b>
<b>Dept: 121 City Manager</b>							
10-121-521.000	Office Supplies						
	CASEY PRINTING, INC.	29710011	S Adams Business Cards.	0	11/09/2015	11/19/2015	99.49
	QUILL CORPORATION	6363495,8060913	Office Supplies	0	10/20/2015	11/19/2015	22.02
							<u>121.51</u>
10-121-522.000	Operating Supplie:						
	U.S. BANK CORP PAYMENT :	11062015CI	Various Charges -	0	11/06/2015	11/19/2015	22.99
	U.S. BANK CORP PAYMENT :	11062015CI	Various Charges -	0	11/06/2015	11/19/2015	3.49
							<u>26.48</u>
10-121-522.131	Recruitment Exper						
	U.S. BANK CORP PAYMENT :	11062015CI	Various Charges -	0	11/06/2015	11/19/2015	19.12
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	43.25
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	6.76
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	105.96
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	38.12
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	14.95
	WILLIAM AVERY AND ASSOC	1490	Search Expenses, Recruitment	0	11/02/2015	11/19/2015	2,427.75
							<u>2,655.91</u>
10-121-543.301	Vehicles Repair &						
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	20.61
							<u>20.61</u>
10-121-551.000	Conference, Trave						
	U.S. BANK CORP PAYMENT :	11062015MP	Various Charges -	0	11/06/2015	11/19/2015	25.52
							<u>25.52</u>
							<b>Total Dept. City Manager: 2,850.03</b>
<b>Dept: 131 Finance</b>							
10-131-534.000	Audit Services						
	GREEN'S ACCOUNTING	10312015	Monthly Fee - Oct 2015	0	11/12/2015	11/19/2015	2,595.00
							<u>2,595.00</u>
10-131-558.311	DOJ Fingerprint CI						
	DEPARTMENT OF JUSTICE	132020	Fingerprint APPS	0	11/04/2015	11/19/2015	49.00
							<u>49.00</u>
							<b>Total Dept. Finance: 2,644.00</b>
<b>Dept: 151 City Attorney - General</b>							
10-151-531.000	Legal Services						
	HALE/ DAVID P//	11005	Professional Services - Genera	0	11/01/2015	11/19/2015	1,872.00
							<u>1,872.00</u>
							<b>Total Dept. City Attorney - General Legal: 1,872.00</b>
<b>Dept: 161 Civic Center</b>							
10-161-521.000	Office Supplies						
	QUILL CORPORATION	6363495,8060913	Office Supplies	0	10/20/2015	11/19/2015	224.25

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							<b>224.25</b>
10-161-521.101	Postage PITNEY BOWES GLOBAL	7213432-NV15	Leasing Mailing System.	0	11/13/2015	11/19/2015	630.87
							<b>630.87</b>
10-161-522.102	Janitorial Supplies AMERICAN SUPPLY CO.	2700590	Janitorial Supplies.	0	10/08/2015	11/19/2015	121.17
	AMERICAN SUPPLY CO.	2704205	Janitorial Supplies -	0	11/06/2015	11/19/2015	97.25
							<b>218.42</b>
10-161-541.101	Water PURE WATER BOTTLING	273309	City Hall	0	11/01/2015	11/19/2015	23.20
							<b>23.20</b>
10-161-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	1,030.21
							<b>1,030.21</b>
10-161-541.103	Telephone AT & T	1734517380-110515	Access Transport Services	0	11/05/2015	11/19/2015	339.01
							<b>339.01</b>
10-161-543.100	Building Repairs BARCO PRODUCTS	051500729	4', 6' Bench, Black	0	10/22/2015	11/19/2015	908.29
	EL CAMINO ELECTRIC, INC	0711	K C Hall Council Chambers	0	09/28/2015	11/19/2015	1,790.00
	EL CAMINO ELECTRIC, INC	0711A	KC Council Chamber.	0	09/28/2015	11/19/2015	278.00
	U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	12.95
	WHEELER'S FLOORING	CG511926	Install Vinyl 4" Rubber Base.	0	10/16/2015	11/19/2015	3,358.00
							<b>6,347.24</b>
10-161-543.302	Gasoline TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	42.19
	U.S. BANK CORP PAYMENT :	11062015CI	Various Charges -	0	11/06/2015	11/19/2015	74.37
							<b>116.56</b>
10-161-544.101	Property Taxes MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	103.10
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	6.31
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	11.34
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	8.62
							<b>129.37</b>
							<b>Total Dept. Civic Center: 9,059.13</b>
<b>Dept: 231 Building &amp; Safety</b>							
10-231-521.000	Office Supplies QUILL CORPORATION	6363495,8060913	Office Supplies	0	10/20/2015	11/19/2015	132.50
							<b>132.50</b>
10-231-543.302	Gasoline TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	29.21
	U.S. BANK CORP PAYMENT :	11062015MH	Various Charges -	0	11/06/2015	11/19/2015	35.00
							<b>64.21</b>
10-231-551.000	Conference, Trave U.S. BANK CORP PAYMENT :	11062015MH	Various Charges -	0	11/06/2015	11/19/2015	308.10
							<b>308.10</b>
10-231-553.000	Training U.S. BANK CORP PAYMENT :	11062015MH	Various Charges -	0	11/06/2015	11/19/2015	128.00
							<b>128.00</b>
							<b>Total Dept. Building &amp; Safety: 632.81</b>

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Fund/Dept/Acct	Vendor Name	Invoice #	Invoice Desc.	Check #	Due Date	Posting Date	Amount
<b>Dept: 241 Planning</b>							
10-241-521.000	Office Supplies QUILL CORPORATION	6363495,8060913	Office Supplies	0	10/20/2015	11/19/2015	143.63
							<u>143.63</u>
10-241-554.102	Public Notices THE SALINAS CALIFORNIAN	0002974222	Notice of Public Hearing.	0	10/10/2015	11/19/2015	825.44
							<u>825.44</u>
<b>Total Dept. Planning:</b>							<b>969.07</b>
<b>Dept: 264 Non-Departmental</b>							
10-264-543.202	Computer Mainten ALVAREZ TECHNOLOGY GR	34116	Payroll PC Stall	0	11/10/2015	11/19/2015	649.50
	U.S. BANK CORP PAYMENT :	11062015PG	Various Charges -	0	11/06/2015	11/19/2015	162.50
							<u>812.00</u>
<b>Total Dept. Non-Departmental:</b>							<b>812.00</b>
<b>Dept: 311 Police Administration</b>							
10-311-543.302	Gasoline TORO PETROLEUM CORP.	77667	Fuel and Oil - Acct 6835	0	10/31/2015	11/19/2015	112.94
							<u>112.94</u>
10-311-558.316	IA Investigations SINTRA GROUP	2015219	Meeting/Investigation	0	10/27/2015	11/19/2015	2,220.00
	SINTRA GROUP	2015222	Transcriptions	0	11/06/2015	11/19/2015	345.00
	SINTRA GROUP	2015220	Investigations	0	10/27/2015	11/19/2015	2,340.00
							<u>4,905.00</u>
<b>Total Dept. Police Administration:</b>							<b>5,017.94</b>
<b>Dept: 312 Support Services</b>							
10-312-521.000	Office Supplies OFFICE DEPOT	799080041002	Office Supplies	0	10/23/2015	11/19/2015	63.96
	OFFICE DEPOT	802756476001	Office Supplies -	0	10/29/2015	11/19/2015	21.93
	OFFICE DEPOT	802755719001	Office Supplies	0	10/29/2015	11/19/2015	256.72
	OFFICE DEPOT	805303975001	Office Supplies	0	11/10/2015	11/19/2015	110.28
	OFFICE DEPOT	805303974001	Office Supplies	0	11/10/2015	11/19/2015	10.15
	OFFICE DEPOT	805303976001	Office Supplies	0	11/10/2015	11/19/2015	8.08
	OFFICE DEPOT	805302345001	Office Supplies	0	11/10/2015	11/19/2015	449.85
							<u>920.97</u>
10-312-522.109	Uniforms SALINAS VALLEY PRO SQUA	261435	Uniform Supply	0	10/12/2015	11/19/2015	733.97
							<u>733.97</u>
10-312-541.101	Water PURE WATER BOTTLING	273310	Police Dept.	0	11/01/2015	11/19/2015	37.75
							<u>37.75</u>
10-312-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	1,856.71
							<u>1,856.71</u>
10-312-541.103	Telephone AT&T	7213075	CALNET 3	0	10/24/2015	11/19/2015	57.02
							<u>57.02</u>
10-312-543.100	Building Repairs UMSTEAD ELECTRIC	2981	Repair Lights in Hallway@ Jail	0	11/04/2015	11/19/2015	488.13
							<u>488.13</u>
10-312-543.201	Copier Maintenanc						

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	MONTEREY BAY OFFICE PR	256434,256529	Contract Invoice.	0	10/31/2015	11/19/2015	291.80
	U.S. BANCORP EQUIPMENT	291577245	Contract Payment.	0	11/10/2015	11/19/2015	278.42
							<u>570.22</u>
10-312-554.000	Printing & Publishi						
	THE SALINAS CALIFORNIAN	0002974084	Advertisement - Admin Asst.	0	11/01/2015	11/19/2015	1,497.19
							<u>1,497.19</u>
							<b>Total Dept. Support Services: 6,161.96</b>
<b>Dept: 315 Patrol &amp; Field Operatio</b>							
10-315-515.085	Unemployment Ins						
	EMPLOYMENT DEVELOPME	L0362812864	Employment Tax PE: 9/30/15	0	10/28/2015	11/19/2015	361.00
							<u>361.00</u>
10-315-522.106	Prisoner Supplies						
	GALLS, AN	004347496	Flame Retardant Relief	0	11/05/2015	11/19/2015	192.65
							<u>192.65</u>
10-315-522.109	Uniforms						
	SALINAS VALLEY PRO SQUA	261538	Uniform Supply	0	10/15/2015	11/19/2015	232.27
	SUN BADGE COMPANY	363946	Reg Suntone Badge.	0	10/27/2015	11/19/2015	93.00
							<u>325.27</u>
10-315-522.141	Evidence Supplies						
	OFFICE DEPOT	805302345001	Office Supplies	0	11/10/2015	11/19/2015	209.98
							<u>209.98</u>
10-315-538.302	Lab Tests						
	GEORGE L MEE MEMORIAL	10102015	Direct Client Transactions.	0	10/10/2015	11/19/2015	128.00
							<u>128.00</u>
10-315-543.301	Vehicles Repair &						
	EMERGENCY VEHICLE SPEI	4767	Labor, Remove Radio from	0	11/09/2015	11/19/2015	175.00
							<u>175.00</u>
10-315-543.302	Gasoline						
	TORO PETROLEUM CORP.	77667	Fuel and Oil - Acct 6835	0	10/31/2015	11/19/2015	1,318.38
							<u>1,318.38</u>
10-315-543.315	Auto Detail Service						
	O'REILLY AUTOMOTIVE, INC	3133348830	Supply - Cust# 1092902	0	10/28/2015	11/19/2015	24.97
							<u>24.97</u>
10-315-558.315	Special Investigati						
	CALIFORNIA TOWING & TRA	152770-RS	Secondary Tow -	0	11/05/2015	11/19/2015	275.00
							<u>275.00</u>
							<b>Total Dept. Patrol &amp; Field Operations: 3,010.25</b>
<b>Dept: 318 Animal Control</b>							
10-318-522.000	Operating Supplie:						
	PHOENIX SUPPLY LLC	7946	Animal Control Supplies	0	10/27/2015	11/19/2015	65.67
							<u>65.67</u>
10-318-538.304	Veterinary Service						
	THE SPCA FOR MONTEREY	10-15	Services for October 2015.	0	11/06/2015	11/19/2015	3,220.00
							<u>3,220.00</u>
							<b>Total Dept. Animal Control: 3,285.67</b>
<b>Dept: 320 Code Enforcement</b>							
10-320-543.302	Gasoline						
	TORO PETROLEUM CORP.	77667	Fuel and Oil - Acct 6835	0	10/31/2015	11/19/2015	107.63

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							<b>107.63</b>
<b>Total Dept. Code Enforcement:</b>							<b>107.63</b>
<b>Dept: 321 Fire Prevention &amp; Supp</b>							
10-321-522.000	Operating Supplie:						
	ALVAREZ TECHNOLOGY GR	34120	PC Install @ Fire Dept.	0	11/10/2015	11/19/2015	589.50
	U.S. BANK CORP PAYMENT :	11062015MO	Various Charges -	0	11/06/2015	11/19/2015	67.82
	U.S. BANK CORP PAYMENT :	11062015MO	Various Charges -	0	11/06/2015	11/19/2015	180.90
							<b>838.22</b>
10-321-541.102	Gas & Electricity						
	PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	409.89
							<b>409.89</b>
10-321-541.103	Telephone						
	AT&T	7213076	CALNET3 -	0	10/24/2015	11/19/2015	55.55
							<b>55.55</b>
10-321-543.200	Equipment Repair						
	AIR EXCHANGE, INC	37128	King City Fire Dept -	0	10/30/2015	11/19/2015	255.48
	FAILSAFE TESTING	8055	K C V F D -Ground Ladders	0	09/30/2015	11/19/2015	539.55
							<b>795.03</b>
10-321-544.101	Property Taxes						
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	9.96
							<b>9.96</b>
<b>Dept. Fire Prevention &amp; Suppression:</b>							<b>2,108.65</b>
<b>Dept: 422 Public Works Administ</b>							
10-422-543.302	Gasoline						
	TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	55.79
							<b>55.79</b>
<b>al Dept. Public Works Administration:</b>							<b>55.79</b>
<b>Dept: 426 City Park</b>							
10-426-522.102	Janitorial Supplies						
	AMERICAN SUPPLY CO.	2700590	Janitorial Supplies.	0	10/08/2015	11/19/2015	121.17
	AMERICAN SUPPLY CO.	2704205	Janitorial Supplies -	0	11/06/2015	11/19/2015	97.25
							<b>218.42</b>
10-426-541.102	Gas & Electricity						
	PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	1,073.25
							<b>1,073.25</b>
10-426-543.200	Equipment Repair						
	U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	50.47
	U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	86.96
	U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	28.96
							<b>166.39</b>
10-426-543.302	Gasoline						
	TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	58.71
							<b>58.71</b>
10-426-544.101	Property Taxes						
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	11.78
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	254.26
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	25.77
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	277.10
							<b>568.91</b>
10-426-544.103	Regulatory Permit:						



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<b>Total Dept. Creek Bridge Parks:</b>							<b>750.41</b>
<b>Dept: 620 Aquatics Program</b>							
10-620-522.000	Operating Supplie: U.S. BANK CORP PAYMENT :	11062015AW	Various Charges -	0	11/06/2015	11/19/2015	339.34
							<u>339.34</u>
10-620-522.102	Janitorial Supplies AMERICAN SUPPLY CO. AMERICAN SUPPLY CO.	2700590 2704205	Janitorial Supplies. Janitorial Supplies -	0 0	10/08/2015 11/06/2015	11/19/2015 11/19/2015	121.17 97.25
							<u>218.42</u>
10-620-522.132	Swimming Pool Cl L.A. HEARNE COMPANY L.A. HEARNE COMPANY	475112 475113	Chlorine Liquid. Pool Supplies -	0 0	08/31/2015 08/31/2015	11/19/2015 11/19/2015	205.91 106.99
							<u>312.90</u>
10-620-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	1,708.95
							<u>1,708.95</u>
10-620-544.101	Property Taxes MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	220.07
							<u>220.07</u>
<b>Total Dept. Aquatics Program:</b>							<b>2,799.68</b>
<b>Dept: 621 Recreation Administrat</b>							
10-621-521.000	Office Supplies U.S. BANK CORP PAYMENT :	11062015AW	Various Charges -	0	11/06/2015	11/19/2015	54.55
							<u>54.55</u>
10-621-522.000	Operating Supplie: RAMIREZ/CORALI// U.S. BANK CORP PAYMENT :	2 11062015AW	"Santa" Paint Event Various Charges -	0 0	11/11/2015 11/06/2015	11/19/2015 11/19/2015	750.00 158.12
							<u>908.12</u>
<b>Total Dept. Recreation Administration:</b>							<b>962.67</b>
<b>Dept: 623 Sports Facilities</b>							
10-623-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	69.57
							<u>69.57</u>
<b>Total Dept. Sports Facilities:</b>							<b>69.57</b>
<b>Dept: 626 Youth Sports</b>							
10-626-522.000	Operating Supplie: U.S. BANK CORP PAYMENT : U.S. BANK CORP PAYMENT :	11062015MO 11062015AW	Various Charges - Various Charges -	0 0	11/06/2015 11/06/2015	11/19/2015 11/19/2015	99.99 23.48
							<u>123.47</u>
10-626-535.111	Advertising KING CITY COMMUNICATION SO CO NEWSPAPERS U.S. BANK CORP PAYMENT :	22988, 122989, 123422 128307 11062015AW	Acct #67 Great People (Rec Dept) Various Charges -	0 0 0	10/31/2015 10/28/2015 11/06/2015	11/19/2015 11/19/2015 11/19/2015	276.00 50.00 121.63
							<u>447.63</u>
10-626-538.110	Sports Officials AVALOS/ALFONSO// CAMPOS/MARICRUZ// FLORES/THOMAS// GAYTAN/ALEXIS// GOMEZ/ANDRES//	10312015 10312015 10312015 10312015 10312015	Soccer Official (3 @ \$10) Soccer Official - 2.5 @ \$10) Soccer Official (4 @ \$10) Soccer Official (4.5 @ \$10) Soccer Official (4.5 @ \$10)	0 0 0 0 0	10/31/2015 10/31/2015 10/31/2015 10/31/2015 10/31/2015	11/19/2015 11/19/2015 11/19/2015 11/19/2015 11/19/2015	30.00 25.00 40.00 45.00 45.00

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	PINEDA/BRYAN//	10312015	Soccer Official (4.5 @ \$10)	0	10/31/2015	11/19/2015	45.00
	SANTOYO/MARIA S.//	10312015	Soccer Official (3 @ \$10)	0	10/31/2015	11/19/2015	30.00
							<u>260.00</u>
10-626-542.101	Building Lease SALINAS VALLEY FAIR	46159	Expo Basketball -	0	10/30/2015	11/19/2015	810.00
							<u>810.00</u>
						<b>Total Dept. Youth Sports:</b>	<b>1,641.10</b>
<b>Dept: 630 Golf Course</b>							
10-630-543.000	Repair & Maintena L.A. HEARNE COMPANY	471683	Stall Mats	0	07/15/2015	11/19/2015	535.22
							<u>535.22</u>
10-630-544.101	Property Taxes						
	MONTEREY COUNTY TAX C/	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	11.01
	MONTEREY COUNTY TAX C/	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	142.03
	MONTEREY COUNTY TAX C/	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	52.32
	MONTEREY COUNTY TAX C/	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	210.71
							<u>416.07</u>
						<b>Total Dept. Golf Course:</b>	<b>951.29</b>
						<b>Total Fund General Fund:</b>	<b>49,685.71</b>
<b>Fund: 12 Library Dvlpmnt Impactl</b>							
<b>Dept: 510 Library Building</b>							
12-510-572.106	Library Building TRI-COUNTY FIRE PROTECT	95436	Sprinklers - Qtly	0	10/22/2015	11/19/2015	95.00
							<u>95.00</u>
						<b>Total Dept. Library Building:</b>	<b>95.00</b>
						<b>Dvlpmnt ImpactFee Fund:</b>	<b>95.00</b>
<b>Fund: 13 SLESF / COPS Grant</b>							
<b>Dept: 312 Support Services</b>							
13-312-533.000	Contract Services TRANSUNION RISK AND ALT	11012015	KCPD - ID#412260	0	11/01/2015	11/19/2015	31.75
							<u>31.75</u>
						<b>Total Dept. Support Services:</b>	<b>31.75</b>
<b>Dept: 315 Patrol &amp; Field Operatio</b>							
13-315-522.110	Patrol & Auto Equi SPEAKWRITE BILLING DEP1	caeee2f2	KCPD - GrpLEKCPD1	0	11/01/2015	11/19/2015	71.81
							<u>71.81</u>
						<b>Total Dept. Patrol &amp; Field Operations:</b>	<b>71.81</b>
						<b>Fund SLESF / COPS Grant:</b>	<b>103.56</b>
<b>Fund: 15 Airport Operations Func</b>							
<b>Dept: 440 Airport Operations</b>							
15-440-522.102	Janitorial Supplies AMERICAN SUPPLY CO.	2700590	Janitorial Supplies.	0	10/08/2015	11/19/2015	121.17
	AMERICAN SUPPLY CO.	2704205	Janitorial Supplies -	0	11/06/2015	11/19/2015	97.25
							<u>218.42</u>
15-440-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	371.06

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							<u>371.06</u>
15-440-542.104	Tank Testing (Ann DAVE'S REPAIR SERVICE	22583	K C Airport - Annual Tank	0	11/03/2015	11/19/2015	811.35
							<u>811.35</u>
15-440-543.000	Repair & Maintena CATHERINE HENDRICKSON DAVE'S REPAIR SERVICE U.S. BANK CORP PAYMENT : U.S. BANK CORP PAYMENT : UMSTEAD ELECTRIC UMSTEAD ELECTRIC	20127Dep 22496 11062015SM 11062015SM 2964 2982	Mesa Del Rey Airport Monthly Site Inspections Various Charges - Various Charges - Airport BR Electrical Disconnect Flashing Lights	0 0 0 0 0 0	11/18/2015 10/22/2015 11/06/2015 11/06/2015 11/03/2015 11/04/2015	11/19/2015 11/19/2015 11/19/2015 11/19/2015 11/19/2015 11/19/2015	1,398.60 80.00 32.73 154.18 799.98 170.00
							<u>2,635.49</u>
15-440-544.101	Property Taxes MONTEREY COUNTY TAX C MONTEREY COUNTY TAX C MONTEREY COUNTY TAX C	FY 15-16 FY 15-16 FY 15-16	Property Tax Statements Property Tax Statements Property Tax Statements	0 0 0	11/19/2015 11/19/2015 11/19/2015	11/19/2015 11/19/2015 11/19/2015	175.36 210.46 2,594.69
							<u>2,980.51</u>
15-440-544.103	Regulatory Permit: SWRCB - ACCOUNTING OFF	WD-0108703	Annual Permit Fee - Airport	0	11/02/2015	11/19/2015	19,798.00
							<u>19,798.00</u>
							<b>Total Dept. Airport Operations: 26,814.83</b>
							<b>I Airport Operations Fund: 26,814.83</b>
<b>Fund: 18 Sewer Operations Fund</b>							
<b>Dept: 412 Sewer Operations</b>							
18-412-534.000	Audit Services GREEN'S ACCOUNTING	10312015	Monthly Fee - Oct 2015	0	11/12/2015	11/19/2015	1,946.25
							<u>1,946.25</u>
18-412-538.302	Lab Tests U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	700.00
							<u>700.00</u>
18-412-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	20,687.01
							<u>20,687.01</u>
18-412-543.000	Repair & Maintena UMSTEAD ELECTRIC	2966	Check Pumps and Grinder	0	11/03/2015	11/19/2015	595.00
							<u>595.00</u>
18-412-543.200	Equipment Repair U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	133.99
							<u>133.99</u>
18-412-543.302	Gasoline TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	55.79
							<u>55.79</u>
18-412-544.101	Property Taxes						

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	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	465.24
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	2,841.23
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	3,276.31
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	163.27
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	22.50
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	47.70
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	20.61
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	29.97
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	23.68
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	544.50
	MONTEREY COUNTY TAX C	FY 15-16	Property Tax Statements	0	11/19/2015	11/19/2015	32.06
							<u>7,467.07</u>
18-412-544.103	Regulatory Permit:						
	SWRCB - ACCOUNTING OFF	WD-0110826	Permit Fee-KC Industrial WWTF	0	11/02/2015	11/19/2015	14,929.00
	SWRCB - ACCOUNTING OFF	WD-0110642	Permit Fee-KC Domestic WWTF	0	11/02/2015	11/19/2015	14,929.00
	SWRCB - ACCOUNTING OFF	WD-0111356	Permit Fee-KC Domestic CS	0	11/02/2015	11/19/2015	2,088.00
							<u>31,946.00</u>
							<b>Total Dept. Sewer Operations: 63,531.11</b>
							<b>d Sewer Operations Fund: 63,531.11</b>
<b>Fund: 22 State Gasoline Tax</b>							
<b>Dept: 422 Public Works Administ</b>							
22-422-534.000	Audit Services						
	GREEN'S ACCOUNTING	10312015	Monthly Fee - Oct 2015	0	11/12/2015	11/19/2015	1,946.25
							<u>1,946.25</u>
							<b>nl Dept. Public Works Administration: 1,946.25</b>
<b>Dept: 423 Street Maintenance</b>							
22-423-543.302	Gasoline						
	TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	179.61
							<u>179.61</u>
22-423-556.101	Painting & Striping						
	U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	51.87
							<u>51.87</u>
							<b>Total Dept. Street Maintenance: 231.48</b>
<b>Dept: 424 Street Sweeping</b>							
22-424-543.200	Equipment Repair						
	LOPEZ AUTO GLASS	620971	Ford F 650.	0	11/05/2015	11/19/2015	190.35
	U.S. BANK CORP PAYMENT :	11062015SM	Various Charges -	0	11/06/2015	11/19/2015	122.59
							<u>312.94</u>
22-424-543.302	Gasoline						
	TORO PETROLEUM CORP.	77515	Fuel and Oil (Acct#1679)	0	10/31/2015	11/19/2015	153.58
							<u>153.58</u>
							<b>Total Dept. Street Sweeping: 466.52</b>
<b>Dept: 427 Street Lighting</b>							
22-427-541.102	Gas & Electricity						
	PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	6,451.03
							<u>6,451.03</u>
							<b>Total Dept. Street Lighting: 6,451.03</b>
							<b>l Fund State Gasoline Tax: 9,095.28</b>

Fund: 36 Riverview Gardens Lan

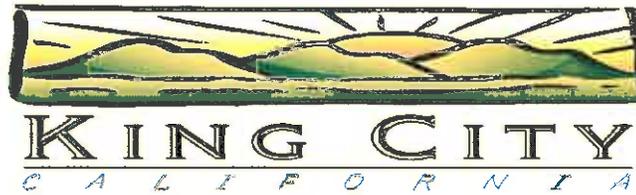
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<b>Dept: 465 Maintenance District</b>							
36-465-541.102	Gas & Electricity PG&E	11092015	Utilities	0	11/09/2015	11/19/2015	9.77
							<u>9.77</u>
<b>Total Dept. Maintenance District:</b>							<b>9.77</b>
<b>view Gardens Landscape:</b>							<b>9.77</b>
<b>Fund: 42 Landfill Closure Fund</b>							
<b>Dept: 773 Landfill Monitoring</b>							
42-773-532.303	Ground Water We PACIFIC CREST ENGINEERII	2258	Annual Groundwater Monitoring	0	10/31/2015	11/19/2015	3,960.00
							<u>3,960.00</u>
<b>Total Dept. Landfill Monitoring:</b>							<b>3,960.00</b>
<b>and Landfill Closure Fund:</b>							<b>3,960.00</b>
<b>Grand Total:</b>							<b>153,295.26</b>

~~Accounts Payable~~  
 Prepared by: *Green* 11/30/15  
 Approved by:  
 Finance Director:  
 City Manager:  
 Recorded in Click by: *JA*  
 Appended by: *JA* 12/1/15  
 Posted by:



## Item 2(D)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** STEVEN ADAMS, CITY MANAGER

**RE:** CONSIDERATION OF RESOLUTION APPROVING  
PARTICIPATION IN THE CALIFORNIA HERO PROGRAM

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#### **RECOMMENDATION:**

Adopt the attached Resolution authorizing the City's participation in the California HERO Program.

#### **BACKGROUND:**

Assembly Bill (AB) 811 in 2008 and AB 474 in January 1, 2010 authorizes a legislative body to designate an area within which authorized public officials and free and willing property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources, energy efficiency, and/or water conservation improvements that are permanently fixed to real property. Since 2011, the HERO Program has helped more than 50,000 property owners make more than \$1.02 billion in improvements to their homes which reduce energy and water consumption, saving homeowners over \$1.9 billion in estimated future utility costs and more than 1.9 billion gallons of water. The program has been adopted in 360 California communities. The California HERO Program was developed as a turnkey program to save California jurisdictions time and resources in developing a standalone program.

#### **DISCUSSION:**

The California HERO Program allows property owners in participating cities and counties to finance renewable energy, energy water efficiency improvements and electric vehicle charging infrastructure on their property. If a property owner chooses to participate, the improvements to be installed on their property will be financed by the issuance of bonds by a joint power authority, Western Riverside Council of Governments ("WRCOG"), secured by a voluntary contractual assessment levied on such owner's property. Participation in the program is 100% voluntary. Property owners who wish to participate in the program agree

to repay the money through the voluntary contractual assessment collected together with their property taxes.

Jurisdictions only need to adopt a resolution and approve an amendment to the joint exercise of powers agreement related to the California HERO Program to begin the process. City staff may participate in marketing the program if the City chooses to be involved. However, there is no commitment of time or funding by approving the program. By adopting the Resolution, the City Council simply makes property owners eligible to take advantage of the low-interest financing of the HERO program. By repaying the financing with the property tax payment, it encourages property owners to participate who may otherwise be concerned about recouping their investment if they decide to sell their property prior to the repayment of the full loan.

The benefits to the property owner include:

- Eligibility: In today's economic environment, alternatives for property owners to finance renewable energy/energy efficiency/water efficiency improvements or electric vehicle charging infrastructure may not be available. As such many property owners do not have options available to them to lower their utility bills.
- Savings: Energy prices continue to rise and selecting in energy efficient, water efficient and renewable energy models lower utility bills.
- 100% voluntary. Property owners can choose to participate in the program at their discretion.
- Payment obligation stays with the property. Under Chapter 29, a voluntary contractual assessment stays with the property upon transfer of ownership. Even if there were private enterprise alternatives, most private loans are due on sale of the benefited property, which makes it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. Certain mortgage providers will, however, require the assessment be paid off at the time the property is refinanced or sold.
- Prepayment option. The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties.
- Customer oriented program. Part of the success of the program is the prompt customer service.

The benefits to the City include:

- Increase local jobs.

- An increase in housing prices (higher efficient homes are worth more money).
- An increase in sales, payroll and property tax revenue.
- As in conventional assessment financing, the City is not obligated to repay the bonds or to pay the assessments levied on the participating properties.
- All California HERO Program and assessment administration, bond issuance and bond administration functions are handled by California HERO. Little, if any, City staff time is needed to participate in the California HERO Program.
- The City can provide access for its residents to the California HERO Program without the higher staff costs that an independent program established by the City would require.

The proposed resolution enables the California HERO Program to be available to owners of property within our City to finance renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure. The resolution approves an Amendment to the WRCOG Joint Powers Agreement to add the City as an Associate Member in order that the California HERO Program may be offered to the owners of property located within the City who wish to participate in the California HERO Program.

**ALTERNATIVES:**

The following alternatives have been identified for City Council consideration:

1. Adopt the Resolution;
2. Do not adopt the Resolution and do not approve participation in the program;
3. Request additional information; or
4. Provide other direction to staff.

**FISCAL IMPACT:**

There is no negative fiscal impact to the City incurred by consenting to the inclusion of properties within the City limits in the California HERO Program. All California HERO Program administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and an annual administrative fee that is also collected on the property owner's tax bill.

Prepared and Approved by:

  
 \_\_\_\_\_  
 Steven Adams, City Manager

RESOLUTION NO. 2016-4492

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KING CITY, CALIFORNIA, CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE CALIFORNIA HERO PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES, ENERGY AND WATER EFFICIENCY IMPROVEMENTS AND ELECTRIC VEHICLE CHARGING INFRASTRUCTURE AND APPROVING THE AMENDMENT TO A CERTAIN JOINT POWERS AGREEMENT RELATED THERETO

WHEREAS, the Western Riverside Council of Governments ("Authority") is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Act") and the Joint Power Agreement entered into on April 1, 1991, as amended from time to time (the "Authority JPA"); and

WHEREAS, Authority has established the California HERO Program to provide for the financing of renewable energy distributed generation sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the "Improvements") pursuant to Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29") within counties and cities throughout the State of California that elect to participate in such program; and

WHEREAS, City of King City, (the "City") is committed to development of renewable energy sources and energy efficiency improvements, reduction of greenhouse gases, protection of our environment, and reversal of climate change; and

WHEREAS, in Chapter 29, the Legislature has authorized cities and counties to assist property owners in financing the cost of installing Improvements through a voluntary contractual assessment program; and

WHEREAS, installation of such Improvements by property owners within the jurisdictional boundaries of the counties and cities that are participating in the California HERO Program would promote the purposes cited above; and

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy and water efficiency and independence, and in doing so cooperate with Authority in order to efficiently and economically assist property owners the City in financing such Improvements; and

WHEREAS, Authority has established the California HERO Program, which is such a voluntary contractual assessment program, as permitted by the Act, the Authority JPA, originally made and entered into April 1, 1991, as amended to date, and the Amendment to Joint Powers Agreement Adding the City of King as an Associate Member of the Western Riverside Council of Governments to Permit the Provision of Property Assessed Clean Energy (PACE) Program Services within the City (the "JPA Amendment"), by and between Authority and the City, a copy of which is attached as

Exhibit "A" hereto, to assist property owners within the jurisdiction of the City in financing the cost of installing Improvements; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy and collection of assessments or any required remedial action in the case of delinquencies in the payment of any assessments or the issuance, sale or administration of any bonds issued in connection with the California HERO Program.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This City Council finds and declares that properties in the City's incorporated area will be benefited by the availability of the California HERO Program to finance the installation of the Improvements.

2. This City Council consents to inclusion in the California HERO Program of all of the properties in the jurisdictional boundaries of the City and to the Improvements, upon the request by and voluntary agreement of owners of such properties, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction there over by Authority for the purposes thereof.

3. The consent of this City Council constitutes assent to the assumption of jurisdiction by Authority for all purposes of the California HERO Program and authorizes Authority, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Improvements, including the levying, collecting and enforcement of the contractual assessments to finance the Improvements and the issuance and enforcement of bonds to represent such contractual assessments.

4. This City Council hereby approves the JPA Amendment and authorizes the execution thereof by appropriate City officials.

5. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the California HERO Program within the City, and report back periodically to this City Council on the success of such program.

6. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority Executive Committee.

**This resolution was passed and adopted this 12 day of January, 2015, by the following vote:**

**AYES**, and in favor thereof, Councilmembers:

**NAYS**, Councilmembers:

**ABSENT**, Councilmembers:

**ABSTAIN**, Councilmembers:

**APPROVED:**

\_\_\_\_\_  
Robert Cullen, Mayor

**ATTEST:**

\_\_\_\_\_  
Steven D. Adams, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Martin Koczanowicz, City Attorney

## EXHIBIT A

**AMENDMENT TO THE JOINT POWERS AGREEMENT  
ADDING CITY OF \_\_\_\_\_ AS  
AS AN ASSOCIATE MEMBER OF THE  
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS  
TO PERMIT THE PROVISION OF PROPERTY ASSESSED CLEAN  
ENERGY (PACE) PROGRAM SERVICES WITHIN SUCH CITY**

This Amendment to the Joint Powers Agreement ("JPA Amendment") is made and entered into on the \_\_\_ day of \_\_\_\_\_, 2015, by City of \_\_\_\_\_ ("City") and the Western Riverside Council of Governments ("Authority") (collectively the "Parties").

### RECITALS

WHEREAS, Authority is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Joint Exercise of Powers Act") and the Joint Power Agreement entered into on April 1, 1991, as amended from time to time (the "Authority JPA"); and

WHEREAS, as of October 1, 2012, Authority had 18 member entities (the "Regular Members").

WHEREAS, Chapter 29 of the Improvement Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29") authorizes cities, counties, and cities and counties to establish voluntary contractual assessment programs, commonly referred to as a Property Assessed Clean Energy ("PACE") program, to fund certain renewable energy sources, energy and water efficiency improvements, and electric vehicle charging infrastructure (the "Improvements") that are permanently fixed to residential, commercial, industrial, agricultural or other real property; and

WHEREAS, Authority has established a PACE program designated as the "California HERO Program" pursuant to Chapter 29 which authorizes the implementation of such PACE financing program for cities and counties throughout the state; and

WHEREAS, City desires to allow owners of property within its jurisdiction to participate in the California HERO Program and to allow Authority under Chapter 29, as it is now enacted or may be amended hereafter, to finance Improvements to be installed on such properties; and

WHEREAS, this JPA Amendment will permit City to become an Associate Member of Authority and to participate in California HERO Program for the purpose of facilitating the implementation of such program within the jurisdiction of City; and

WHEREAS, pursuant to the Joint Exercise of Powers Act, the Parties are approving this JPA Agreement to allow for the provision of PACE services through the California

HERO Program, including the operation of such PACE financing program, within the incorporated territory of City; and

WHEREAS, the JPA Amendment sets forth the rights, obligations and duties of City and Authority with respect to the implementation of the California HERO Program within the incorporated territory of City.

#### **MUTUAL UNDERSTANDINGS**

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter stated, the Parties hereto agree as follows:

#### **A. JPA Amendment.**

1. The Authority JPA. City agrees to the terms and conditions of the Authority JPA, attached.

2. Associate Membership. By adoption of this JPA Amendment, City shall become an Associate Member of Authority on the terms and conditions set forth herein and the Authority JPA and consistent with the requirements of the Joint Exercise of Powers Act. The rights and obligations of City as an Associate Member are limited solely to those terms and conditions expressly set forth in this JPA Amendment for the purposes of implementing the California HERO Program within the incorporated territory of City. Except as expressly provided for by the this JPA Amendment, City shall not have any rights otherwise granted to Authority's Regular Members by the Authority JPA, including but not limited to the right to vote on matters before the Executive Committee or the General Assembly, the right to amend or vote on amendments to the Authority JPA, and the right to sit on committees or boards established under the Authority JPA or by action of the Executive Committee or the General Assembly, including, without limitation, the General Assembly and the Executive Committee. City shall not be considered a member for purposes of Section 9.1 of the Authority JPA.

3. Rights of Authority. This JPA Amendment shall not be interpreted as limiting or restricting the rights of Authority under the Authority JPA. Nothing in this JPA Amendment is intended to alter or modify Authority Transportation Uniform Mitigation Fee (TUMF) Program, the PACE Program administered by Authority within the jurisdictions of its Regular Members, or any other programs administered now or in the future by Authority, all as currently structured or subsequently amended.

#### **B. Implementation of California HERO Program within City Jurisdiction.**

1. Boundaries of the California HERO Program within City Jurisdiction. The boundaries within which contractual assessments may be entered into under the California HERO Program (the "Program Boundaries") shall include the entire incorporated territory of City.

2. Determination of Eligible Improvements. Authority shall determine the types of distributed generation renewable energy sources, energy efficiency or water

conservation improvements, electric vehicle charging infrastructure or such other improvements as may be authorized pursuant to Chapter 29 (the "Eligible Improvements") that will be eligible to be financed under the California HERO Program.

3. Implementation of California HERO Program Within the Program Boundaries. Authority will undertake such proceedings pursuant to Chapter 29 as shall be legally necessary to enable Authority to make contractual financing of Eligible Improvements available to eligible property owners within the Program Boundaries.

4. Financing the Installation of Eligible Improvements. Authority shall implement its plan for the financing of the purchase and installation of the Eligible Improvements under the California HERO Program within the Program Boundaries.

5. Ongoing Administration. Authority shall be responsible for the ongoing administration of the California HERO Program, including but not limited to producing education plans to raise public awareness of the California HERO Program, soliciting, reviewing and approving applications from residential and commercial property owners participating in the California HERO Program, establishing contracts for residential, commercial and other property owners participating in such program, levying and collecting assessments due under the California HERO Program, taking any required remedial action in the case of delinquencies in such assessment payments, adopting and implementing any rules or regulations for the California HERO Program, and providing reports as required by Chapter 29.

City will not be responsible for the conduct of any proceedings required to be taken under Chapter 29; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the California HERO Program.

6. Phased Implementation. The Parties recognize and agree that implementation of the California HERO Program as a whole can and may be phased as additional other cities and counties execute similar agreements. City entering into this JPA Amendment will obtain the benefits of and incur the obligations imposed by this JPA Amendment in its jurisdictional area, irrespective of whether cities or counties enter into similar agreements.

### **C. Miscellaneous Provisions.**

1. Withdrawal. Authority may withdraw from this JPA Amendment upon six (6) months written notice to the other party; provided, however, there is no outstanding indebtedness of Authority within City. The provisions of Section 6.2 of the Authority JPA shall not apply to City under this JPA Amendment. Notwithstanding the foregoing, City may withdraw, either temporarily or permanently, from its participation in the California HERO Program or either the residential or commercial component of the California HERO Program upon thirty (30) written notice to WRCOG without liability to the Authority or any affiliated entity. City withdrawal from such participation shall not affect the validity of any voluntary assessment contracts (a) entered prior to the date of such

withdrawal or (b) entered into after the date of such withdrawal so long as the applications for such voluntary assessment contracts were submitted to and approved by WRCOG prior to the date of City's notice of withdrawal.

2. Mutual Indemnification and Liability. Authority and City shall mutually defend, indemnify and hold the other party and its directors, officials, officers, employees and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages or injuries of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of the willful misconduct or negligent acts, errors or omissions of the indemnifying party or its directors, officials, officers, employees and agents in connection with the California HERO Program administered under this JPA Amendment, including without limitation the payment of expert witness fees and attorneys fees and other related costs and expenses, but excluding payment of consequential damages. Without limiting the foregoing, Section 5.2 of the Authority JPA shall not apply to this JPA Amendment. In no event shall any of Authority's Regular Members or their officials, officers or employees be held directly liable for any damages or liability resulting out of this JPA Amendment.

3. Environmental Review. Authority shall be the lead agency under the California Environmental Quality Act for any environmental review that may required in implementing or administering the California HERO Program under this JPA Amendment.

4. Cooperative Effort. City shall cooperate with Authority by providing information and other assistance in order for Authority to meet its obligations hereunder. City recognizes that one of its responsibilities related to the California HERO Program will include any permitting or inspection requirements as established by City.

5. Notice. Any and all communications and/or notices in connection with this JPA Amendment shall be either hand-delivered or sent by United States first class mail, postage prepaid, and addressed as follows:

Authority:

Western Riverside Council of Governments  
4080 Lemon Street, 3rd Floor. MS1032  
Riverside, CA 92501-3609  
Att: Executive Director

City:

City of King City  
212 S. Vanderhurst, Ave  
King City, CA 93930  
Attn: City Manager

6. Entire Agreement. This JPA Amendment, together with the Authority JPA, constitutes the entire agreement among the Parties pertaining to the subject matter hereof. This JPA Amendment supersedes any and all other agreements, either oral or in writing, among the Parties with respect to the subject matter hereof and contains all of the covenants and agreements among them with respect to said matters, and each Party acknowledges that no representation, inducement, promise of agreement, oral or otherwise, has been made by the other Party or anyone acting on behalf of the other Party that is not embodied herein.

7. Successors and Assigns. This JPA Amendment and each of its covenants and conditions shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns. A Party may only assign or transfer its rights and obligations under this JPA Amendment with prior written approval of the other Party, which approval shall not be unreasonably withheld.

8. Attorney's Fees. If any action at law or equity, including any action for declaratory relief is brought to enforce or interpret the provisions of this Agreement, each Party to the litigation shall bear its own attorney's fees and costs.

9. Governing Law. This JPA Amendment shall be governed by and construed in accordance with the laws of the State of California, as applicable.

10. No Third Party Beneficiaries. This JPA Amendment shall not create any right or interest in the public, or any member thereof, as a third party beneficiary hereof, nor shall it authorize anyone not a Party to this JPA Amendment to maintain a suit for personal injuries or property damages under the provisions of this JPA Amendment. The duties, obligations, and responsibilities of the Parties to this JPA Amendment with respect to third party beneficiaries shall remain as imposed under existing state and federal law.

11. Severability. In the event one or more of the provisions contained in this JPA Amendment is held invalid, illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed severed from this JPA Amendment and the remaining parts of this JPA Amendment shall remain in full force and effect as though such invalid, illegal, or unenforceable portion had never been a part of this JPA Amendment.

12. Headings. The paragraph headings used in this JPA Amendment are for the convenience of the Parties and are not intended to be used as an aid to interpretation.

13. Amendment. This JPA Amendment may be modified or amended by the Parties at any time. Such modifications or amendments must be mutually agreed upon and executed in writing by both Parties. Verbal modifications or amendments to this JPA Amendment shall be of no effect.

14. Effective Date. This JPA Amendment shall become effective upon the execution thereof by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this JPA Amendment to be executed and attested by their officers thereunto duly authorized as of the date first above written.

**[SIGNATURES ON FOLLOWING PAGES]**

By: \_\_\_\_\_  
Name: Steven Adams  
Title: City Manager

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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



**Item 2(E)**

**REPORT TO THE CITY COUNCIL**

**DATE: JANUARY 5, 2016**  
**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**  
**FROM: STEVE ADAMS, CITY MANAGER**  
**RE: CONTRACT CHANGE ORDER FOR THE 2015 KING CITY SANITARY SEWER INFRASTRUCTURE PROJECT – CONDUIT & PULL BOXES FOR FUTURE COMMUNICATIONS**

**RECOMMENDATION:**

Approve the Contract Change Order Request from Specialty Construction Inc. to install conduit & pull boxes for future communications on Broadway Street, Mildred Avenue, Division Street, & First Street for the 2015 King City Sanitary Sewer Infrastructure Project for **\$100,663.20 on a per LF basis.**

**DISCUSSION:**

It is considered a prudent practice to install extra conduit when trenching and excavation work is done on City Streets where fiberoptic communications maybe desired in the future. There is substantial cost savings from installing the conduit when other utilities are being installed underground rather than having to excavate exclusively for the purpose of constructing a fiberoptic network. The availability of a conduit network throughout the City in the future could increase the feasibility of installing fiberoptic capabilities than in turn can serve as an important incentive to attract employers that rely on state-of-the art communication systems. Therefore Conduit & Pull Boxes are intended to facilitate future improvements to communication systems within the City. The City feels including this work within the scope of the 2015 King City Sanitary Sewer Infrastructure Project may save the City money on future improvements to communications systems on Broadway Street, Mildred Avenue, Division Street, & First Street. In order to reduce the cost, staff has recommended installing the conduit only throughout the sections of the project that would likely utilize fiberoptics in the future.

**EXECUTIVE SUMMARY:**

Specialty Construction Inc. was awarded the 2015 King City Sanitary Sewer Infrastructure Project. The project includes the installation of new Sewer Main Pipe between the City Sewer Treatment Facility and First Street. The City has requested a cost proposal from Specialty Construction Inc. to furnish and install 2" conduit and pull boxes for 3460 LF on Broadway Street and 4724 LF on Mildred Avenue, Division Street, & First Street within the scope of the 2015 King City Sanitary Sewer Infrastructure Project

**BACKGROUND:**

The City received a cost proposal from Specialty Construction, Inc. on December 9, 2015:

	<u>Total Cost</u>	<u>Unit Price</u>
2" Conduit & Pull Boxes (Broadway)	\$42,558.00	\$12.30/LF
2" Conduit & Pull Boxes (Mildred/Division/First)	\$58,105.20	\$12.30/LF

**BUDGET IMPACT**

Funding for this contract change order will come from the funding already allocated towards the 2015 King City Sanitary Sewer Infrastructure Project.

Approved by:   
STEVEN ADAMS, CITY MANAGER

Prepared by:   
OCTAVIO HURTADO, HANNA & BRUNETTI



**EXHIBIT**   1  

December 9, 2015

Mr. Octavio Hurtado  
Hanna & Brunetti  
7651 Egleberry Street  
Gilroy, CA 95020

Re: 215109; 2015 Sanitary Sewer Infrastructure Improvements

Subject: CCO Request – PCO No. 002 Rev. 1 - 2" Conduit & Pull Boxes for Future Communications

Dear Mr. Hurtado:

As requested, Specialty Construction, Inc. (SCI) has prepared a cost proposal to furnish and install 2" conduit and pull boxes between Stations 71+00 and 105+60 in Broadway Street and Stations 96+96 and 144+20 in Mildred/Division/First Streets. The work proposed is as follows.

Install 2" schedule 40 PVC conduit with a minimum of 30" of cover in areas of pavement. 11" x 17" Pull boxes will be installed every 400 linear feet, and will be installed on a 6"-12" bed of ¾" gravel. Pull boxes will have traffic rated lids and will be raised to asphalt pavement grade with a concrete collar in paved areas. Pull tape will be blown into the conduit and looped in the pull boxes for future use. Conduit installed in the paved areas will be installed in the Intermediate backfill.

Pricing for this change is as follows,

- 2" Conduit & Pull Boxes Sta. 71+00 to 105+60 1 LS \$42,558.00 (\$12.30/LF)
- 2" Conduit & Pull Boxes Sta. 96+96 to 144+20 1 LS \$58,105.20 (\$12.30/LF)

Please carefully review the information provided. If everything is in order, please provide a Contract Change Order in the amount of \$100,663.00 to accommodate these changes.

Please feel free to contact me at the earliest convenience, should the City have any questions or wish to discuss the scope of this proposal in detail.

Sincerely,

Tom Seidel  
Sr. Project Manager

C: DC/AC/RA SCI  
File: 215109 – 14 PCO 002



## Item 2(F)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**RE:** CONSIDERATION OF PROCLAMATION IN CELEBRATION OF THE CENTENNIAL OF THE NATIONAL PARK SERVICE AND FUNDING FOR CELEBRATION ACTIVITIES

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#### RECOMMENDATION

It is recommended the City Council: 1) adopt a Proclamation in celebration of the Centennial of the National Park Service; and 2) authorize an expenditure of \$500 for celebration activities.

#### DISCUSSION

Since the middle of 2014, a group of residents and businesses interested in promoting tourism in King City has been holding monthly meetings. Mayor Pro Tem Karen Jernigan has led this effort as a way of promoting the town's proximity to Pinnacles National Park and other significant sites in the nearby area.

At the December 8, 2015 meeting, the Council approved a letter of support for the celebration urging the community to participate in activities at the request of the King City Tourism Group. The letter lists a number of ideas of how schools and businesses can support the effort. At that meeting, Mayor Pro Tem Jernigan requested staff prepare and the Council approve a Proclamation, which was agreed to by the Council. That proclamation is attached.

Mayor Pro Tem Jernigan has also proposed the City sponsor a community BBQ at Pinnacles National Park during the celebration. The cost of supplies is estimated to be \$500, which could be funded from existing budgeted funds. No dedication of staff time has been requested.

#### ALTERNATIVES

The following alternatives have been identified for City Council consideration:

1. Approve the Proclamation and funding request;
2. Approve the Proclamation, but not the funding request;
3. Do not approve the recommendations; or
4. Provide other direction to staff.

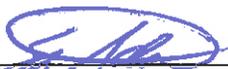
#### FISCAL IMPACT

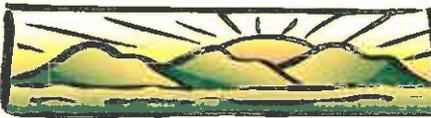
The cost of the recommendation to the City is \$500. No appropriation is necessary.

Attachments:

- 1) Proclamation

Prepared and Approved by:

  
STEVEN ADAMS, CITY MANAGER



**KING CITY**  
CALIFORNIA

**EXHIBIT 1**

## *Proclamation*

*Honoring*  
***Centennial of the National Parks Service***

*January 12, 2016*

*WHEREAS, the town of King City is situated on the route to the southern entrances of Pinnacles National Park, America's newest national park;*

*WHEREAS, when Pinnacles National Monument was changed to a National Park in January 2013, thousands more travelers from around the world each year have come to visit this site of unusual rock formations and habitat for condors;*

*WHEREAS, King City and Southern Monterey County Chamber of Commerce and Agriculture has branded our town as a great way to Pinnacles National park, just a 40-minute drive through the picturesque Salinas Valley to the west side via Metz Road and a 40-minute scenic drive to the east side via Bitterwater Road and Highway 25;*

*WHEREAS, the King City Tourism Group was formed in June 2014 by businesses owners and residents interested in welcoming travelers to Pinnacles National Park and providing them with services such as fuel, food and supplies;*

*NOW THEREFORE LET IT BE PROCLAIMED, in an effort to help celebrate this historic and natural treasure, the King City Council declares 2016 a year of celebration and encourages all who live here to join in by visiting and promoting Pinnacles National Park during the Centennial Year of the National Parks Service*

\_\_\_\_\_  
Robert Cullen  
Mayor

\_\_\_\_\_  
Karen Jernigan  
Mayor Pro Tem

\_\_\_\_\_  
Mike LeBarre  
Council member

\_\_\_\_\_  
Darlene Acosta  
Council member

\_\_\_\_\_  
Belinda Hendrickson  
Council member



**REPORT TO THE CITY COUNCIL**

**Item 2(G)**

**DATE:** January 12, 2016  
**TO:** HONORABLE MAYOR AND COUNCIL MEMBERS  
**FROM:** MIKE HOWARD, FINANCE DIRECTOR  
**RE:** 2014-2015 AUDIT REPORT

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**RECCOMENDATION**

It is recommended that the City Council receive the Fiscal Year 2014-15 Financial Audit.

**DISCUSSION**

The City's Auditors have completed their audit of the City of King for fiscal year 2014-15.

While the auditors issued a clean opinion they included a paragraph stating that "the City has not estimated and reported a liability for landfill post closure care costs or included the related note disclosures as required by accounting principles generally accepted in the United States of America." This paragraph has appeared in previous audits.

Fiscal year 2014-15 was a difficult year for the city financially due to events that occurred in the middle of the fiscal year. The General Fund saw a decrease of \$950,000 in fiscal year 2014-15. This was largely due to increases in legal fees as well as the duplication of salary related charges in our police department due to the contract with the Sheriff's department for temporary law enforcement for a period of time.

Once again, the auditors decided not to include an opinion of a "Going Concern" for the City of King. However, the City continues to have a negative General Fund, Fund Balance and will need to once again make positive improvements to avoid a "Going Concern" comment in future opinions.

**EXHIBIT(S)**

1. FY 2014-2015 Audit
2. FY 2014-2015 Management Report

Prepared by:   
MIKE HOWARD, FINANCE DIRECTOR

Approved by:   
STEVEN ADAMS, CITY MANAGER

**EXHIBIT 1**

**CITY OF KING CITY**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of King City, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

As discussed in Note 13, the City has not estimated and reported a liability for landfill post-closure care costs or included the related note disclosures as required by accounting principles generally accepted in the United States of America.

In our opinion, except as noted in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of King City, California, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 39 through 42 and the Schedule of the City's Proportionate Share of Net Pension Liability and the Schedule of Contributions pages 43 and 44 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.

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

### Other Information

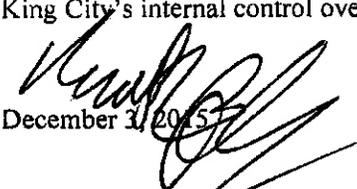
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the City of King 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 City of King City's internal control over financial reporting and compliance.

December 3, 2015



# CITY OF KING CITY

## STATEMENT OF NET POSITION JUNE 30, 2015

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 1,812,791	\$ 6,805,876	\$ 8,618,667
Restricted cash and investments	-	340,133	340,133
Accounts receivable	178,967	188,045	367,012
Due from other governments	429,848	-	429,848
Interest receivable	599	3,286	3,885
Notes receivable	3,096,886	-	3,096,886
Internal balances	(4,775,528)	4,775,528	-
Deferred charges	-	88,936	88,936
Capital assets (net of allowance for depreciation)	<u>12,967,755</u>	<u>2,881,500</u>	<u>15,849,255</u>
Total assets	<u>13,711,318</u>	<u>15,083,304</u>	<u>28,794,622</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>382,554</u>	<u>23,049</u>	<u>405,603</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expense	1,034,551	30,071	1,064,622
Accrued interest	-	80,047	80,047
Deposits	66,685	-	66,685
Compensated absences	355,818	-	355,818
Noncurrent liabilities			
Due within one year	-	95,000	95,000
Due in more than one year	-	4,450,000	4,450,000
Net pension liability	<u>3,775,992</u>	<u>240,024</u>	<u>4,016,016</u>
Total liabilities	<u>5,233,046</u>	<u>4,895,142</u>	<u>10,128,188</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>1,005,687</u>	<u>57,054</u>	<u>1,062,741</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,967,755	(1,663,500)	11,304,255
Restricted for debt service	-	340,133	340,133
Restricted for capital projects	1,422,806	-	1,422,806
Restricted for long-term notes receivable	3,096,886	-	3,096,886
Restricted for specific projects and programs	270,902	-	270,902
Unrestricted (deficit)	<u>(9,903,210)</u>	<u>11,477,524</u>	<u>1,574,314</u>
Total net position	<u>\$ 7,855,139</u>	<u>\$ 10,154,157</u>	<u>\$ 18,009,296</u>

**CITY OF KING CITY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenue				Primary Government		
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
Governmental activities							
General government	\$ 1,094,009	\$ 5,388	\$ 190,423	\$ -	\$ (897,998)	\$ -	\$ (897,998)
Public safety	3,622,234	179,135	129,079	-	(3,314,020)	-	(3,314,020)
Public works	1,999,963	-	322,541	-	(1,677,422)	-	(1,677,422)
Culture and recreation	594,521	147,103	-	-	(447,418)	-	(447,418)
Community development	1,031,679	123,280	443,773	367,006	(97,620)	-	(97,620)
Total governmental activities	<u>8,342,406</u>	<u>455,106</u>	<u>1,085,816</u>	<u>367,006</u>	<u>(6,434,478)</u>	<u>-</u>	<u>(6,434,478)</u>
Business-type activities							
Sewer	1,042,134	2,498,906	-	-	-	1,456,772	1,456,772
Total business-type activities	<u>1,042,134</u>	<u>2,498,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,456,772</u>	<u>1,456,772</u>
<b>Total primary government</b>	<u>\$ 9,384,540</u>	<u>\$ 2,954,012</u>	<u>\$ 1,085,816</u>	<u>\$ 367,006</u>	<u>(6,434,478)</u>	<u>1,456,772</u>	<u>(4,977,706)</u>
<b>General Revenue</b>							
Property taxes					751,877	-	751,877
Franchise taxes					336,803	-	336,803
Sales taxes					1,523,405	-	1,523,405
Transient occupancy taxes					351,097	-	351,097
Utility users tax					252,807	-	252,807
Business licenses					86,378	-	86,378
Motor vehicle in-lieu					795,644	-	795,644
Investment income					257,370	8,967	266,337
Other revenues					65,172	-	65,172
Transfers					350,000	(350,000)	-
Total general revenue and transfers					<u>4,770,553</u>	<u>(341,033)</u>	<u>4,429,520</u>
<b>Change in Net Position</b>					<u>(1,663,925)</u>	<u>1,115,739</u>	<u>(548,186)</u>
<b>Net Position</b>							
Beginning of year, as previously reported					13,050,901	9,314,236	22,365,137
Prior period adjustment					199,873	-	199,873
Cumulative effect of change in accounting principle					(3,731,710)	(275,818)	(4,007,528)
End of year					<u>\$ 7,855,139</u>	<u>\$ 10,154,157</u>	<u>\$ 18,009,296</u>

See accompanying notes.

# CITY OF KING CITY

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015

	General	Gas Tax	HOME Grant	Development Impact Fees	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 162,287	\$ -	\$ 1,059,779	\$ 590,725	\$ 1,812,791
Accounts receivable	3,170	-	-	-	175,797	178,967
Due from other governments	385,941	-	26,000	-	17,907	429,848
Interest receivable	10	49	-	362	178	599
Notes receivable	96,886	-	3,000,000	-	-	3,096,886
Total assets	\$ 486,007	\$ 162,336	\$ 3,026,000	\$ 1,060,141	\$ 784,607	\$ 5,519,091
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Accounts payable and accrued expense	\$ 588,238	\$ 409,661	\$ 25,000	\$ 239	\$ 11,413	\$ 1,034,551
Deposits	66,685	-	-	-	-	66,685
Due to other funds	4,578,435	-	1,000	-	196,093	4,775,528
Total liabilities	5,233,358	409,661	26,000	239	207,506	5,876,764
Deferred inflows of resources	-	-	3,000,000	-	-	3,000,000
Unavailable revenues	-	-	3,000,000	-	-	3,000,000
Total deferred inflows of resources	-	-	3,000,000	-	-	3,000,000
<b>FUND BALANCE</b>						
Nonspendable	96,886	-	-	-	-	96,886
Restricted	-	-	-	-	-	-
Circulation improvements	-	-	-	-	256,343	256,343
Capital improvement projects	-	-	-	1,059,902	106,561	1,166,463
Public safety	-	-	-	-	225,168	225,168
Landscape maintenance	-	-	-	-	45,734	45,734
Unassigned	(4,844,237)	(247,325)	-	-	(56,705)	(5,148,267)
Total fund balance	(4,747,351)	(247,325)	-	1,059,902	577,101	(3,357,673)
Total liabilities, deferred inflows of resources, and fund balance	\$ 486,007	\$ 162,336	\$ 3,026,000	\$ 1,060,141	\$ 784,607	\$ 5,519,091

# CITY OF KING CITY

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2015

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Total governmental fund balances	\$ (3,357,673)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	12,967,755
Certain revenues in Governmental Funds are deferred because they are not collected within the prescribed time period after fiscal year end. Those revenues are recognized on the accrual basis in Governmental Activities	3,000,000
Net pension liability applicable to governmental activities are not due and payable in the current period and accordingly is not reportable in the governmental funds	(3,775,992)
Deferred inflows/outflows of resources related to net pension liability, represent an acquisition/consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow/outflow of resources (revenue/expenditure) until that time	(623,133)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(355,818)</u>
Net position of governmental activities	<u>\$ 7,855,139</u>

**CITY OF KING CITY**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	General	Gas Tax	HOME Grant	Development Impact Fees	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>						
Taxes	\$ 3,051,123	\$ -	\$ -	\$ -	\$ 252,807	\$ 3,303,930
Intergovernmental	1,023,479	322,541	273,430	-	93,151	1,712,601
Charges for services	359,811	-	-	-	1,841	361,652
Licenses, permits and impact fees	167,296	-	-	367,006	-	534,302
Fines and forfeitures	92,396	-	-	-	1,058	93,454
Interest and rent	29,553	49	-	361	227,407	257,370
Other	65,172	-	-	-	-	65,172
<b>Total revenue</b>	<b>4,788,830</b>	<b>322,590</b>	<b>273,430</b>	<b>367,367</b>	<b>576,264</b>	<b>6,328,481</b>
<b>Expenditures</b>						
Current						
General government	1,224,283	-	-	-	-	1,224,283
Public safety	3,358,976	-	-	-	86,045	3,445,021
Public works	322,234	886,653	-	-	271,313	1,480,200
Culture and recreation	402,675	-	-	-	-	402,675
Community development	993,297	-	313,015	28,136	5	1,334,453
Capital outlay	-	-	-	273,070	-	273,070
Debt Service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,301,465</b>	<b>886,653</b>	<b>313,015</b>	<b>301,206</b>	<b>357,363</b>	<b>8,159,702</b>
Revenue over/(under) expenditures	(1,512,635)	(564,063)	(39,585)	66,161	218,901	(1,831,221)
<b>Other Financing Sources/(Uses)</b>						
Transfers in/(out) - net	563,562	-	39,585	-	(253,147)	350,000
<b>Change in Fund Balance</b>	<b>(949,073)</b>	<b>(564,063)</b>	<b>-</b>	<b>66,161</b>	<b>(34,246)</b>	<b>(1,481,221)</b>
<b>Fund Balance</b>						
Beginning of year	(3,798,278)	316,738	-	993,741	611,347	(1,876,452)
End of year	(4,747,351)	(247,325)	-	1,059,902	577,101	(3,357,673)

# CITY OF KING CITY

## RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

---

Net change in fund balance - total governmental funds \$ (1,481,221)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds report issuance of loans as expenditures. However, in the Statement of Activities these loans are subject to capitalization on the Statement of Net Position 300,000

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are capitalized as an asset and depreciated over the period of service 273,070

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds (8,592)

Compensated absence costs in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in Governmental Funds 159,992

Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not required as expenditures in Governmental Funds (907,174)

Change in net position of governmental activities \$ (1,663,925)

**CITY OF KING CITY**

**STATEMENT OF NET POSITION – PROPRIETARY FUND  
JUNE 30, 2015**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Sewer</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and investments	\$ 6,805,876
Restricted cash and investments	340,133
Accounts receivable	188,045
Due from other funds	4,775,528
Interest receivable	3,286
<b>Total current assets</b>	<b>12,112,868</b>
<b>Non-current assets</b>	
Deferred charges	88,936
Property, plant and equipment (net of allowance for depreciation)	2,881,500
<b>Total noncurrent assets</b>	<b>2,970,436</b>
<b>Total assets</b>	<b>15,083,304</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>23,049</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expense	30,071
Accrued interest	80,047
Current portion of long-term debt	95,000
<b>Total current liabilities</b>	<b>205,118</b>
<b>Noncurrent Liabilities</b>	
Long-term debt	4,450,000
Net pension liability	240,024
<b>Total liabilities</b>	<b>4,895,142</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>57,054</b>
<b>NET POSITION</b>	
Net investment in capital assets	(1,663,500)
Restricted for debt service	340,133
Unrestricted	11,477,524
<b>Total net position</b>	<b>\$ 10,154,157</b>

See accompanying notes.

**CITY OF KING CITY**

**STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET POSITION –  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2015**

	<b>Business-Type            Activities - Enterprise            Fund</b>
	<u>Sewer</u>
<b>Operating Revenue</b>	
Charges for services	\$ 2,446,356
Rents and concessions	52,550
Total operating revenue	<u>2,498,906</u>
<b>Operating Expense</b>	
Contractual services and utilities	312,119
Personnel	183,716
Supplies and materials	133,450
Depreciation	<u>168,652</u>
Total operating expense	<u>797,937</u>
Operating income/(loss)	<u>1,700,969</u>
<b>Nonoperating Revenue/(Expense)</b>	
Interest income	8,967
Interest expense	(240,632)
Amortization expense	<u>(3,565)</u>
Total nonoperating revenue/(expense)	<u>(235,230)</u>
Net income/(loss) before transfers	1,465,739
<b>Operating Transfers In/(Out)</b>	<u>(350,000)</u>
<b>Change in Net Position</b>	<u>1,115,739</u>
<b>Net Position</b>	
Beginning of year	9,314,236
Cumulative effect of change in accounting principle	<u>(275,818)</u>
End of year	<u>\$ 10,154,157</u>

# CITY OF KING CITY

## STATEMENT OF CASH FLOW - PROPRIETARY FUND YEAR ENDED JUNE 30, 2015

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Sewer</b>
<b>Operating Activities</b>	
Receipts from customers and users	\$ 2,492,368
Payments for contractual services and utilities	(298,536)
Payments to employees	(185,505)
Payments to suppliers	(133,450)
Net cash provided by (used in) operating activities	<u>1,874,877</u>
<b>Non-capital Financial Activities</b>	
Cash received from (paid to) other funds	(1,400,176)
Net cash provided by (used in) noncapital financing activities	<u>(1,400,176)</u>
<b>Capital and Related Financing Activities</b>	
Principal paid on long-term debt	(95,000)
Interest paid on long-term debt	(241,614)
Net cash provided by (used in) capital and related financing activities	<u>(336,614)</u>
<b>Investing Activities</b>	
Interest received	5,726
Net cash provided by (used in) investing activities	<u>5,726</u>
<b>Net Increase in Cash</b>	<u>143,813</u>
<b>Cash</b>	
Beginning of year	7,002,196
End of year	<u>\$ 7,146,009</u>
<b>Cash Flows from Operating Activities</b>	
Operating income (loss)	\$ 1,700,969
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	168,652
(Increase) Decrease in Deferred Outflow of Resources	(23,049)
(Increase) Decrease in Accounts Receivable	(6,538)
Increase (Decrease) in Deferred Inflows of Resources	57,054
Increase (Decrease) in Net Pension Liability	(35,794)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	<u>13,583</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,874,877</u>
<b>Noncash Investing, Capital, and Financing Activities</b>	
Amortization of bond discount	<u>\$ 3,565</u>

See accompanying notes.

# CITY OF KING CITY

## STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2015

---

### Assets

Cash and investments	
Cash and investments	\$ 732,260
Cash and investments with fiscal agent	1,071,071
Accounts Receivable	30
Land held for resale	<u>1,500,250</u>
Total assets	<u>3,303,611</u>

### Liabilities

Accounts payable and accrued liabilities	1,344
Interest payable	214,975
Long-term debt	
Due within one year	255,000
Due in more than one year	<u>8,591,110</u>
Total liabilities	<u>9,062,429</u>

### Net Position

Held in trust for other governments	<u>\$ (5,758,818)</u>
-------------------------------------	-----------------------

# CITY OF KING CITY

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2015

---

### Additions

Property taxes	\$ 1,332,375
Investment earnings and other	24,877
Total additions	<u>1,357,252</u>

### Deductions

Administrative costs	103,269
Program expenses of former redevelopment agency	563,094
Interest and fiscal agency expenses of former redevelopment agency	597,431
Total deductions	<u>1,263,794</u>

### Change In Net Position

93,458

### Net Position

Beginning of year	<u>(5,852,276)</u>
End of year	<u>\$ (5,758,818)</u>

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of King City (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Reporting Entity

The City of King City, State of California (the "City"), was incorporated as a general law city in 1911. The City is governed by a City Council of five members. The City's major operations include public safety; highways and streets; sewer services; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

#### Basis of Presentation – Fund Accounting

**Government-Wide Financial Statements** - The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Governmental Fund Financial Statements** - The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

*Gas Tax Fund* – The funds are used to account for receipts and expenditures of monies apportioned to the City under the Streets and Highways Code Section 2105, 2106, 2107 and 2107.5 of the State of California.

*HOME Grant Fund* – The fund is used to account for receipts and expenditures for the Home Investment Partnerships Program for the City to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

*Development Impact Fees Fund* – The fund is used to account for mitigation fees received from new construction which are to be used according to the City's approved Master Facilities Plan.

The City reports the following major proprietary fund:

*Sewer Fund* – The fund accounts for the maintenance, operation and capital improvements of the municipal sewage system. Financing is provided by user fees from residences, businesses and industries..

The City reports the following additional fund types:

*Private-Purpose Trust Fund* - The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency.

### **Basis of Accounting**

The Government-Wide and Proprietary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating.

#### **Financial Statement Amounts**

*Cash and Investments* - Cash and investments represent the City's cash bank accounts including but not limited to certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds, except for assets held by fiscal agents. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month end cash balances in each fund.

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

*Accounts Receivable* - Billed but unpaid services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year end accrual for services through June 30, 2015, which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectibles.

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 March 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the March 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.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

*Interfund Receivables/Payables* - Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

*Advances To/From Other Funds* - This classification represents non-current portions of any long-term 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. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

*Restricted Assets* – Certain proceeds of the King City Public Financing Authority’s Certificates of Participation, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by debt covenants.

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

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

	<u>Years</u>
Infrastructure	20 - 50
Structures and Improvements	10 - 50
Equipment	5 - 30

*Compensated Absences* – Vacation time may be accumulated up to two years entitlement plus the current years' leave allowance. Cash compensation for accrued vacations is generally not payable until the employee terminates employment with the City. Sick leave may be accumulated to a maximum of 960 hours. Cash compensation for unused sick leave is payable to an employee only upon termination of employment with the City. At that time, the employee is compensated at the rate of 50% of their daily rate.

All accumulated vacation leave and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements. Leave benefits are generally liquidated by the general fund.

*Long-Term Obligations* - In the Government-Wide Financial Statements, and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

*Pension* – 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 Employee Retirement System (CalPERS) plan and additions to/deduction 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.

*Non-Current Governmental Assets/Liabilities* - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

*Fund Equity* – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### **Note 1 – Summary of Significant Accounting Policies (Continued)**

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

#### **New GASB Pronouncements Not Yet Adopted**

*Government Accounting Standards Board Statement No. 72* - In February 2015, GASB issued Statement No. 69, Fair Value Measurement and Application. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2016.

#### **New Effective Accounting Pronouncements**

For the year ended June 30, 2015, the City implemented GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 (GASB 71) Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, with required implementation for the City during the year ended June 30, 2015. The primary objectives of GASB 68 and GASB 71 are to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. They require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 14 explains the effect of the current year GASB implementation.

### **Note 2 – Stewardship, Compliance and Accountability**

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

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 2 – Stewardship, Compliance and Accountability (Continued)

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

### Note 3 – Cash and Investments

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

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 8,618,667
Restricted Cash and Investments	340,133
Fiduciary Funds:	
Cash and Investments	732,260
Cash and Investments with fiscal agent	1,071,071
Total Cash and Investments	<u>\$ 10,762,131</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 972
Deposits with Financial Institutions	1,944,862
Local Agency Investment Fund	5,873,358
Certificates of Deposit	1,006,728
Money Market Mutual Funds	525,007
Held by Fiscal Agent:	
Money Market Mutual Funds	1,071,071
Government Investment Contracts	340,133
Total Cash and Investments	<u>\$ 10,762,131</u>

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 3 – Cash and Investments (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Percentage of Portfolio	Maximum Percentage of Portfolio
Local Agency Bonds	1 year	None	None
U.S. Treasury Obligations	1 year	A	None
U.S. Agency Securities	1 year	None	None
Banker's Acceptances	180 days	None	40%
Commercial Paper	270 days	None	25%
Negotiable Certificates of Deposit	1 year	None	30%
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	None	20% of base value
Medium-Term Notes	5 years	A	30%
Mutual Funds	N/A	A	20%
Money Market Mutual Funds	N/A	A	20%
Mortgage Pass-Through Securities	5 years	AA	20%

#### Investments Authorized by Debt Agreements

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

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 3 – Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	AAA	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	A-1	None
Money Market Mutual Funds	None	A	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	A-1	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2015 the City had the following investments.

Investment Type	12 Months or less	13 to 24 Months	25 to 84 Months	Total
LAIF	\$ 5,873,358	\$ -	\$ -	\$ 5,873,358
Certificates of Deposit	1,006,728	-	-	1,006,728
Money Market Mutual Funds	1,596,078	-	-	1,596,078
Government Investment Contract	-	-	340,133	340,133
Total Investments	\$ 8,476,164	\$ -	\$ 340,133	8,816,297
Cash in bank and on hand				1,945,834
Total Cash and Investments				\$ 10,762,131

### Disclosures Relating to Credit Risk

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

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 3 – Cash and Investments (Continued)

	Rating as of Year-End			Total
	AAA	A	Ba	
<b>Investments</b>				
Certificates of Deposit	\$ -	\$ -	\$ 1,006,728	\$ 1,006,728
Money Market Mutual Funds	1,596,078	-	-	1,596,078
<b>Total Investments</b>	<u>\$ 1,596,078</u>	<u>\$ -</u>	<u>\$ 1,006,728</u>	2,602,806
<b>Not rated:</b>				
LAIF				5,873,358
Government Investment Contract				340,133
Cash in bank and on hand				1,945,834
<b>Total Cash and Investments</b>				<u>\$ 10,762,131</u>

### Concentration 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. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

### Custodial Credit Risk

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

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for 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).

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 3 – Cash and Investments (Continued)

GASB Statement No. 40 requires that the following disclosures be made with respect to custodial credit risks relating to deposits and investments: The City did not have any deposits with financial institutions in excess of federal depository insurance limits and held in uncollateralized accounts. As of June 30, 2015, the City investments in the following investment types were held by the broker-dealer that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Money Market Mutual Funds	\$ 1,071,071
Government Investment Contracts	340,133

#### Investment in State Investment Pool

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

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 4 – Interfund Receivables, Payables and Transfers

#### Interfund Receivables and Payables

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has cash, and carry an interest rate equal to the rate earned on pooled cash.

Individual fund interfund receivables and payables balances as of June 30, 2015 are as follows:

	<u>Due From</u>	<u>Due To</u>
Sewer Fund	\$ 4,775,528	\$ -
General Fund	-	4,578,435
HOME Grant Fund	-	1,000
Airport Operations Fund	-	196,093
	<u>\$ 4,775,528</u>	<u>\$ 4,775,528</u>

The interfund payable balance due to the Sewer Fund is a result of deficits in certain funds and temporary cash flow assistance in others. The balances due will be repaid as funds are available. However, it is not expected that any of the above amounts will be repaid within one year.

#### Transfers

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds' that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Governmental Funds:</b>		
General Fund	\$ 563,562	\$ -
Home Grant	39,585	-
<b>Enterprise Funds:</b>		
Sewer Fund	-	(350,000)
<b>Nonmajor Governmental Funds:</b>		
Airport Operations Fund	-	(15,000)
Capital Projects	14,660	-
UUT-Public Safety Fund	-	(252,807)
	<u>\$ 617,807</u>	<u>\$ (617,807)</u>

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 5 -- Capital Assets

Capital asset activities for the year ended June 30, 2015 were as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
<b><u>Governmental Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 213,539	\$ -	\$ -	\$ 213,539
Total capital assets, not being depreciated	<u>213,539</u>	<u>-</u>	<u>-</u>	<u>213,539</u>
Capital assets, being depreciated				
Buildings and improvements	8,581,044	-	-	8,581,044
Infrastructure	13,561,188	472,943	-	14,034,131
Machinery and equipment	2,855,702	-	-	2,855,702
Total capital assets, being depreciated	<u>24,997,934</u>	<u>472,943</u>	<u>-</u>	<u>25,470,877</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,563,627)	(226,998)	-	(5,790,625)
Infrastructure	(3,759,727)	(599,998)	-	(4,359,725)
Machinery and equipment	(2,486,133)	(80,178)	-	(2,566,311)
Total accumulated depreciation	<u>(11,809,487)</u>	<u>(907,174)</u>	<u>-</u>	<u>(12,716,661)</u>
Total capital assets, being depreciated, net	<u>13,188,447</u>	<u>(434,231)</u>	<u>-</u>	<u>12,754,216</u>
Governmental activities capital assets, net	<u>\$ 13,401,986</u>	<u>\$ (434,231)</u>	<u>\$ -</u>	<u>\$ 12,967,755</u>
<b><u>Business-Type Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 764,093	\$ -	\$ -	\$ 764,093
Total capital assets, not being depreciated	<u>764,093</u>	<u>-</u>	<u>-</u>	<u>764,093</u>
Capital assets, being depreciated				
Building and improvements	6,312,912	-	-	6,312,912
Plant and equipment	1,183,279	-	-	1,183,279
Total capital assets, being depreciated	<u>7,496,191</u>	<u>-</u>	<u>-</u>	<u>7,496,191</u>
Less: accumulated depreciation	<u>(5,210,132)</u>	<u>(168,652)</u>	<u>-</u>	<u>(5,378,784)</u>
Total capital assets, being depreciated, net	<u>2,286,059</u>	<u>(168,652)</u>	<u>-</u>	<u>2,117,407</u>
Business-type activities capital assets, net	<u>\$ 3,050,152</u>	<u>\$ (168,652)</u>	<u>\$ -</u>	<u>\$ 2,881,500</u>

**CITY OF KING CITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**Note 5 – Capital Assets (Continued)**

Depreciation expense was charged to the following functions in the Statement of Activities:

**Governmental Functions:**

General Government	\$ 35,093
Public Safety	156,828
Public Works	522,570
Culture and Recreation	192,683
	<u>\$ 907,174</u>

**Business-Type Functions:**

Sewer	<u>\$ 168,652</u>
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**Note 6 – Notes Receivables**

Notes receivable and deferred loans consisted of the following at June 30, 2015:

**King City Pacific Associates, L.P.** - The HOME Investment Partnership Grant program approved \$3,00,000 of grant funds to be made available for local development of an affordable housing project. The City entered into an agreement with King City Pacific Associates, L.P. to loan such funds for the construction of the San Antonio Apartments. Funds were provided in the form of a deferred payment loan. If not paid sooner, the unpaid principal balance of this note, plus any unpaid interest thereon shall be due and payable in full fifty-five years from the date of the note. The note bears 3% interest and the face amount of the note at June 30, 2015 was \$3,000,000.

**City Manager** - The City made a housing loan to the City Manager, in the amount of \$120,000 for the purchase of a home within the City limits. The loan was secured by a deed of trust and had a term of 30 years with an interest rate of 5%. The note balance at June 30, 2015 was \$96,886.

**Note 7 – Long-Term Debt**

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's debt transactions are summarized below and discussed in detail thereafter:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion</u>
<b><u>Government-Type Activity Long Term Debt</u></b>					
CalPERS Side Fund debt	\$ 658,823	\$ -	\$ (658,823)	\$ -	\$ -
Total Government-Type Activity Debt	<u>\$ 658,823</u>	<u>\$ -</u>	<u>\$ (658,823)</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Business-Type Activity Long Term Debt</u></b>					
2009 Refunding Certificates of Participation	\$ 4,640,000	\$ -	\$ (95,000)	\$ 4,545,000	\$ 95,000
Total Business-Type Activity Debt	<u>\$ 4,640,000</u>	<u>\$ -</u>	<u>\$ (95,000)</u>	<u>\$ 4,545,000</u>	<u>\$ 95,000</u>
<b><u>Compensated Absences</u></b>					
Government Activities	\$ 515,810	\$ -	\$ (159,992)	\$ 355,818	

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 7 – Long-Term Debt (Continued)

Long-term debt payable at June 30, 2015 was comprised of the following individual issues:

**2009 Refunding Certificates of Participation** – In May of 2009, the King City Public Financing Authority (the “Authority”) (a component unit of the City of King City) issued the 2009 Refunding Certificates of Participation in the principal amount of \$4,990,000. The Certificates were issued to refund the \$4,000,000 2007 Certificates of Participation, Series A and to satisfy reserve requirements. As a result, the 2007 Certificates of Participation, Series A are considered to be defeased and the liability for those certificates has been removed from the City’s books. The Authority refunded the 2007 Certificates of Participation to extend the maturity date of the certificates from September 2010 to September 2039. The refunding increases the total debt services payments over the next 29 years by \$5,947,974 and results in an economic loss of \$328,763.

The Certificates bear an interest rate of 3% to 5.6% payable semi-annually on March 1 and September 1, beginning September 1, 2009 and matures on September 1, 2039. The Certificates are a special obligation of the Authority, payable solely from certain pledged revenues under the Trust Agreement, and do not constitute a pledge of the full faith and credit or taxing power of the Authority or City. “Revenues” are derived of installment payments to be made by the City pursuant to an Installment Sale Agreement dated April 1, 2009 between the City and the Authority. Installment payments are payable from net revenues, defined generally as gross revenues received from the sewer system, less maintenance and operation costs.

Per the bond covenants, the Authority is required to maintain certain amounts on deposit in a reserve fund. Also, the Authority is required to maintain certain net income ratios. For the 2014-15 fiscal year, the Authority was in compliance with these bond covenants.

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2015 was:

Years ending June 30,	Business-Type Activities	
	Principal	Interest
2016	\$ 95,000	\$ 238,526
2017	100,000	235,061
2018	105,000	231,111
2019	110,000	226,756
2020	115,000	221,986
2021-2025	655,000	1,021,875
2026-2030	835,000	825,715
2031-2035	1,095,000	562,100
2036-2040	1,435,000	210,140
	<u>\$ 4,545,000</u>	<u>\$ 3,773,270</u>

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 7 – Long-Term Debt (Continued)

**Conduit Debt Obligations** - To provide financing for health facilities of Southern Monterey County Memorial Hospital (the "Corporation"), the City has issued \$5,265,000 aggregate principal amount of Health Facilities Revenue Certificates of Participation, 1998 Series A, and \$7,735,000 aggregate principal amount of Health Facilities Revenue Certificates of Participation, 1999 Series B (the "COPS"). These COPS are payable solely from purchase payments received by the City from the Corporation pursuant to an installment purchase agreement. The COPS do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements. At June 30, 2015 the outstanding balance on both COPS Series was \$9,168,949.

### Note 8 – Deficit Fund Balances

**Fund Balance Deficits** - The following is a summary of deficit fund balances as of June 30, 2015:

Governmental Funds	
General	\$(4,744,371)
Airport Operations	(56,705)
Gas Tax	<u>(247,325)</u>
	<u>\$(5,048,401)</u>

These deficits are are expected to be relieved from future revenues or transfers from other funds.

### Note 9 – Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the following deferred outflow of resources related to net pension liability in the Statement of Net Position:

Fiscal year 2014-15 pension contributions subsequent to measurement date	\$ 360,234
Adjustment due to differences in proportions	<u>45,369</u>
Total deferred outflows of resources	<u>\$ 405,603</u>

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 9 – Deferred Outflows and Deferred Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports the following deferred inflows related to net pension in the Statement of Net Position:

Net differences between projected and actual earnings on pension plan investments	\$ 1,020,496
Adjustment due to differences in proportions	<u>42,245</u>
Total deferred inflows of resources	<u>\$ 1,062,741</u>

The City also has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting as deferred inflows of resources. Accordingly, that item, unavailable revenues, is reported only in the governmental funds balance sheet. The City reports in the HOME Grant fund, \$3,000,000, as unavailable revenues.

### Note 10 – City Employees' Retirement Plan (Defined Benefit Pension Plan)

**Plan Description** - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

**Funding Policy** – The City pays 7% of annual covered salary for active plan members in the City's defined pension plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2015 was 23.405% for the miscellaneous plan and 25.582% for the safety plan. The contribution requirements of plan members is established by State statute and the employer contribution is established and may be amended by PERS.

**CITY OF KING CITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**Note 10 – City Employees’ Retirement Plan (Defined Benefit Pension Plan) (Continued)**

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
	Prior to	Prior to
Hire Date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit Formula	2.0% at 55; maximum 2%	2.0% at 50; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	50
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	7.00%
Required Employer Contribution Rates	23.405%	25.582%

**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 July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of the pension expense is as follows:

Contributions – employer (classic)	\$ 360,234
Contributions – employee (classic)	\$ 114,088

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous - Classic	\$2,389,457
Safety - Classic	\$1,626,559

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 10 – City Employees’ Retirement Plan (Defined Benefit Pension Plan) (Continued)

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plan is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2013	0.07292%	0.03400%
Proportion – June 30, 2014	<u>0.09668%</u>	<u>0.04336%</u>
Change – Increase/(Decrease)	0.02376%	0.00936%

For the year ended June 30, 2015, the City recognized pension expense of \$403,260. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 360,234	\$ -
Adjustment due to differences in proportions	-	(1,020,496)
Net differences between projected and actual earnings on pension plan investments	<u>45,369</u>	<u>(42,245)</u>
Total	<u>\$ 405,603</u>	<u>\$ (1,062,741)</u>

The \$360,234 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ (254,009)
2017	(254,008)
2018	(254,233)
2019	<u>(255,122)</u>
Total	<u>\$ (1,017,372)</u>

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 10 – City Employees’ Retirement Plan (Defined Benefit Pension Plan) (Continued)

**Actuarial Assumptions** – The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	06/30/13
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.50% (net of administrative expenses)
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality	Derived using CalPERS' Membership Data for all Funds

<sup>1</sup> 3.30% to 14.20% depending on age, service, and type of employment

<sup>2</sup> Net of pension plan investment expenses, including inflation

<sup>3</sup> The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an

actuarial experience study for fiscal years 1997-2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS’ website under Forms and Publications.

**Discount rate** – The discount rate used to measure the total pension liability was 7.50 percent. 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

### Note 10 – City Employees’ Retirement Plan (Defined Benefit Pension Plan) (Continued)

in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 rate of returns, net of inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all funds’ asset classes, expected compound (geometric) 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 were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rates 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. The geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
<b>Total</b>	<b>100%</b>		

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 10 – City Employees’ Retirement Plan (Defined Benefit Pension Plan) (Continued)

#### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability for each Plan, calculating using the discount rate of each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Miscellaneous	\$ 3,803,406	\$ 2,389,457	\$ 1,216,012
Safety	\$ 2,724,091	\$ 1,626,558	\$ 722,240

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

#### Payable to the Pension Plan

At June 30, 2015, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

### Note 11 – Risk Management

The City participates in the Monterey Bay Area Self-Insurance Authority (MBASIA), a joint powers agency comprising the City and nine other local jurisdictions, created pursuant to California law for liability and workers compensation insurance services. The MBASIA’s Board of Directors is elected from representatives of the member governments and controls operations of the fund, including selection of management and approval of operating budgets. It is independent of the individual member influence, except for their representation on the board, and is therefore not a component unit of the City for reporting purposes.

The City is exposed to various risks including worker injuries, tort liability, theft, damage or destruction of assets, errors and omissions, and natural disasters. With respect to risks other than workers’ compensation, the City and other pool participants pay an annual premium estimated by the pool administrator to be sufficient to cover all liability claims for which the pool is obligated. If a covered entity’s losses exceed its premiums, there is no individual supplemental assessment, and if a covered entity’s losses are lower than its assessment, it does not receive a refund. However, annual budget appropriations are experienced-based. The pool views its activities in the aggregate and makes overall adjustments to the premiums charged and is, therefore, intended to be self-sustaining through member contributions (premiums). Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence. The fund carries excess loss coverage for general liability claims between \$990,000 and \$20,000,000 per insured event, and is uninsured for losses in excess of \$20,000,000 per event. Unpaid claims at fiscal year end, as reported by the fund, were not material. There was no reduction in the City’s insurance coverage as compared to the previous fiscal year, nor have there been any losses exceeding coverage during any of the three previous years.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### Note 11 – Risk Management (Continued)

Premium payment amounts are determined by the fund's Board and are charged to the City's general fund as expenditures when paid.

In the proper course of operation, the MBASIA issued debt in the aggregate principal amount of \$5,150,000 on October 1, 2004. The MBASIA is required to collect and disburse the loan premiums in accordance with the loan agreement, Article VI, Section 6.03. The Member Agencies are required by the Amended and Restated Joint Powers Agreement Relating to the MBASIA, Article 20 to pay the MBASIA their individual debt service amount and associated expenses, as determined by the MBASIA. Furthermore, the member Agencies contribution will be payable from any source of available funds of the Member, including amounts on deposit in the general fund of the Member.

### Note 12 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through December 3, 2015, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015 that required recognition or disclosure in such financial statements.

### Note 13 - Contingencies

**Federal and State Government Programs** - The City participates in several federal and state grant programs. These programs have been audited, as needed, in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**Workers' Compensation JPA** - The City participates in the workers' compensation program for the MBASIA. This program had negative net position as of June 30, 2015. It should be noted that the MBASIA accrued approximately \$10 million in long-term liabilities for claim and claim adjustment reserves in previous years which contributed to the negative net position. The effect this may have on the City is currently unknown. The City contributes approximately 3% of the MBASIA's revenue for the workers' compensation program.

**Landfill Postclosure Costs** – Since the closure of the City's landfill in previous fiscal years, the City has been incurring postclosure care costs. In accordance with generally accepted accounting principles, the City was required to estimate and recognize and accrued liability for both closure and postclosure costs related to the landfill. Because the City accounts for the postclosure costs in a governmental fund, this liability of total estimated costs should be reported in the government-wide statement of net position, and be adjusted each year as necessary. However, the City has not estimated and recorded this liability as required. In addition, certain note disclosures relating to the landfill postclosure costs have not been included in these financial statements.

# CITY OF KING CITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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### **Note 14 – Cumulative Effect of Change in Accounting Principle**

The Sewer Fund has a cumulative effect of change in accounting principles in the amount of \$275,818 due to the implementation of GASB No. 68 to record the opening balance of pension liability. The cumulative effect of change in accounting principles decreased the net position for the Sewer Fund. The Statement of Activities has a cumulative effect of change in accounting principles in the amount of \$3,731,710 to record the opening balance of net pension liability due to GASB No. 68, and the net effect of that adjustment decreased the governmental activities net position, respectively.

### **Note 15 – Prior Period Adjustments**

In the Governmental Activities, the expenses for the Pocket Park development was not capitalized in the prior year. The beginning net position increased by \$199,873 to adjust the ending net position at June 30, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF KING CITY**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
<b>Revenue</b>				
Taxes	\$ 3,399,500	\$ 3,399,500	\$ 3,051,123	\$ (348,377)
Intergovernmental	885,500	885,500	1,023,479	137,979
Charges for services	418,510	418,510	359,811	(58,699)
Licenses and permits	159,500	159,500	167,296	7,796
Fines and forfeitures	119,000	119,000	92,396	(26,604)
Interest and rents	28,000	28,000	29,553	1,553
Other	50,000	50,000	65,172	15,172
Total revenue	<u>5,060,010</u>	<u>5,060,010</u>	<u>4,788,830</u>	<u>(271,180)</u>
<b>Expenditures</b>				
Current				
General government	931,460	931,460	1,224,283	(292,823)
Public safety	3,372,050	3,372,050	3,358,976	13,074
Public works	323,900	323,900	322,234	1,666
Culture and recreation	158,400	158,400	402,675	(244,275)
Community development	823,450	823,450	993,297	(169,847)
Total expenditures	<u>5,609,260</u>	<u>5,609,260</u>	<u>6,301,465</u>	<u>(692,205)</u>
Revenue over (under) expenditures	(549,250)	(549,250)	(1,512,635)	(963,385)
<b>Other Financing Sources</b>				
Transfers in (out), net	<u>552,500</u>	<u>552,500</u>	<u>563,562</u>	<u>11,062</u>
<b>Net Change in Fund Balance</b>	<u>\$ 3,250</u>	<u>\$ 3,250</u>	<u>(949,073)</u>	<u>\$ (952,323)</u>
<b>Fund Balance</b>				
Beginning of year			(3,798,278)	
End of year			<u>\$ (4,747,351)</u>	

**CITY OF KING CITY**

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Intergovernmental	\$ 347,000	\$ 347,000	\$ 322,541	\$ (24,459)
<b>Total revenue</b>	<u>347,000</u>	<u>347,000</u>	<u>322,541</u>	<u>(24,459)</u>
<b>Expenditures</b>				
<b>Current</b>				
Public works	340,850	340,850	886,653	(545,803)
<b>Total expenditures</b>	<u>340,850</u>	<u>340,850</u>	<u>886,653</u>	<u>(545,803)</u>
Revenue over (under) expenditures	6,150	6,150	(564,112)	(570,262)
<b>Other Financing Sources</b>				
Transfers in (out), net	-	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ 6,150</u>	<u>\$ 6,150</u>	<u>(564,112)</u>	<u>\$ (570,262)</u>
<b>Fund Balance</b>				
Beginning of year			316,738	
End of year			<u>\$ (247,374)</u>	

**CITY OF KING CITY**

**BUDGETARY COMPARISON SCHEDULE  
HOME GRANT FUND  
YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenue</b>				
Intergovernmental	\$ -	\$ -	\$ 273,430	\$ 273,430
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>273,430</u>	<u>273,430</u>
<b>Expenditures</b>				
Current				
Community development	-	-	313,015	(313,015)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>313,015</u>	<u>(313,015)</u>
Revenue over (under) expenditures	-	-	(39,585)	(39,585)
<b>Other Financing Sources</b>				
Transfers in (out), net	-	-	39,585	39,585
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

**CITY OF KING CITY**

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPMENT IMPACT FEES FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Licenses, permits and impact fees	\$ 15,000	\$ 15,000	\$ 367,006	\$ 352,006
Interest and rent	-	-	361	361
Total revenue	<u>15,000</u>	<u>15,000</u>	<u>367,367</u>	<u>352,367</u>
<b>Expenditures</b>				
Current				
Community development	101,000	101,000	28,136	72,864
Capital outlay	-	-	273,070	(273,070)
Total expenditures	<u>101,000</u>	<u>101,000</u>	<u>301,206</u>	<u>(200,206)</u>
Revenue over/(under) expenditures	<u>\$ (86,000)</u>	<u>\$ (86,000)</u>	66,161	<u>\$ 152,161</u>
<b>Fund Balance</b>				
Beginning of year			993,741	
End of year			<u>\$ 1,059,902</u>	

# CITY OF KING CITY

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS\* YEAR ENDED JUNE 30, 2015

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	Miscellaneous 2015	Safety 2015
Proportion of the net pension liability	0.03840%	0.02614%
Proportionate share of the net pension liability	\$ 2,389,457	\$ 1,626,559
Covered - employee payroll	\$ 834,582	\$ 1,087,897
Proportionate share of the net pension liability as a percentage of covered-employee payroll	286.31%	149.51%
Plan's fiduciary net position	\$ 7,090,204	\$ 6,567,188
Plan's fiduciary net position as a percentage of the Total Pension Liability	77.58%	80.15%

\* Fiscal year 2014-15 was the first year of implementation, therefore only one year is shown

**CITY OF KING CITY**

**SCHEDULE OF CONTRIBUTIONS  
LAST 10 YEARS\*  
YEAR ENDED JUNE 30, 2015**

	Miscellaneous 2015	Safety 2015
Contractually required contribution (actuarially determined)	\$ 145,093	\$ 279,368
Contributions in relation to the actuarially determined contributions	<u>(145,093)</u>	<u>(279,368)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 834,582	\$ 1,087,897
Contributions as a percentage of covered-employee payroll	17.39%	25.68%

\* Fiscal year 2014-15 was the first year of implementation, therefore only one year is shown

**Notes to Schedule of Contributions**

Valuation Date 06/30/13

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.50% (net of administrative expenses)
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality	Derived using CalPERS' Membership Data for all Funds

**SUPPLEMENTAL ONLY INFORMATION**

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**CITY OF KING CITY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015**

	Special Revenue Funds						
	SLESF/COPS Grant	Traffic		Asset Seizure	Riverview		Airport Operations
		Congestion Relief			Gardens Landscape		
<b>ASSETS</b>							
Cash and investments	\$ 161,796	\$ 211,569	\$ 9,955	\$ 45,720	\$ -		
Accounts receivable	-	-	-	-	149,712		
Interest receivable	49	64	3	14	-		
Due from other governments	17,907	-	-	-	-		
Total assets	<u>\$ 179,752</u>	<u>\$ 211,633</u>	<u>\$ 9,958</u>	<u>\$ 45,734</u>	<u>\$ 149,712</u>		
<b>LIABILITIES</b>							
Accounts payable and accrued expense	\$ 1,089	\$ -	\$ -	\$ -	\$ 10,324		
Due to other funds	-	-	-	-	196,093		
Total liabilities	<u>1,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,417</u>		
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	-	-	-	-	-		
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
<b>FUND BALANCE</b>							
Restricted							
Circulation improvements	-	211,633	-	-	-		
Capital improvement projects	-	-	-	-	-		
Public safety	178,663	-	9,958	-	-		
Landscape maintenance	-	-	-	45,734	-		
Unassigned	-	-	-	-	(56,705)		
Total fund balance	<u>178,663</u>	<u>211,633</u>	<u>9,958</u>	<u>45,734</u>	<u>(56,705)</u>		
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 179,752</u>	<u>\$ 211,633</u>	<u>\$ 9,958</u>	<u>\$ 45,734</u>	<u>\$ 149,712</u>		

**CITY OF KING CITY**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2015**

	Special Revenue Funds				Capital Projects Fund		Total Non-major Governmental Funds
	Traffic Safety	CDBG Grant	UUT-Public Safety	Capital Projects	Capital Projects		
<b>ASSETS</b>							
Cash and investments	\$ 44,410	\$ 106,529	\$ 10,746	\$ -	\$ -	\$ 590,725	
Accounts receivable	287	-	25,798	-	-	175,797	
Interest receivable	13	32	3	-	-	178	
Due from other governments	-	-	-	-	-	17,907	
Total assets	\$ 44,710	\$ 106,561	\$ 36,547	\$ -	\$ -	\$ 784,607	
<b>LIABILITIES</b>							
Accounts payable and accrued expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,413	
Due to other funds	-	-	-	-	-	196,093	
Total liabilities	-	-	-	-	-	207,506	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	
<b>FUND BALANCE</b>							
Restricted							
Circulation improvements	44,710	-	-	-	-	256,343	
Capital improvement projects	-	106,561	-	-	-	106,561	
Public safety	-	-	36,547	-	-	225,168	
Landscape maintenance	-	-	-	-	-	45,734	
Unassigned	-	-	-	-	-	(56,705)	
Total fund balance	\$ 44,710	\$ 106,561	\$ 36,547	\$ -	\$ -	\$ 577,101	
Total liabilities, deferred inflows of resources, and fund balance	\$ 44,710	\$ 106,561	\$ 36,547	\$ -	\$ -	\$ 784,607	

**CITY OF KING CITY**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					
	SLESF/COPS Grant	Traffic Congestion Relief	Asset Seizure	Riverview Gardens Landscape	Airport Operations	
<b>Revenue</b>						
Taxes	-	\$ -	\$ -	\$ -	\$ -	-
Intergovernmental	91,667	-	-	-	-	-
Charges for services	-	-	-	-	1,841	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	49	64	3	14	14	227,229
<b>Total revenue</b>	<u>91,716</u>	<u>64</u>	<u>3</u>	<u>14</u>	<u>14</u>	<u>229,070</u>
<b>Expenditures</b>						
Public safety	79,477	-	6,568	-	-	-
Public works	-	-	-	123	271,190	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<u>79,477</u>	<u>-</u>	<u>6,568</u>	<u>123</u>	<u>271,190</u>	<u>-</u>
Revenue over (under) expenditures	12,239	64	(6,565)	(109)	(42,120)	
<b>Other financing sources/(uses)</b>						
Transfers in/(out), net	-	-	-	-	-	(15,000)
Total other financing sources (uses)	-	-	-	-	-	<u>(15,000)</u>
<b>Change in Fund Balance</b>	12,239	64	(6,565)	(109)	(57,120)	
<b>Fund Balance</b>						
Beginning of year	166,424	211,569	16,523	45,843	415	
End of year	<u>\$ 178,663</u>	<u>\$ 211,633</u>	<u>\$ 9,958</u>	<u>\$ 45,734</u>	<u>\$ (56,705)</u>	

**CITY OF KING CITY**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			Capital Projects Fund		Total Non-major Governmental Funds
	Traffic Safety	CDBG Grant	UUT-Public Safety	Capital Projects		
<b>Revenue</b>						
Taxes	\$ -	\$ -	252,807	\$ -	\$ -	252,807
Intergovernmental	-	1,484	-	-	-	93,151
Charges for services	-	-	-	-	-	1,841
Fines and forfeitures	1,058	-	-	-	-	1,058
Interest and rent	13	32	3	-	-	227,407
<b>Total revenue</b>	<u>1,071</u>	<u>1,516</u>	<u>252,810</u>	<u>-</u>	<u>-</u>	<u>576,264</u>
<b>Expenditures</b>						
Public safety	-	-	-	-	-	86,045
Public works	-	-	-	-	-	271,313
Community development	-	5	-	-	-	5
Total expenditures	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,363</u>
Revenue over (under) expenditures	1,071	1,511	252,810	-	-	218,901
<b>Other financing sources/(uses)</b>						
Transfers in/(out), net	-	-	(252,807)	14,660	-	(253,147)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(252,807)</u>	<u>14,660</u>	<u>-</u>	<u>(253,147)</u>
<b>Change in Fund Balance</b>	1,071	1,511	3	14,660	-	(34,246)
<b>Fund Balance</b>						
Beginning of year	43,639	105,050	36,544	(14,660)	-	611,347
End of year	<u>\$ 44,710</u>	<u>\$ 106,561</u>	<u>\$ 36,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 577,101</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of King City, California, (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 3, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

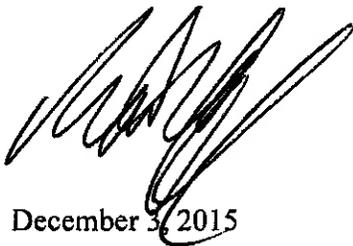
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the the deficiency described in item 2012-02 in the accompany schedule of findings to be material weaknesses.

## **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*.

## **Purpose of this Report**

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

A handwritten signature in black ink, consisting of several overlapping loops and strokes, positioned above the date.

December 3, 2015

# CITY OF KING CITY

## SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2015

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### CURRENT YEAR FINDINGS:

None

### STATUS OF PRIOR YEAR FINDINGS:

#### 2012-02 Landfill Postclosure Costs (Material Weakness)

##### Criteria:

Failure to estimate the liability related to the continuing postclosure care costs of the closed landfill understates the City's liabilities.

##### Condition:

The City has not estimated the liability related to the continuing postclosure care costs of the closed landfill.

##### Cause:

Failure on the part of the Finance Department to estimate the liability.

##### Effect:

The financial statements do not reflect the liability for the landfill.

##### Recommendation:

We recommend the City record a liability for these postclosure costs. It is often difficult to establish an estimated liability for these future costs. However, it is generally possible to establish a range for these costs and record the liability based on the best information available. Establishing an annual monitoring process will support the reasonableness of the liability.

##### Status of Prior Year Finding:

Uncorrected

**EXHIBIT 2**

**CITY OF KING CITY**  
**MANAGEMENT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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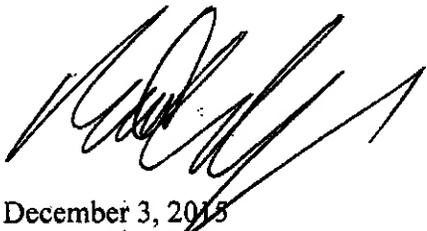
To the Honorable Mayor and City Council  
City of King City, California

In planning and performing our audit of the basic financial statements of the City of King City (City) for the year ended June 30, 2015, in accordance with generally accepted auditing standards in the United States, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified a certain deficiency in internal control over financial reporting, described in our schedule of findings dated December 3, 2015, that we consider to be a material weakness in internal control over financial reporting. Please refer to that communication for a more detailed explanation of the deficiency 2012-02.

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. We consider the deficiency described in the accompanying schedule of findings to be a material weakness (2012-02).

This report is intended for the use of management, the City Council, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties. We thank the City's staff for its cooperation during our audit.



December 3, 2015

# BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the City of King City, California (City) for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles of the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal controls of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

## Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in the notes to the financial statements.

We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance and consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

### Corrected and Uncorrected Misstatements

For purposes of this letter, professional standards define significant audit adjustments as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that is, cause future financial statements to be materially misstated). There were no significant estimates affecting the financial statements.

### Disagreements with Management

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

### Consultation with Other Independent Accountants

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

### Difficulties Encountered in Performing the Audit

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

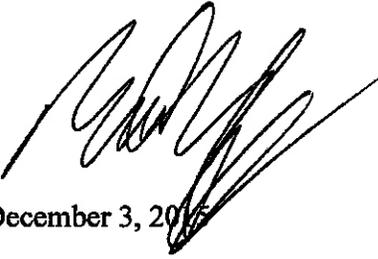
### Management Representations

We have requested certain representations from management that are included in the management representation letter.

Other Audit Findings and Issues

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

This report is intended for the use of management, the City Council, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

December 3, 2015



Item 2(H)

REPORT TO THE CITY COUNCIL

DATE: JANUARY 12, 2016

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DON FUNK, PRINCIPAL PLANNER, DOREEN LIBERTO-BLANCK, AICP, COMMUNITY DEVELOPMENT DIRECTOR, WITH ASSISTANCE FROM MARTIN KOCZANOWICZ AND DAVE HALE CITY ATTORNEYS

VIA: STEVEN ADAMS, CITY MANAGER

RE: ADOPTION OF DRAFT INITIAL STUDY/MITIGATED NEGATIVE DECLARATION AND APPROVAL OF A ZONING DISTRICT AMENDMENT OF H-S ZONING BOUNDARY AT PROPERTY LOCATED EAST OF CANAL STREET BETWEEN BROADWAY STREET AND BASSETT STREET (Rezone Case No. No. P00-000-293)

I. RECOMMENDATION

The City Council approve second reading and read by title only an ordinance, which would change the zoning from the Multiple Family Residential and Professional Offices Zoning District to Highway Service Zoning District at 743 Broadway Street. (Rezone Case No. P00-000-293)

II. BACKGROUND

On December 8, 2015, the City Council ("**Council**") conducted the first reading of Ordinance No. 717 and unanimously adopted the Initial Study/Negative Declaration ("**IS/ND**") and approved a request by O'Reilly Auto Enterprises, LLC. ("**Applicant**") to change the zoning from the Multiple Family Residential and Professional Offices ("**R-4**") Zoning District to Highway Service ("**H-S**") Zoning District, as shown on Exhibit 2 ("**Project**"). A portion of the property is vacant and a portion of the property contains an apartment complex. The portion of the property with the apartment complex will remain R-4.

On December 15, 2015, the Planning Commission approved conditional use permit ("**CUP**") and Architectural Review Permit ("**AR**") applications to construct a retail auto parts store on the vacant portion of the site ("**Proposal**"). The Proposal includes landscaping, parking lot, a small public kiosk for wayfinding directional signs and public information to assist both tourists and residents. Those Planning Commission approvals are contingent on the final change of the Zoning Boundary

III. DISCUSSION

The entire property is within the West Broadway Master Plan area. The property is designated as Highway Service ("**HS**") in the General Plan. The property has two (2) Zoning Districts. The front half (fronting on Broadway Street) is zoned H-S and the rear half (fronting on Basset Street) is zoned R-4. Commercial retail uses are not permitted in the R-4 Zoning District. The Project is consistent with the General Plan.

Attachments:

- Exhibit 1: Ordinance of the City Council
- Exhibit 2: Metes and Bounds Description of New Zoning Boundary
- Exhibit 3: Planning Commission Resolution
- Exhibit 4: Initial Study and Mitigated Negative Declaration
- Exhibit 5: Staff Report to the Planning Commission
- Exhibit 6: Tentative Parcel Map approved by the Planning Commission on December 1, 2015

Prepared by:

  
DON FUNK, PRINCIPAL PLANNER

Approved by:

\_\_\_\_\_  
STEVEN ADAMS, CITY MANAGER

**Exhibit 1**  
**ORDINANCE NUMBER 717**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KING, COUNTY OF MONTEREY, STATE OF CALIFORNIA, APPROVING THE INITIAL STUDY AND NEGATIVE DECLARATION AND APPROVING THE RELOCATION OF THE H-S HIGHWAY SERVICE COMMERCIAL ZONING BOUNDARY AT 743 BROADWAY STREET**

**WHEREAS**, on August 24, 2015, O'Reilly Auto Enterprises, LLC ("**Applicant**") submitted Rezone Case No.P00-000-293 to change the Highway Service ("**H-S**") Zoning District boundary from the line that divides existing lots 8, 9, 10, 11 from lots 12, 13, 14, and 15 of "Map of Subdivision of Lots 28 and 29, Burbank & Devendorf's Villa Lot Addition to the City of King" to a new line described by metes and bounds, as shown on **Exhibit 1** and described in the staff report; and

**WHEREAS**, on August 24, 2015, the applicant also submitted Tentative Parcel Map, ("**TPM**") Case No. P00-000-294, Conditional Use Permit/Architectural Review ("**CUP/AR**") Case No. CUP 150-290 and Sign Permit Case No. SN0-000-480; and

**WHEREAS**, Planning Commission ("**Commission**") consideration of CUP/AR Case No. CUP 150-290 is contingent on the approval of the requested zoning boundary change; and

**WHEREAS**, the City desires to improve the economic vitality, business viability, tourist interest and appearance of the Broadway Street corridor; and

**WHEREAS**, the Commission, at a duly noticed meeting on **December 1, 2015**, after hearing public testimony in support of the Draft Initial Study/Negative Declaration ("**IS-MND**"), as outlined in **Exhibit 3** and proposed amendments and considering the information presented in the staff report (**Exhibit 5**) and there was no testimony in opposition, voted unanimously to approve Resolution 2015-141, (**Exhibit 2**) recommend to the City Council ("**Council**") the change of the H-S and R-4 Zoning District as requested by the applicant; and

**WHEREAS**, the zone change is consistent with the General Plan Land Use Element designation of Highway Service Commercial ("**HSC**"); and

**WHEREAS**, the site is located within the West Broadway Master Plan, which encourages new businesses along Broadway Street and recommends mixed-commercial uses for this property; and

**WHEREAS**, the zone change public hearing notice and IS-MND was published in the South County Newspaper *The Rustler* on **November 11, 2015**; and

**WHEREAS**, the **November 10, 2015** IS-MND was prepared for the proposed zoning boundary change indicates there is no potential for creating significant adverse environmental impacts pursuant to the California Environmental Quality Act ("**CEQA**") Guidelines (14 California Code Regulations, §et seq.); and

**WHEREAS**, the a twenty (20) day public review period on the draft IS-MND started on **November 10, 2015** and ended on **December 1, 2015**; and

**WHEREAS**, no significant public comments were received on the IS-MND; and

**WHEREAS**, on **December 1, 2015**, the City Council held a public hearing to receive oral and written testimony relative to the IS-MND and proposed zoning boundary change.

**THE CITY COUNCIL OF THE CITY OF KING DOES HEREBY ORDAIN** after reviewing and approving the Initial Study/Negative Declaration ("**IS-MND**") and proposed zoning boundary change and considering all oral and written information regarding the IS-MND and Zoning District amendment, including, but not limited to all related CEQA documents and the written and oral staff reports.

**Section 1.** The City Council **HEREBY FINDS AND DETERMINES** that the zoning boundary change will not create potentially significant environmental impacts, and therefore the City Council has approved the Initial Study and Mitigated Negative Declaration ("**IS-MND**") pursuant to the California Environmental Quality Act ("**CEQA**").

**Section 2.** The City Council makes the following findings necessary to approve the zoning boundary change adding approximately 0.34 acres of H-S Zoning District as described in **Exhibit 1** attached to this Ordinance:

1. That the proposed relocation of the zoning boundary is consistent with General Plan and West Broadway Master Plan as described in the IS-MND.
2. The IS-MND was prepared and made available in accordance with the requirements of CEQA statutes and CEQA Guidelines and said change in the zoning boundary will not create a significant environmental impact based on the mitigation measures contained in the IS-MND. Said mitigation measures will be implemented as conditions of the approval of any project proposed for the area of new H-S Zoning District.
3. That the proposed relocation of the zoning boundary would be beneficial for the economic vitality, business viability, tourist interest and appearance of the Broadway Street corridor.
4. That the proposed relocation of the proposed zoning boundary would not be detrimental to the public health, safety or welfare of the City or its inhabitants because the changes do not result in changes in the intensity of development, nor do they create situations of incompatible adjoining land uses.

**Section 3.** The City Council **HEREBY APPROVES** of Ordinance No. 717 approving the relocation of the zoning boundary between the H-S and R-4 Zoning Districts as described in metes and bounds description in **Exhibit 2**.

**Section 4.** The City Council hereby adopts the first reading of an Ordinance approving Ordinance Number 717 relocate the zoning boundary between the H-S and R-4 Zoning Districts to the line described in the metes and bounds description in **Exhibit 2**.

**Section 5.** The City Council declares that should any provision, section, paragraph, sentence, or word of this Ordinance be rendered or declared invalid by any court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Ordinance shall remain in full force and effect.

**Section 6.** The Mayor shall sign this Ordinance and the City Clerk shall certify to the passage and adoption of this Ordinance.

**Section 7.** The City Clerk shall file a Notice of Determination ("**NOD**") with the Monterey County Clerk's office.

PASSED, APPROVED, AND ADOPTED by City Council on this 12<sup>th</sup> day of January 2016.

ATTEST:

\_\_\_\_\_  
Robert Cullen  
Mayor

\_\_\_\_\_  
Steven Adams  
City Manager/City Clerk

I, Steven Adams, do hereby certify that Ordinance Number 717 was duly and regularly passed and adopted by the City Council 12th day of January, 2016, by the following roll call vote as the same appears on file and of record in Office of the City Clerk.

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Steve Adams, City Manager

### Exhibit 2 Metes and Bounds Description of New Location of H-S and R-4 Zoning Boundary

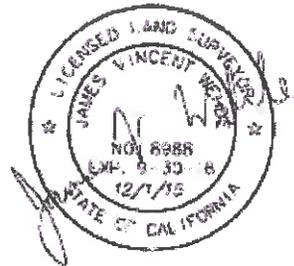
As-Surveyed Legal Description For  
Dividing Line between Parcels  
O'Reilly Auto Enterprises, LLC Site  
743 Broadway Street  
King City, CA

A LINE RUNNING THROUGH LOTS 12, 13, 14 AND 15, AS SHOWN ON "MAP OF SUBDIVISION OF LOTS 28 AND 29 OF THE BURBANK & DEVENDORF'S VILLA LOT ADDITION TO THE CITY OF KING", FILE OCTOBER 6, 1925 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY IN MAP BOOK 3, CITIES AND TOWNS, PAGE 30, BEING A PARCEL OF LAND IN THE CITY OF KING, COUNTY OF MONTEREY, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

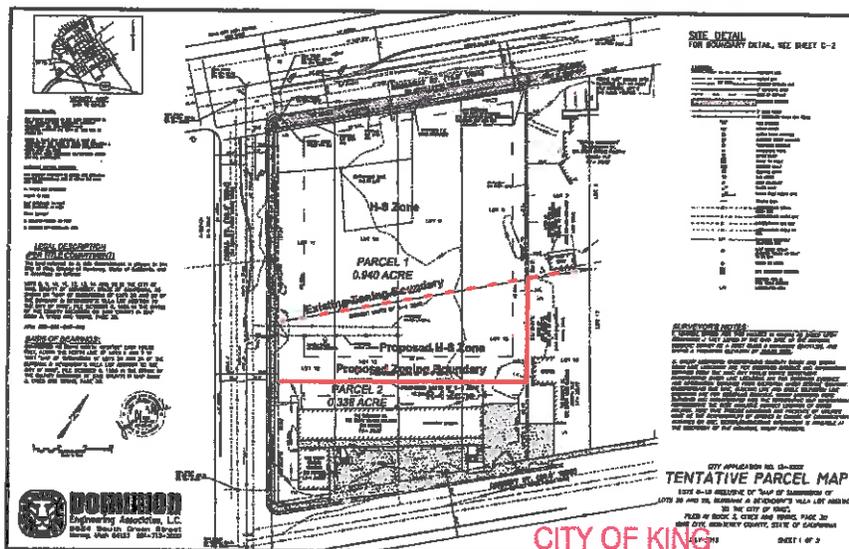
COMMENCING AT THE NORTHEAST CORNER OF LOT 8, AS SHOWN ON SAID "MAP OF SUBDIVISION OF LOTS 28 AND 29 OF THE BURBANK & DEVENDORF'S VILLA LOT ADDITION TO THE CITY OF KING", MARKED BY A 3/4" IRON PIPE, FROM WHICH A 1/2" REBAR WITH ILLEGIBLE YELLOW PLASTIC CAP FOUND MARKING THE MOST NORTHERLY CORNER OF LOT 6 OF SAID SUBDIVISION LIES, AS A BASIS OF BEARINGS, NORTH 46°51'00" EAST 100.03 FEET, AND RUNNING THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOTS 8 AND 15, SOUTH 33°35'50" EAST 229.52 FEET TO THE POINT OF BEGINNING OF SAID LINE; THENCE SOUTH 56°23'24" WEST 191.92 FEET TO THE POINT OF TERMINUS OF SAID LINE.

DESCRIPTION PREPARED BY

JAMES V. WEHDE, PLS  
CALIFORNIA REGISTRATION NO. 8988  
10 WEST LAND SURVEYING  
& MAPPING, INC.  
410 S FOREST GLEN BLVD.  
POST FALLS, ID 83854



### Map Showing New Zoning Boundary



**Exhibit 3**

Resolution of the Planning Commission

**RESOLUTION NO. 2015-141**

**RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF KING ADOPTING THE MITIGATED NEGATIVE DECLARATION AND APPROVES THE TENTATIVE PARCEL MAP REQUESTED BY O'REILLY AUTO ENTERPRISES, LLC FOR THE PROPERTY LOCATED ON THE EAST SIDE OF CANAL STREET BETWEEN BROADWAY STREET AND BASSETT STREET**

**WHEREAS**, on **August 24, 2015**, O'Reilly Auto Enterprises, LLC ("**Applicant**") submitted a Tentative Parcel Map ("**TPM**") application Case P00-000-294 to merge eight (8) underlying antiquated lots and creating two (2) parcels of approximately 0.94 acres (Parcel 1) and 0.34 acres (Parcel 2) ("**Project**") and as shown on **Exhibit 1**; and

**WHEREAS**, on **August 24, 2015**, the Applicant also submitted applications for Zone Change Case No. P00-000-293, Conditional Use Permit/Architectural Review Case No. CUP 150-290 and Sign Permit Case No. SN0-000-480, which will be considered separately from the TPM; and

**WHEREAS**, on **October 27, 2015**, the Project application, after making corrections, was deemed complete for processing; and

**WHEREAS**, the Project has a General Plan designation of Highway Service land use designation and a designation of Mixed-Commercial in the West Broadway Specific Plan and the project lies within the Highway Service ("**H-S**") and the High Density Residential and Professional Office ("**R-4**") Zoning Districts; and

**WHEREAS**, the City Engineer pursuant to Municipal Code §16.36.050 reviewed the proposed TPM, has verified that Parcels "1" and "2" conforms with the minimum lot size requirements of the and other criteria related to new parcels; and

**WHEREAS**, in compliance with the California Environmental Quality Act ("**CEQA**"), staff prepared an Initial Study and Mitigated Negative Declaration ("**IS-MND**") on the Project, which showed no adverse environmental impacts would occur provided the mitigation measures, as described in the Mitigation Monitoring and Reporting Program contained within the Mitigated Negative Declaration, are implemented; and

**WHEREAS**, the Planning Commission ("**Commission**") held a duly noticed public hearing on **December 1, 2015** at which time all interested persons were given the opportunity to be heard, and, after hearing and having reviewed and considered written and oral staff reports, including the IS-MND, the Commission determined that the TPM is in conformance with Title 16 and other applicable provisions of the City's Municipal, including minimum parcel sizes; and

**NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF KING DOES HEREBY RESOLVE AND FIND** that the IS-MND is adopted with the following findings and mitigation measures and Mitigation Monitoring and Reporting Program ("**MMRP**") identified in **Exhibit 2**, and the TPM is approved based upon the following findings and conditions of approval listed in the staff report, attached as **Exhibit 3**, and mitigation monitoring measures identified in the IS-MND and MMRP, attached as **Exhibit 2**.

**SECTION 1:** The Planning Commission has reviewed this project under the provisions of the CEQA and determined that the project has the potential for significant impacts, but that the impacts would not be significant in this case because project mitigation measures and Reporting Program will reduce impacts to less than significant levels.

**SECTION 2:** Pursuant to California Government Code §66473.5, the Planning Commission finds that the proposed Tentative Parcel Map and the provisions for its design and improvement are compatible with the objectives, policies and general land uses and provided in the City's General Plan and West Broadway Master Plan.

**SECTION 3.** Pursuant to Section 66474 of the Subdivision Map Act, the Planning Commission finds.

- a. The TPM is in conformity with provisions of the Subdivision Map Act ("**SMA**") and Municipal Code Chapter 16, as to design, drainage, utilities, road improvements and offers of dedication or deed.
- b. The Planning Commission finds that the proposed TPM, together with the provisions for its design and improvement, is consistent with the City General Plan Highway Commercial designation, Municipal Code §16.36 (Minor Land Divisions), West Broadway Master Plan Mixed-Commercial designation, and appropriate for the site terrain, location and Zoning Criteria.
- c. Parcels 1 and 2 have adequate area and appropriate access to meet the requirements of the H-S and R-4 Zoning Districts.
- d. Parcels 1 and 2 are physically suitable for the requirements in the H-S Zoning District and R-4 Zoning District.
- e. Based on the approved Initial Study and Mitigated Negative Declaration, including the mitigation measures contained in the Mitigation Monitoring and Reporting Program, the TPM will not create any significant environmental impacts.
- f. Dedications and improvements will be provided as needed in the interest of the public health and safety, and as a prerequisite to the orderly development of the surrounding area and to require the construction of road improvements and other improvements within a specified time after recordation of the Parcel Map, where road improvements and other public improvement are required.
- g. Dedications and measures for maintenance of improvements are required to ensure that public improvements meet City standards and to otherwise ensure that the project is consistent with the General Plan and West Broadway Master Plan.

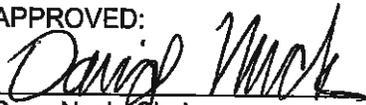
**PASSED AND ADOPTED BY THE PLANNING COMMISSION OF THE CITY OF KING**  
this 1<sup>st</sup> day of December 2015, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

  
Dave Nuck, Chairperson

ATTEST:

  
Maricruz Aguilar, Planning Commission Secretary

I, Maricruz Aguilar-Navarro, Planning Secretary to the City Planning Commission, do hereby certify that Resolution No. 2015-141 was duly and regularly passed and adopted by the Planning Commission 1st day of December, 2015, by the following roll call vote as the same appears on file and of record in Office of the Community Development Department.

**Exhibit 4**

Initial Study and Negative Declaration

**EXHIBIT 4**

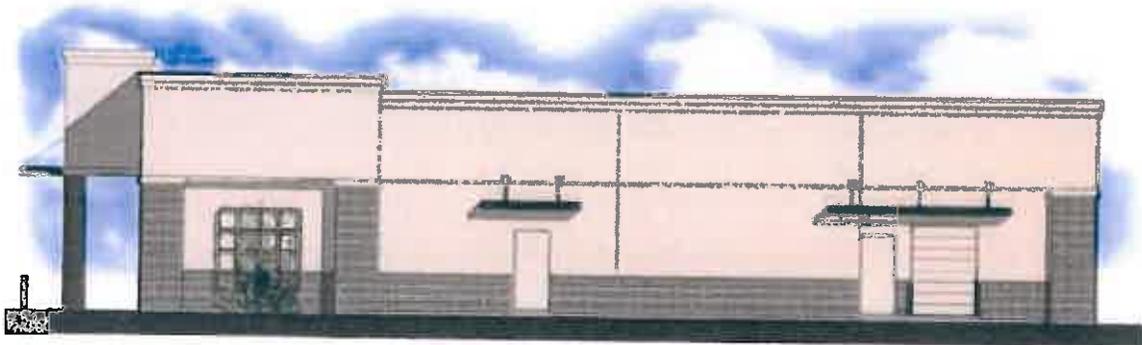


**INITIAL STUDY AND DRAFT MITIGATED NEGATIVE DECLARATION**  
**November 10, 2015, Revised November 22, 2015**

**Proposed O'Reilly Retail Store**  
**743 Broadway Street, King City, California**



**North**



**West**

**In Compliance with the**  
**California Environmental Quality Act (CEQA)**

**Rezone #P00-000-293**  
**Conditional Use Permit/AR/LP/MND # CUP-150-290**  
**Sign #SN0-000-480**  
**Tentative Parcel Map # P00-000-294**

## **General Information About This Document**

### ***What's in this document?***

The City of King has prepared this Initial Study and Mitigated Negative Declaration which examines the potential environmental impacts of the proposed project for a retail store, Zone Change, Tentative Parcel Map, Architectural Review in the West Broadway central area of the City. The document describes the project, the existing environment that could be affected by the project, potential impacts of the proposed project, and proposed avoidance, minimization, and/or mitigation measures.

### ***What should you do?***

- Please read this document. Additional copies of this document are available for review at the City Community Development Department, 212 South Vanderhurst Avenue, King City, California.
- ✓ Attend the Planning Commission Public Hearing on: Tuesday, 6:00 pm December 1, 2015 for the Conditional Use Permit, Architectural Review Permit, Sign Permit, Tentative Parcel Map and
- ✓ Attend the City Council 6 pm December 8, 2015 for the proposed Zone change for the proposed Zone Change at the City Council Chambers, 212 South Vanderhurst Avenue
- We welcome your comments. If you have any concerns about the proposed project, please attend the Planning Commission Public Hearing or send your written comments to the Community Development Department by the deadline. Submit comments via U.S. mail to the following address:

Attn: Maricruz Aguilar-Navarro, City Planner  
Community Development Department  
City of King  
212 South Vanderhurst Avenue  
King City CA 93930  
Phone: 831-385-3281

Submit comments via email to: [maguilar@kingcity.com](mailto:maguilar@kingcity.com)

**PLEASE SUBMIT WRITTEN COMMENTS BY DECEMBER 1, 2015.**

### ***What happens next?***

After comments are received from the public and reviewing agencies, the City Planning Commission (for the CUP, Architectural Review, Sign Permit and Tentative Parcel Map) or City Council (for the proposed Zone Change) may:

- 1) give environmental approval and approval of the CUP, Architectural Review, Sign Permit and Tentative Map for the proposed project, or
- 2) require additional environmental studies, or
- 3) require changes to the project or
- 4) deny the project, if there are issues that cannot be mitigated.

If the project is given environmental approval and the Conditional Use Permit, Architectural Review Permit, Sign Permit and Tentative Parcel Map is approved by the City Planning Commission, the permit would become active unless the Planning Commission decision is appealed within ten (10) days of the approval of the CUP, Architectural Review, Sign Permit and Tentative Parcel Tract Map and Mitigated Negative Declaration.

The Municipal Code provides that the Planning Commission has the authority to grant approval for the Conditional Use Permit, Architectural Review Permit, Sign Permit and Tentative Parcel Map. However, Zone Changes require the review of the Planning Commission and approval of the City Council.

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**I. PROJECT INFORMATION**

**Project Title:** O'Reilly proposed store & public kiosk

**Case Number:** Rezone Case No.: P00-000-293  
Tentative Parcel Map No.: P00-000-294  
Conditional Use Permit/AR/LP/MND  
Case No.: CUP-150-290  
Sign Case No.: SN0-000-480

**Project Applicant:** **O'Reilly Auto Enterprises, LLC** Phone: \_\_\_\_\_  
233 S. PATTERSON Ave Fax: \_\_\_\_\_  
Springfield MO 65802 417-862-2674

**Project Landowner:** Davis Family Trust, c/o Chris Davis Phone: \_\_\_\_\_

**Project Designer:** **Applicant Rep. Jeff Liederman** Phone: 949-430-7051  
**PM Design Group** Fax: \_\_\_\_\_  
38 Executive Park, Ste 310  
Irvine, CA 92614

**Project Description:** **Project Site and Land Uses Existing and Proposed:**

The applicant, O'Reilly Auto Enterprises, LLC, is requesting approval of a Zone Change ("ZC") from High Density Residential ("R-4") to Highway Service ("H-S"), Conditional Use Permit ("CUP"), Architectural Review Permit ("AR"), Sign Permit, Tentative Parcel Map to allow construction of a new 7,453 square foot commercial building on a vacant portion of a site. The project site is located on the southeast corner of Broadway Street and Canal Street. The property is within the West Broadway Master Plan area, which guides design principals for the area.

The project address is 743 Broadway Street, King City, CA 93930. The property is currently split zoned. The front half (fronting on Broadway Street) is zoned Highway Service ("H-S") and the rear half (fronting on Bassett Street) is zoned Multiple Family Residential and Professional Offices District ("R-4"). The General Land Use Designation for the entire property is Highway Service Commercial ("HSC").

The front three-quarters of the property is vacant (the 11,606 square foot Surrey Motel existed on the property for over fifty years and was demolished in July 2002 to accommodate the new commercial development). The rear quarter, fronting on Bassett Street, is developed with an existing apartment building built in the mid 1960's. A temporary chain link fence surrounds the vacant portion of the property. The fence will be removed when the project is approved.

The project includes a Tentative Parcel Map application for O'Reilly Auto Enterprises, LLC to subdivide the existing parcel (1.278 acres) into two new parcels as indicated below:

1. Parcel 1 (.940 acre); and

2. Parcel 2 (.338 acre).

O'Reilly Auto Enterprises, LLC is proposing to occupy the proposed Parcel 1. If approved, Parcel 1, fronting on Broadway Street, will be H-S Zone and Parcel 2, fronting on Bassett Street, will remain R-4. The net reduction of 0.3 acres of R-4 will be converted to H-S Zoned land if the rezoning is approved. The TPM will merge eight antiquated parcels into the two (2) new parcels.

The project review includes a Conditional Use Permit ("CUP"), Architectural Review Permit ("AR"), Landscaping Permit and Sign Permit for a proposed retail store on Parcel 1 at the corner of Broadway Street and Canal Street. The proposed retail building is a 7,453 square feet building that is proposed to operate seven (7) days a week from 8:00 A.M. to 10:00 P.M.

In addition to the proposed commercial retail building, the proposal for Parcel 1 includes a trash enclosure, thirty-seven (37) parking spaces, including two (2) accessible spaces and a public informational kiosk located near the corner of Broadway Street and Canal Street. Bicycle parking will be provided near the northeast corner of the building. The project will also include 10,199 square feet of landscaping.

The existing two-story apartment building located at the corner of Canal Street and Bassett Street is proposed to remain and will be within new Parcel 2. Solid six (6') foot tall block fencing is proposed between the commercial use and the adjacent existing residential uses to the south and southeast of the proposed retail building.

**Building Design:**

The proposed single-story building will have a combination of stucco and brick on the lower part of the walls. The entrance includes a building facade extension. The building will face Broadway Street. A large landscape area will provide visual buffers along both Broadway Street and Canal Street. A small public kiosk structure is proposed for the corner. The kiosk will help the project retain consistency with the West Broadway Master Plan. That document recommends that new buildings be constructed next to Broadway Street in order to maintain a consistency with the theme adopted for the Historic Downtown area. The kiosk will include panels for public wayfinding signs and a glass case on the side for a map of the City and historical information for tourists and residents. The side of the kiosk with the informational glass panel will have a trellis shade cover extension to protect visitors from the sun. The signs on the kiosk will not include any commercial advertising or business names.

**Lot Coverage and Setbacks:**

Lot coverage proposed is 7,453 square feet, or eighteen (18%) percent of the 41,000 sq. ft. commercial site area, which is less than maximum allowable fifty (50%) percent. An additional 21,947 square feet is parking area of impermeable surfaces. Total impermeable surfaces = 29,398 square feet, seventy-two (72%) percent of the site. Provisions to meet RWQCB standards for runoff will need to be made in the drainage design. The preliminary design indicates that they will implement bio-retention for runoff.

Minimum front setback required is ten (10') feet. The proposal is for approximately ninety (90') feet front setback.

Minimum rear setback required is twenty (20') feet. The proposal is for approximately twenty-six (26') feet rear setback

Minimum interior side yard required is ten (10') feet. The proposal is for ten (10') feet.

Minimum street side yard required is twenty (20') feet. The proposal is for approximately ninety (90') feet street side yard.

**Fencing:**

There is an existing temporary chain link fencing around the site. The chain link fence will be removed. A decorative block wall fences six (6') feet in height are proposed as mitigation adjacent to the existing residential uses located south and southeast of the proposed store.

**Parking:**

A total of twenty-one (21) parking spaces are required for the proposed use based on Chapter 17.52. The applicant proposes thirty-seven (37) paved parking spaces are proposed, including two required accessible spaces near the building entrance.

**Architectural Review:**

Architectural review is required for the buildings, parking, landscaping and other features. The Planning Commission will act as the architectural review committee, pursuant to Municipal Code §17.31.120.

**Landscaping Requirements:** The following Municipal Code section is applicable to the project.

*Municipal Code §17.26.130 states, "Minimum landscaping required shall be twenty percent of the land area landscaped with suitable plants, trees and shrubs. All parking and service areas, including driveways, when located adjacent to residential districts shall be screened and separated from such property by a solid wall, view-obscuring fence and compact evergreen hedge six feet in height, except as provided elsewhere in the code."*

The applicant is providing 10,199 square feet of landscaping, or twenty-five (25%) percent of the commercial site area.

The existing apartment building, including parking areas, comprises fifty-eight (58%) percent coverage of new Parcel 2. The remaining forty-two (42%) percent of the total site will be open for new and existing landscaping amenities for the enjoyment of the tenants.

**Drainage:**

The project will be required to meet all applicable stormwater regulations. The applicant proposes bio-retention in landscaping areas. Those measures will require review of the City Engineer.

**Zone Change:** The applicant proposes to add approximately .33 acres of H-S zoning to encompass approximately 41,000 total square feet of the property. The area proposed for commercial is designated as Highway Service Commercial in the General Plan. Therefore the request is consistent with the General Plan Land Use Element.

**Tentative Parcel Map:** The applicant proposes to merge six (6) existing lots and create two (2) parcels of about 0.94 acres and 0.34 acres. The existing apartment building would remain R-4 zone. The

front 0.94 acres adjacent to Broadway Street would be H-S Zone if the Zone Change is approved by the City Council, upon approval of the Planning Commission. Minimum lot size for residential lots is six-thousand (6,000') square feet if the lot is level. The minimum lot size for commercial lots is five-thousand (5,000') square feet. The proposal meets code for both the H-S and R-4 lots.

**Lead Agency:**

City of King  
212 S. Vanderhurst Avenue

Phone: 831.385.3281  
Fax: 831.386.5668

King City, CA 93930

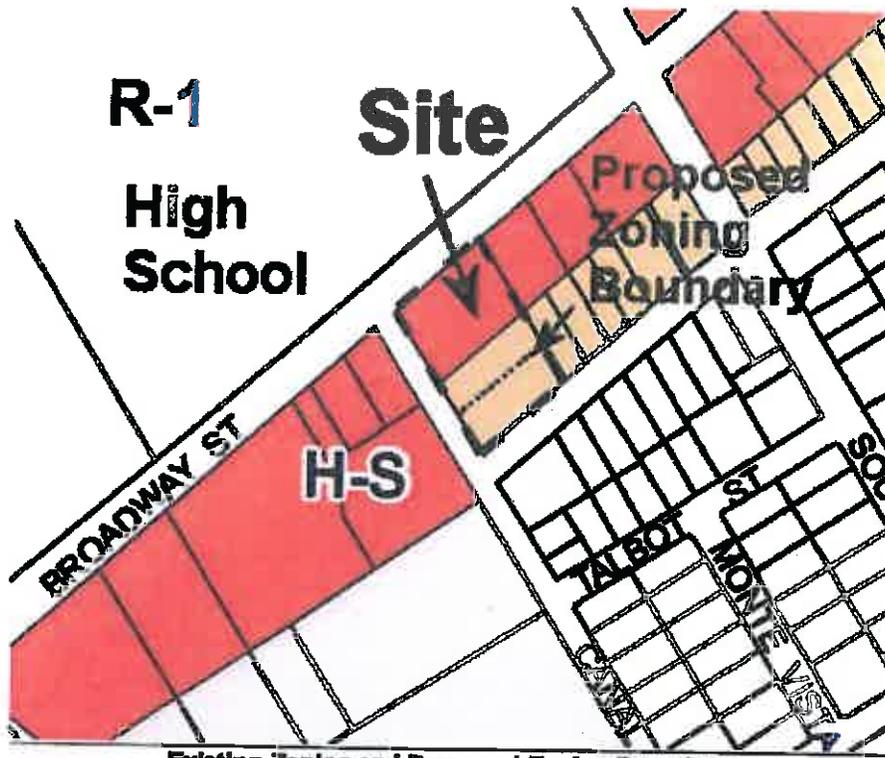
**Project Location:**

743 Broadway Street, King City

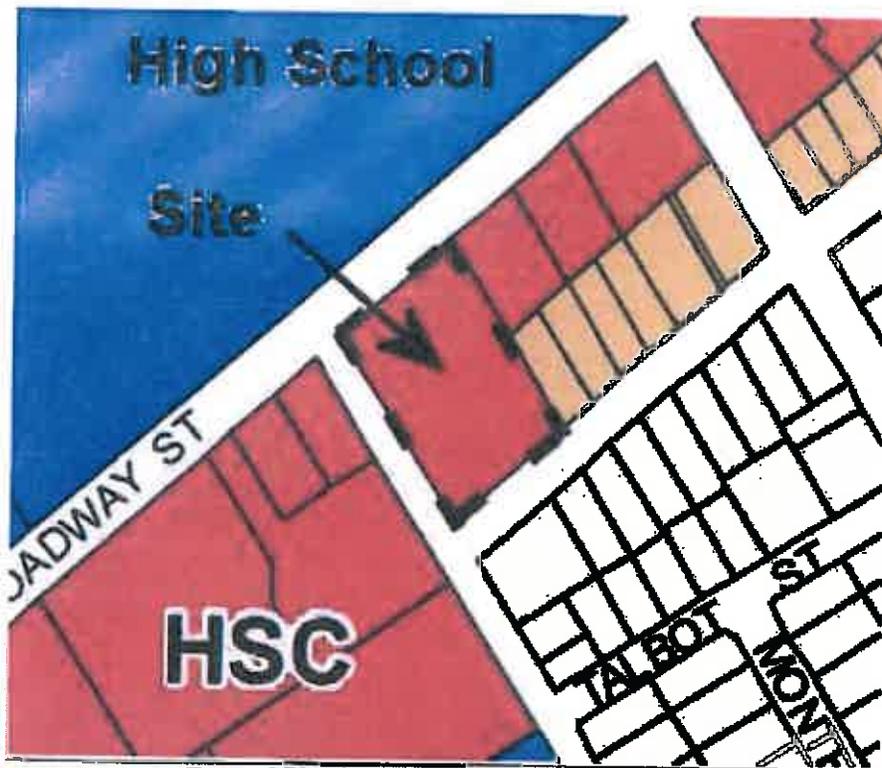
The site location is shown on the following aerial photo of the area.



**Project Site Location**



**Existing Zoning and Proposed Zoning Boundary**



**General Plan Land Use Map of proposed site**

**Assessor Parcel Number(s)** 026-051-007.

**General Plan Designation:**

Highway Service Commercial

The proposed building is consistent with the General Plan designation.

**Zoning:**

Frontage along Broadway Street is zoned Highway Service ("**H-S**"). The frontage along Bassett Street is zoned High Density Residential ("**R-4**").

The applicant is proposing to rezone a portion of the property to H-S to accommodate the proposed commercial building. The following uses are permitted subject to obtaining a conditional use permit in the H-S zone ("**CUP**"):

Municipal Code §17.26.030 Uses permitted subject to obtaining conditional use permit.

Uses subject to conditional use permits are as follows:

(1) Professional office and related uses, including:

(i) General offices and professional offices;

(ii) Financial services and institutions.

(2) Commercial uses, including:

(i) Grocery stores, and convenience stores (convenience stores, which are not limited to stores located on premises of and operated in conjunction with, another use permitted by this section. The term "convenience store," as used in this section means a store stocking a limited supply of foods, beverages, and related types of goods and merchandise customarily found in grocery stores, and occupying a total area of not more than two thousand five hundred square feet. All sales and merchandise displays shall be contained within the building;

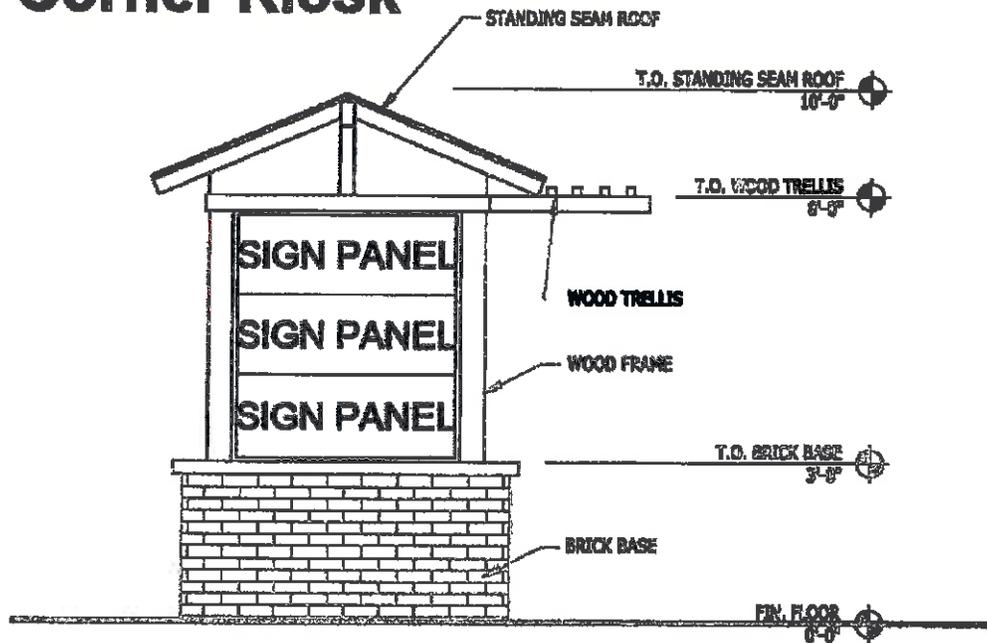
(ii) Department stores, including furniture stores and clothing stores;

(iii) General retail stores;

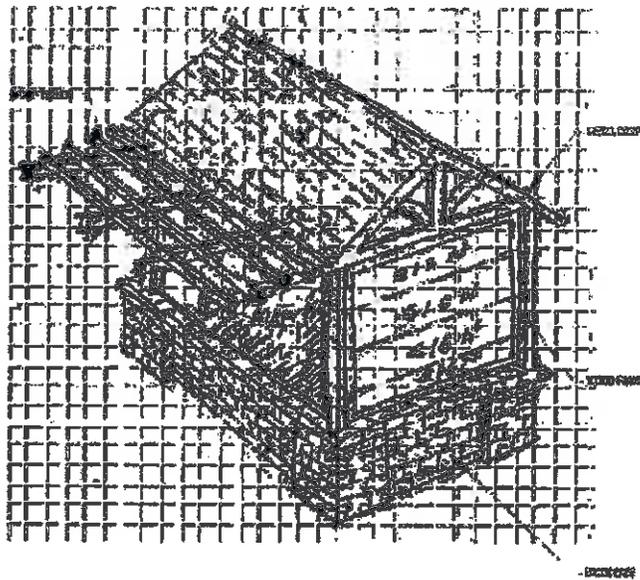
(iv) Home improvement stores, hardware stores.

The Project, a commercial building consistent with Municipal Code § 17.26.030.2(iii) as a commercial requires CUP review.

# Corner Kiosk



**Proposed Public Kiosk Design near intersection of Broadway Street and Canal Street**  
**Sign Panels are for public direction and not for business names or advertising.**

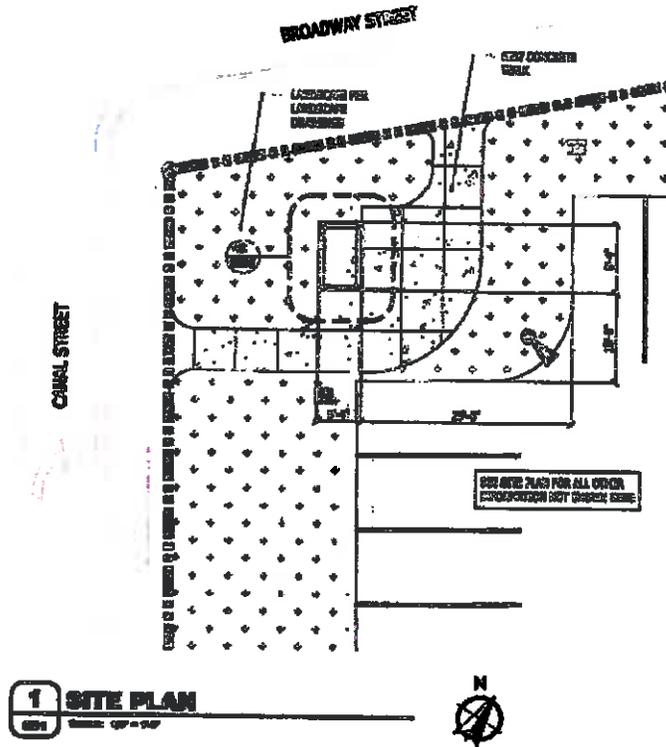


**5 ISOMETRIC SKETCH**

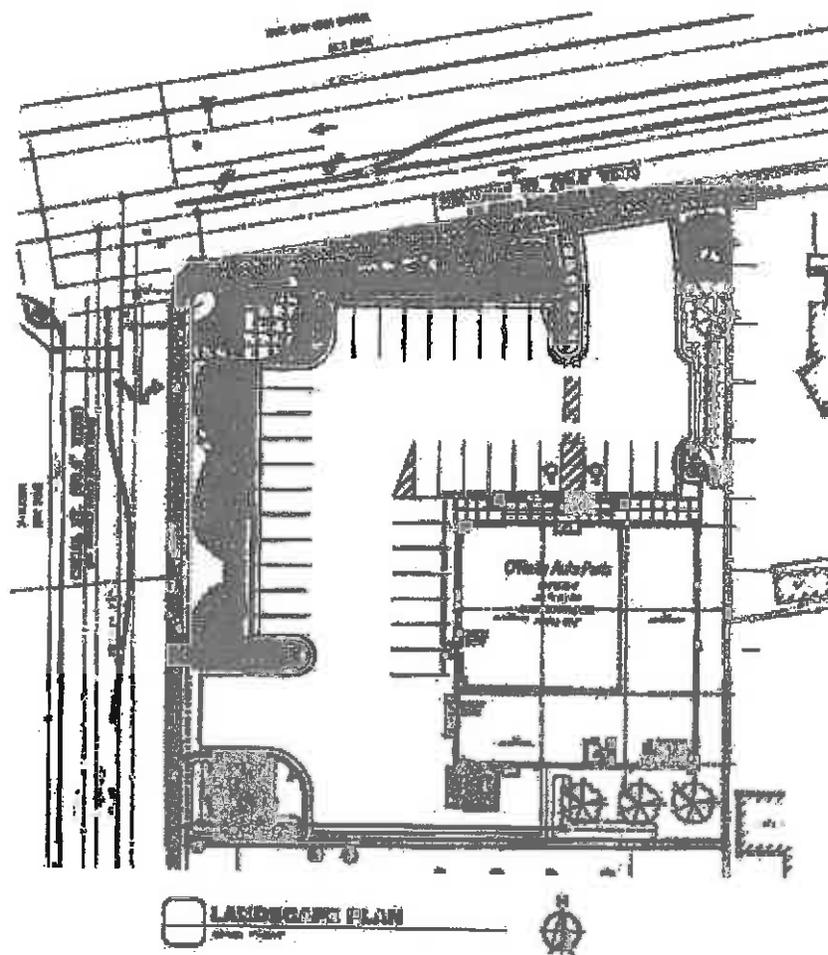
**Kiosk Isometric Sketch proposal. Kiosk would provide City wayfinding signs and City Information**



**Proposed Brick for O'Reilly Building and for base of Kloak**



**Proposed Site Plan for Informational Kloak**



**Proposed Landscaping for O'Reilly store site**

**LANDSCAPE LEGEND**

- 
 OLEA EUROPAEANA HILL  
 BRASS HILL CLUMP  
 3" DEPTH (021-102)
  - 
 MAGNOLIA GRANDIFLORA  
 MAGNOLIA  
 3" DEPTH (021-102)
  - 
 BOISE 34-CHOCINA  
 JAPANESE WOOD  
 3 GALLON (021-102)
  - 
 DIETES BICOLOR  
 FORTNIGHT LILT  
 1 GALLON (021-102)
  - 
 HANDBA DOMESTICA  
 HEAVENLY BAMBOO  
 3 GALLON (021-102)
  - 
 LANTANA MONTEVIDEISE  
 GOLD ANCHOR  
 1 GALLON (021-102)
- 3" DEPTH OF  
 BRUSSED 1/4" ON  
 PROVIDE SAMPLE TO  
 OWNER'S APPROVAL

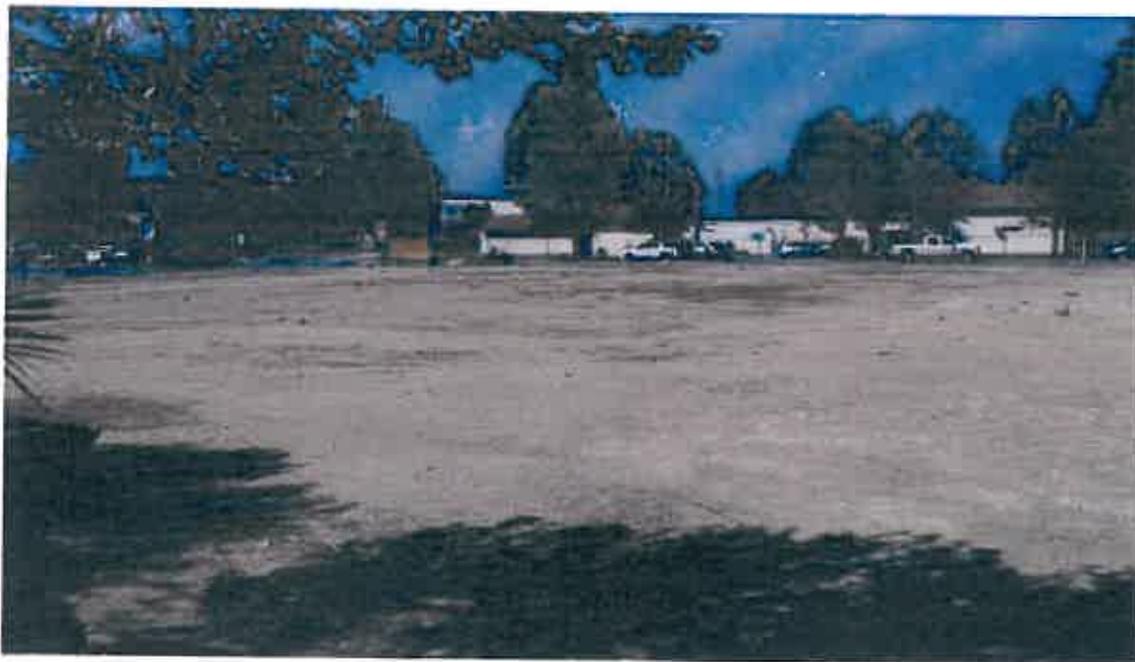
**Proposed Plants for O'Reilly store**

## **II. DETERMINATION OF MITIGATED NEGATIVE DECLARATION**

This proposed Draft Mitigated Negative Declaration is included to give notice to interested agencies and the public that it is the City of King's intent to adopt a Mitigated Negative Declaration for this project. This Mitigated Negative Declaration is subject to change based on comments received by interested agencies and the public.

The City of King prepared the Initial Study and Mitigated Negative Declaration for this project and pending public review, expects to determine from this study that the project, if developed and operated consistent with the mitigation measures specified in this document, would not have a significant effect on the environment for the following reasons:

- The proposed project would have no effect on: growth, farmland/timberland, the community, cultural resources, geology/soils/seismic/topography, hazardous waste or materials, air quality, noise or vibration, Land Use, Parks and Recreational Facilities, Utilities/ Emergency Services, Traffic and Transportation, Visual/Aesthetics, Hydrology and Floodplain, Water and Storm Water Runoff, Animal Species, Invasive Species, Construction Impacts, or Climate Change, or historical/archaeological/paleontological resources, natural communities, and threatened and endangered species because the following mitigation measures would reduce potential effects to insignificance.



**O'Reilly site looking towards Broadway Street and Canal Street. High School is in background.**



**O'Reilly site viewed from near corner of Broadway Street and Canal Street.**



**Existing apartment building located on corner of Canal Street and Bassett Street**



**View of the rear of the existing apartment building. A solid six (6') foot tall wall fence will be constructed along the left edge of this photo and this area will become the rear yard of the apartments. The space, including the existing trees as well as the landscaping proposed by O'Reilly will help buffer the apartments from the noise and activities at the commercial site. The rear yard area of 20.7 feet will also provide the property owner of the apartments an opportunity to provide forty (40) percent outdoor landscaped space for the tenants per Municipal Code §17.18.070.**

**a) III. ENVIRONMENTAL SETTING**

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" or is "Potentially Significant Unless Mitigated," as indicated by the Environmental Checklist:

	1. Aesthetics		9. Land Use/Planning
	2. Agricultural Resources		10. Noise
X	3. Air Quality		11. Population/Housing
	4. Biological Resources		12. Public Services
X	5. Cultural Resources		13. Recreation
	6. Geology/Soils	X	14. Transportation/Circulation
	7. Hazards/Hazardous Materials		15. Utility/Service Systems
X	8. Hydrology/Water Quality		16. Mandatory Findings of Significance

**Environmental Setting:** The site is located in the industrial area and adjacent to the airport in the northeastern part of the City.

Surrounding Land Use			
North:	High School	East:	Restaurant and residential at rear
South:	Residential and church	West:	Commercial and offices

**Environmental Setting:**

The City of King is located in the center of Salinas Valley along the US Highway 101 freeway approximately in the center of Monterey County. The Salinas Valley is one of the most productive agricultural valleys in the world, producing many of the fruits and vegetables consumed throughout the United States. The Highway 101 corridor connects the San Francisco Bay Area and the Central Coast.

The City is approximately fifty (50) miles south of the City of Salinas, 145 miles south of San Francisco, 105 miles south of San Jose, and fifty (50) miles north of Paso Robles. The City of King is a relatively small agriculture-based community located south of the small towns of Greenfield, Soledad, and Gonzales, other agricultural communities in the Salinas Valley.

The topography of the City and surrounding valley is flat alluvial plane between mountain ranges to the east and west of the City. San Lorenzo Creek and Salinas River floodplains are a potential hazard, bordering the southwestern portion of the City and traversing the City in a northeasterly direction to intersect the Salinas River. The City is located near the edge of the Pacific and Continental Plates and is within an area known to have frequent seismic movement.

The proposed project site is bounded on the south by an existing apartment building, to the north by the King City High School, to the east by an existing restaurant and to the west by existing commercial and office uses.

Years ago, the site was occupied by a travel court of trailers and other transit uses. The site proposed for the auto parts store is now vacant.

#### IV. ENVIRONMENTAL CHECKLIST AND IMPACT REVIEW

The following checklist indicates the potential level of impact and is abbreviated as follows:

- Known Significant: Known significant environmental impacts.
- Unknown Potentially Significant: Unknown potentially significant impacts, which need further review to determine significance level.
- Potentially Significant and Mitigable: Potentially significant impacts which can be mitigated to less than significant levels.
- Not Significant: Impacts which are not considered significant.
- Impact Reviewed in Previous Document: Adequate previous analysis exists regarding the issue; further analysis is not required due to tiering process (Section 21094 of CEQA and Section 15162 of the State CEQA Guidelines). Discussion should include reference to the previous documents and identification of mitigation measures incorporated from those previous documents. Where applicable, this box should be checked in addition to one indicating significance of the potential environmental impact.

1.	AESTHETICS:	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Have a substantial adverse effect on a scenic vista?				(b)	X
b.	Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within view of a state scenic highway?				X	
c.	Substantially degrade the existing visual character or quality of the site and its surroundings?				X	
d.	Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?				X (e)	

#### Impact Discussion:

The project is located in the West Broadway Master Plan area. While buildings are intended to be located next to Broadway Street, the applicant has requested a greater setback for their building because the use caters primarily to persons with vehicles and not walk-in customers. In order to meet the West Broadway Master Plan goals of buildings next to Broadway Street, the applicant proposes a public kiosk structure near the corner. This structure will serve as both a wayfinding sign as well as a location for a regional map of attractions and history and information useful for tourists and visitors. The structure would be constructed by the applicant and maintained by the City. Landscaping and paved areas near the kiosk would be maintained by the applicant and future owners of the new retail building.

The project will not have a significant impact on aesthetics.

2.	AGRICULTURAL RESOURCES:	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	<p>In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland.</p> <p>Would the project:</p>					
a.	Convert prime farmland, unique farmland, or farmland of statewide importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				(d) X	
b.	Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X	
c.	Involve other changes in the existing environment, which, due to their location or nature could result in conversion of farmland, to non-agricultural use?				X	

**Impact Discussion:**

The site is a commercial area that has had a history of numerous commercial and traveler services. There are no nearby agricultural uses. The use does not impact agricultural resources.

3.	AIR QUALITY	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Conflict with or obstruct implementation of the applicable air quality plan?				(e) X	
b.	Exposure of sensitive receptors to substantial pollution concentrations (emissions from direct, indirect, mobile and stationary sources)?				X	
c.	Violate any air quality standard or contribute substantially to an existing or projected air quality violation?				X	
d.	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative thresholds for ozone precursors)?				X	
e.	Create objectionable smoke, ash, dust or odors affecting a substantial number of people?				(i)	

**Impact Discussion:**

The proposal for a commercial use with parking will require limited grading and the potential for dust may occur if measures are not implemented during grading and construction. The owner and/or contractor will be responsible for implementing measures to ensure that no dust or hazardous materials are released.

**Mitigation Measure No. 3.a and 3.c:** A plan shall be prepared by the project engineer or Certified Professional Erosion Control Specialist (for dust, chemical pollution and erosion control) to ensure these measures are implemented. Where appropriate, said dust protection plan may be part of a project erosion and sediment control plan. All new projects must comply with all Federal, State, Regional, and local air quality standards. State law requires any facility that has the potential to emit air contaminants to apply for a permit from Monterey Bay Unified Air Pollution Control District ("MBUAPCD"). Additionally, if development within the Project includes other sources that are exempt from MBUAPCD permit authority (e.g., indirect sources, fugitive area sources), all direct and indirect emissions should be compared to the appropriate threshold(s) of significance. When net

emissions from a new or modified facility exceed State thresholds, the increase shall be offset. New businesses and/or tenants of the facility shall consult directly with the MBUAPCD for permitting requirements and compliance with air quality standards.

4.	BIOLOGICAL RESOURCES	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California department of Fish and Game or U.S. Fish and Wildlife Service?				(f) X	
b.	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of fish and Game or U.S. Fish and Wildlife service?				X	
c.	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc) through direct removal, filling, hydrological interruption, or other means?				X	
d.	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X	
e.	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X	
f.	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan?				X	

**Impact Discussion:**

The site is located in an existing fully developed area and no significant biological resources exist on the vacant lot. No biological resource impacts are likely to occur from the development of this project.

5.	CULTURAL RESOURCES	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Cause a substantial adverse change in the significance of a historical resource as defined in CEQA Guidelines Section 15064.5?				X	
b.	Cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines Section 15064.5?				X	
c.	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X	
d.	Disturb any human remains, including those interred outside of formal cemeteries?				X	

**Impact Discussion:**

There are no known cultural, archaeological, paleontological or historical resources on the site. However, there is a small potential for possible resources below the surface. The following mitigation measure will be included as a project condition to ensure that impacts do not occur.

The project will be so conditioned:

**Mitigation Measure No. 5.a, 5.b, 5.c, 5.d: Cultural Resources:** In the event of an accidental discovery or recognition of any human remains, archaeological resources, paleontological resources or historical resources on the project site, if said resources are found during excavation or construction, work will be halted at a minimum of 30 feet from the find and the area will be staked off. There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie cultural resources, paleontological resources, historical resources or, in the case of adjacent human remains until the coroner of Monterey County is contacted to determine that no investigation of the cause of death is required. If the coroner determines the remains to be Native American the coroner shall contact the Native American Heritage Commission within twenty-four (24) hours. A qualified professional (to be hired by the applicant and accepted by the City) in cultural resources, paleontological resources or historical resources shall evaluate the resources discovered at the site and provide recommendations for disposition of those resources. In the case of human remains, the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendent ("MLD") from the deceased Native American. The MLD may then make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and associated grave goods as provided in Public Resources Code Section 5097.98. The landowner or it's authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further disturbance if: a) the Native American Heritage Commission is unable to identify a MLD or the MLD failed to make a recommendation within 24 hours after being notified by the commission; b) the descendent identified fails to make a recommendation; or c) the landowner or it's authorized representative rejects the recommendation of the descendent, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner."

From the California Office of Historic Preservation, Technical Assistance Series #1, California Environmental Quality Act ("CEQA") and Historical Resources:

a. To the extent that unique archaeological resources are not preserved in place or not left in an undisturbed state, mitigation measures shall be required as provided in this subdivision. The project applicant shall provide a guarantee to the lead agency to pay one half the estimated cost of mitigating the significant effects of the project on unique archaeological resources. In determining payment, the lead agency shall give due consideration to the in-kind value of project design or expenditures that are intended to permit any or all archaeological resources or California Native American culturally significant sites to be preserved in place or left in an undisturbed state. When a final decision is made to carry out or approve the project, the lead agency shall, if necessary, reduce the specified mitigation measures to those which can be funded with the money guaranteed by the project applicant plus the money voluntarily guaranteed by any other person or persons for those mitigation purposes. In order to allow time for interested persons to provide the funding guarantee referred to in this subdivision, a final decision to carry out or approve a project shall not occur sooner than sixty (60) days after completion of the recommended special environmental impact report required by this section.

b. Excavation as mitigation shall be restricted to those parts of the unique archaeological resource that would be damaged or destroyed by the project. Excavation as mitigation shall not be required for a unique archaeological resource if the lead agency determines that testing or studies already completed have adequately recovered the scientifically consequential information from and about the resource, if this determination is documented in the environmental impact report.

6.	GEOLOGY /SOILS  Would the project:	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant or Not Applicable	Impact Reviewed in Previous Document
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a.	Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				X	
i)	Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist or based on other substantial evidence of a known fault? (Refer to Division of Mines and Geology Publication 42)				X	
ii)	Strong seismic ground shaking?				X	
iii)	Seismic-related ground failure, including liquefaction?				X	
iv)	Landslides?				X	
b.	Result in substantial erosion or the loss of topsoil?				X	
c.	Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				X	
d.	Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?				X	
e.	Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?				X	

**Impact Discussion:**

The valley is generally described as having quaternary deposits according to the State of California Department of Conservation "Geologic Map of California." Quaternary means "belonging to the geologic time, system of rocks, or sedimentary deposits of the second period of the Cenozoic Era, from the end of the Tertiary Period through the present, characterized by the appearance and development of humans and including the Pleistocene and Holocene epochs." (Source: Free Dictionary website). The Salinas Valley is made up of primarily alluvial soils deposited over time by the periodic flooding processes of the Salinas River and its tributaries. In this sense, flooding is normal and beneficial process in which soils are built up in valley floors.

The City of King is located in the Salinas Valley between the Santa Lucia and Gabilan mountain ranges which is a broad basin filled with several thousand feet of sediment. The City is within close proximity to numerous fault lines, the most prominent being the San Andreas east of the City and the Rinconada to the west. According to the AMBAG 2035 MTP/SCS and RTPs for Monterey, San Benito, and Santa Cruz EIR, Section 4.7 Geology and Soils Section, Monterey County "is susceptible to high levels of groundshaking due to the numerous active faults which pass through or border the area. The portions of Monterey County with the highest susceptibility to ground-shaking are the lower Salinas Valley (northward from the City of Gonzales), the peninsular area from Carmel to the Santa Cruz County line, and in the southeast around Parkfield." According to the EarthquakeTrack.com, within the past year there have been 754 earthquakes of magnitude 1.5 or larger in the region near the City of King, with 63 earthquakes within the past month (at the time of the preparation of this Initial Study). Most of those earthquakes have occurred east of Gonzalez, Soledad, Greenfield and City of King in clusters along the San Andreas Fault which parallels the Salinas Valley.

Future major earthquakes in or near the City of King appear likely. The proposed structure will need to be designed to meet the seismic forces that could affect the structure from the potential groundshaking hazard.

**Mitigation Measure No. 6.a:** Prior to construction, a soils report will be required and the structure will be designed to meet the requirements specified in that report. The architect or structural engineer shall verify that the structure will meet all seismic requirements.

7. HAZARDS/HAZARDOUS MATERIALS		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			X	(g)	
b.	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			X		
c.	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				X	
d.	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 85962.5 and, as a result, would create a significant hazard to the public or the environment?				X	
e.	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X	
f.	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X (h)	

**Impact Discussion:**

There are no known hazardous materials on this site.

8. HYDROLOGY/WATER QUALITY		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Violate any water quality standards or waste discharge requirements?				(i) X	
b.	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				X	
c.	Substantially alter the existing drainage pattern on the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on or off-site?				X	
d.	Substantially alter the existing drainage pattern on the site or area, including through the alteration of the course of a stream or substantially increase the rate or amount of surface runoff in a manner, which would result in flooding on- or off-site?				X	
e.	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff or fail to meet the new CCRWQCB standards for stormwater control?				X	
f.	Otherwise substantially degrade water quality?				X	

g.	Place housing within a 100-year flood hazard area as mapped on a federal flood hazard boundary or flood insurance rate map or other flood hazard delineation map?				X	
h.	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X	
i.	Inundation by seiche, tsunami, or mudflow?				X	

**Impact Discussion:**

The project will not create any significant environmental impacts on water supply or water quality.

Cal Water Service Company has provided water utility services in the City of King since 1962. In servicing the City, Cal Water utilizes six wells, three storage tanks, four booster pumps, and over twenty-nine (29) miles of pipeline delivering 2.4 million gallons of Salinas Valley groundwater per day to more than 2,500 service connections within the City area.

The City of King obtains its water from the Salinas Valley groundwater basin. According to the "Greater Monterey County Integrated Regional Water Management, the Salinas groundwater basin is "located entirely within Monterey County and consists of one large hydrologic unit comprised of five subareas: Upper Valley, Arroyo Seco, Forebay, Pressure, and East Side. Total groundwater pumping from these subareas in 2007 was as follows: Upper Valley 137,017 AF, Arroyo Seco and Forebay 158,775 AF, Pressure 125,620 AF, and East Side 104,183 AF, with agricultural pumping accounting for 90% of that total and urban uses accounting for the remaining 10%. These subareas have different hydrogeologic and recharge characteristics, though they are not separated by barriers to horizontal flow and water can move between them." Groundwater pumping for urban uses in the City of King was 3,847 acre feet in 1999, approximately 9.3 percent of the total pumping in the area. (Source: Salinas Valley Water Management Group, Integrated Regional Water Management Plan, May 2006).

According to the U.S. Geological Survey and the California State Water Resources Control Board "Groundwater Quality in the Monterey Bay and Salinas Valley Groundwater Basins, California" written by Justin T. Kulongoski and Kenneth Belitz:

*"The Salinas Valley is a large intermontane valley that extends southeastward from Monterey Bay to Paso Robles. It has been filled, up to a thickness of 2,000 feet, with Tertiary and Quaternary marine and terrestrial sediments that overlie granitic basement. The Miocene-age Monterey Formation and Pliocene- to Pleistocene-age Paso Robles Formation, and Pleistocene to Holocene-age alluvium contain freshwater used for supply. The primary aquifers in the study unit are defined as those parts of the aquifers corresponding to the perforated intervals of wells listed in the California Department of Public Health database. Public-supply wells are typically drilled to depths of 200 to 650 feet, consist of solid casing from the land surface to depths of about 175 to 500 feet, and are perforated below the solid casing. Water quality in the primary aquifers may differ from that in the shallower and deeper parts of the aquifer system. Groundwater movement is generally from the southern part of the Salinas Valley north towards the Monterey Bay.*

*Land use in the study unit is about 44 percent (%) natural (mostly grassland and forests), 43% agricultural, and 13% urban. The primary agricultural uses are row crops, pasture, hay, and vineyards. The largest urban areas are the cities of Santa Cruz, Watsonville, Monterey, Salinas, King City, and Paso Robles."*

Recharge to the groundwater system is primarily from stream-channel infiltration from the major rivers and their tributaries, and from infiltration of water from precipitation and irrigation. The primary sources of discharge are water pumped for irrigation and municipal supply, evaporation, and discharge to streams."

**Mitigation Measure No. 8.a:** The City Engineer shall review each project, unless exempted by the Regional Water Quality Control Board ("RWQCB"), to assure compliance with these requirements, including the "POST-CONSTRUCTION STORMWATER MANAGEMENT REQUIREMENTS FOR DEVELOPMENT PROJECTS IN THE CENTRAL COAST REGION." These RWQCB standards include BMPs for erosion and sediment control during project construction and after completion of the project. LID measures include, but are not limited to: 1) limiting disturbance of creeks and natural drainage features,

minimizing compaction of highly permeable soils, limiting removal of native vegetation at the site to the minimum area needed to build the project, limiting impermeable surfaces, including buildings and paving, and the use of innovative design layout that further increases permeable surfaces and landscaping.

Development shall minimize stormwater runoff by implementing one or more of the following site design measures identified by the RWQCB:

- (1) Direct roof runoff into cisterns or rain barrels for reuse
- (2) Direct roof runoff onto vegetated areas safely away from building foundations and footings, consistent with California building code
- (3) Direct runoff from sidewalks, walkways, and/or patios onto vegetated areas safely away from building foundations and footings, consistent with California building code
- (4) Direct runoff from driveways and/or uncovered parking lots onto vegetated areas safely away from building foundations and footings, consistent with California building code
- (5) Construct bike lanes, driveways, uncovered parking lots, sidewalks, walkways, and patios with permeable surfaces
- (6) The directing of runoff to bioretention basins,
- (7) Other similar measures as determined by the City Engineer.

9.	LAND USE AND PLANNING	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
	Would the project:					
a.	Physically divide an established community?				(i)	X
b.	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X	
c.	Conflict with any applicable habitat conservation plan or natural community conservation plan?				(k)	

**Impact Discussion:**

The project is consistent (including conditions which will be applied to the permit) with all zoning and general plan standards. No significant impacts will result from the project. The proposed rezoning is consistent with the General Plan Land Use Element.

10.	NOISE	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
	Would the project:					
a.	Expose people to, or generate, noise levels exceeding established standards in the local general plan, coastal plan, noise ordinance or other applicable standards of other agencies?				(l)	X
b.	Expose persons to or generate excessive groundborne vibration or groundborne noise levels?				X	
c.	Cause a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				X	
d.	Cause a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?				X	

**Impact Discussion:**

The project will not result in any significant noise or subject employees at the site to any unacceptable noise levels nor will it create significant noise impacting nearby residential uses. The proposed walls will help to reduce noise impacts on neighboring residential occupants.

11. POPULATION AND HOUSING		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
Would the project:						
a.	Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				(m) <input checked="" type="checkbox"/>	
b.	Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X	
c.	Induce substantial growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (e.g. through extension of roads or other infrastructure)?				X	

**Impact Discussion:**

The project will not significantly affect housing or result in any displacement of City residents.

12. PUBLIC SERVICES		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
Would the project result in a substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:						
a.	Fire protection?			(n) <input checked="" type="checkbox"/>	(o) <input checked="" type="checkbox"/>	
b.	Police protection?				X	
c.	Schools?				(p) <input checked="" type="checkbox"/>	
d.	Parks or other recreational facilities?				X	
e.	Other governmental services?				X	

**Impact Discussion:**

The project will not change existing conditions for services at the site.

13. RECREATION		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
Would the project:						
a.	Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				(q) <input checked="" type="checkbox"/>	
b.	Include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?				X	

**Impact Discussion:**

The project will not impact recreational services within the City of King.

14. TRANSPORTATION/CIRCULATION		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
Would the project:						
a.	Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e. result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?				X (r)	
b.	Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				X	
c.	Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X	
d.	Substantially increase hazards due to a design feature (e.g. limited sight visibility, sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?				X	
e.	Result in inadequate emergency access?				X	
f.	Result in inadequate parking capacity?				X	
g.	Conflicts with adopted policies supporting alternative transportation (e.g. bus turnouts, bicycle racks)?				X	

**Impact Discussion:**

The project will be required to meet all access and parking requirements of the City. The City Engineer is requiring an additional widening of Broadway Street and a dedication of two feet of additional right-of-way width to meet the standards of the City for Broadway Street. Also, the applicant is required to modify the curb-returns at the intersection of Broadway Street and Canal Street.

15. UTILITIES & SERVICE SYSTEMS		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed In Previous Document
Would the project:						
a.	Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				(s) X	
b.	Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X	
c.	Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X	
d.	Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				X	
e.	Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X	

f.	Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				X	
g.	Comply with federal, state, and local statutes and regulations related to solid waste?				X	

**Impact Discussion:**

As described above, the site will have to meet all Central Coast RWQCB stormwater requirements for runoff.

Adequate facilities are available to serve the proposed uses and building and the project will comply with all federal, state and local regulations.

The sewage for the site will be converted from on-site septic system to a connection with the public sewage system. Said improvements will be subject to the review and approval of the City prior to issuance of the building permit.

**Mitigation Measure No. 15.a:** The applicant shall be required to meet all measures for stormwater pollution control, waste management, and provide public utility connections that comply with the City and other service providers.

**V. INFORMATION SOURCES:**

**A. County/City/Federal Departments Consulted:**

- County Airport Land Use Committee ("ALUC")
- Waste Management Service
- Monterey County Environmental Health Bureau
- CCRWQCB Monterey County Planning

**B. General Plan**

- |   |   |
|---|---|
| <u>  </u> (t) Land Use Element          | <u>  </u> X Conservation Element        |
| <u>  </u> X Circulation Element         | <u>  </u> X Noise Element               |
| <u>  </u> Seismic Safety/Safety Element | <u>  </u> X Local Coastal Plan and Maps |
| <u>  </u> X Zoning Ordinance            | <u>  </u> X Housing Element             |

**C. Other Sources of Information**

- |   |  |
|---|--|
| <u>  </u> X Field work/Site Visit               | <u>  </u> NA Ag. Preserve Maps                         |
| <u>  </u> X Calculations                        | <u>  </u> X Flood Control Maps                         |
| <u>  </u> X Project Plans                       | <u>  </u> X Other studies, reports                     |
| <u>  </u> X Traffic Study                       | <u>  </u> X Zoning Maps                                |
| <u>  </u> X Records                             | <u>  </u> X Soils Maps/Reports                         |
| <u>  </u> X Grading Plans                       | <u>  </u> X Plant maps                                 |
| <u>  </u> X Elevations/architectural renderings | <u>  </u> X Archaeological maps and reports            |
| <u>  </u> X Published geological maps           | <u>  </u> X (Others) Groundwater studies, well records |
| <u>  </u> X Topographic maps                    |  |

**VI. MANDATORY FINDINGS OF SIGNIFICANCE ( Cal. Pub. Res. Code §15065)**

A project may have a significant effect on the environment and thereby require a focused or full environmental impact report to be prepared for the project where any of the following conditions occur (CEQA §15065):

	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
<b>Potential to degrade:</b> Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				(u)	
<b>Cumulative:</b> Does the project have impacts that are individually limited but cumulatively considerable? (Cumulatively considerable means that incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?				X	
<b>Substantial adverse:</b> Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?				X	

- a. The proposed project does not have the potential to substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of an endangered, rare, or threatened species. It is possible during grading and construction activities that unknown cultural resources may be unearthed, which may result in a potentially significant impact. Implementation of the mitigation measures for Cultural Resources would ensure the proposed project would not eliminate important examples of the major periods of California history or prehistory.
- b. During construction related activities, the proposed project would have the potential to generate storm-related runoff pollutants. The project will be required to prepare a plan that addresses all potential pollutants, including but not limited to soil erosion and sediment, and that plan shall be followed during grading and construction as well as maintained for the entire term of the use of the property. Other measures to address the protection against all subsurface and surface pollution shall be implemented during construction and for the full duration of the use of the property.
- c. The proposed project would result in construction dust and equipment exhaust emissions, and noise that could cause a substantial adverse effect on human beings. In addition, the primary uses of the site, which includes the storage, sale and distribution of chemicals related to agricultural products that are the business of the land owner. These impacts can be mitigated to a less than significant level with implementation of the mitigation measures contained in this initial study/mitigated negative declaration.

**VII. INITIAL STUDY DETERMINATION**

On the basis of the Initial Study evaluation:

I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A **MITIGATED NEGATIVE DECLARATION** will be prepared

I find that the proposed project **MAY** have limited and specific significant effect on the environment, and a **FOCUSED ENVIRONMENTAL IMPACT REPORT** is required.

I find that the proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.

**Initial Study Determination With Public Hearing**

**Initial Study Determination Without Public Hearing**

**Previous Document:**

\_\_\_\_\_

**Initial Study Project Evaluator:**

Donald J. Funk CPESC, QSD/QSP  
\_\_\_\_\_

\_\_\_\_\_  
**Signature**

November 10, 2015  
**Initial Study Date**

**Printed Name**

\_\_\_\_\_  
**City of King**  
**Lead Agency**

### **VIII. MITIGATION MONITORING AND REPORTING PROGRAM (MMRP), MITIGATION MEASURES OF THE MITIGATED NEGATIVE DECLARATION**

Following are the mitigation measures that, if implemented, will reduce the potential impacts of the project to less than significant. Where it is indicated that the "applicant" is responsible, said responsibility, if the property or building is sold, shall continue to be with the current and future landowners.

**Mitigation Measure No. 3.a and 3.c:** A plan shall be prepared by the project engineer or Certified Professional Erosion Control Specialist (for dust, chemical pollution and erosion control) to ensure these measures are implemented. Where appropriate, said dust protection plan may be part of a project erosion and sediment control plan. All new projects must comply with all Federal, State, Regional, and local air quality standards. State law requires any facility that has the potential to emit air contaminants to apply for a permit from Monterey Bay Unified Air Pollution Control District ("**MBUAPCD**"). Additionally, if development within the Project includes other sources that are exempt from MBUAPCD permit authority (e.g., indirect sources, fugitive area sources), all direct and indirect emissions should be compared to the appropriate threshold(s) of significance. When net emissions from a new or modified facility exceed State thresholds, the increase shall be offset. New businesses and/or tenants of the facility shall consult directly with the MBUAPCD for permitting requirements and compliance with air quality standards.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Plan submitted prior to issuance of building permits. Measures to be implemented during entire grading, construction and after completion of project.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 5.a, 5.b, 5.c, 5.d: Cultural Resources:** In the event of an accidental discovery or recognition of any human remains, archaeological resources, paleontological resources or historical resources on the project site, if said resources are found during excavation or construction, work will be halted at a minimum of 30 feet from the find and the area will be staked off. There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie cultural resources, paleontological resources, historical resources or, in the case of adjacent human remains until the coroner of Monterey County is contacted to determine that no investigation of the cause of death is required. If the coroner determines the remains to be Native American the coroner shall contact the Native American Heritage Commission within twenty-four (24) hours. A qualified professional (to be hired by the applicant and accepted by the City) in cultural resources, paleontological resources or historical resources shall evaluate the resources discovered at the site and provide recommendations for disposition of those resources. In the case of human remains, the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendent ("**MLD**") from the deceased Native American. The MLD may then make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and associated grave goods as provided in Public Resources Code Section 5097.98. The landowner or it's authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further disturbance if: a) the Native American Heritage Commission is unable to identify a MLD or the MLD failed to make a recommendation within twenty-four (24) hours after being notified by the commission; b) the descendent identified fails to make a recommendation; or c) the landowner or it's authorized representative rejects the recommendation of the descendent, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner."

From the California Office of Historic Preservation, Technical Assistance Series #1, California Environmental Quality Act ("**CEQA**") and Historical Resources:

- a. To the extent that unique archaeological resources are not preserved in place or not left in an undisturbed state, mitigation measures shall be required as provided in this subdivision. The project applicant shall provide a guarantee to the lead agency to pay one half the estimated cost of mitigating the significant effects of the project on unique archaeological resources. In determining payment, the lead agency shall give due consideration to the in-kind value of project design or expenditures that are intended to permit any or all archaeological resources or California Native American culturally

significant sites to be preserved in place or left in an undisturbed state. When a final decision is made to carry out or approve the project, the lead agency shall, if necessary, reduce the specified mitigation measures to those which can be funded with the money guaranteed by the project applicant plus the money voluntarily guaranteed by any other person or persons for those mitigation purposes. In order to allow time for interested persons to provide the funding guarantee referred to in this subdivision, a final decision to carry out or approve a project shall not occur sooner than 60 days after completion of the recommended special environmental impact report required by this section.

b. Excavation as mitigation shall be restricted to those parts of the unique archaeological resource that would be damaged or destroyed by the project. Excavation as mitigation shall not be required for a unique archaeological resource if the lead agency determines that testing or studies already completed have adequately recovered the scientifically consequential information from and about the resource, if this determination is documented in the environmental impact report.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Evaluation required during grading and construction of project.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 6.a:** Prior to construction, a soils report will be required and the structure will be designed to meet the requirements specified in that report. The architect or structural engineer shall verify that the structure will meet all seismic requirements.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Measures to be implemented during entire grading, construction and landscaping period.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 8.a:** The City Engineer shall review each project, unless exempted by the RWQCB, to assure compliance with these requirements, including the RWQCB "POST-CONSTRUCTION STORMWATER MANAGEMENT REQUIREMENTS FOR DEVELOPMENT PROJECTS IN THE CENTRAL COAST REGION." These RWQCB standards include BMPs for erosion and sediment control during project construction and after completion of the project. LID measures include, but are not limited to: i) limiting disturbance of creeks and natural drainage features, minimizing compaction of highly permeable soils, limiting removal of native vegetation at the site to the minimum area needed to build the project, limiting impermeable surfaces, including buildings and paving, and the use of innovative design layout that further increases permeable surfaces and landscaping.

Development shall minimize stormwater runoff by implementing one or more of the following site design measures identified by the RWQCB:

- (1) Direct roof runoff into cisterns or rain barrels for reuse.
- (2) Direct roof runoff onto vegetated areas safely away from building foundations and footings, consistent with California building code.
- (3) Direct runoff from sidewalks, walkways, and/or patios onto vegetated areas safely away from building foundations and footings, consistent with California building code.
- (4) Direct runoff from driveways and/or uncovered parking lots onto vegetated areas safely away from building foundations and footings, consistent with California building code.
- (5) Construct bike lanes, driveways, uncovered parking lots, sidewalks, walkways, and patios with permeable surfaces.
- (6) The directing of runoff to bioretention basins.
- (7) Other similar measures as determined by the City Engineer.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Erosion and sediment control plans required before initiation of grading and construction. Implementation begins before grading and continues throughout project grading and construction. Final BMPs shall be implemented before completion of project and will be implemented for the life of the use of the property, buildings, landscaping and other improvements. On-Going.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 15.a:** The applicant/landowner shall be required to meet all measures for stormwater pollution control, waste management, and provide public utility connections that comply with the City and other service providers.

**Implementation Party:** Applicant

**Enforcement Agency:** County

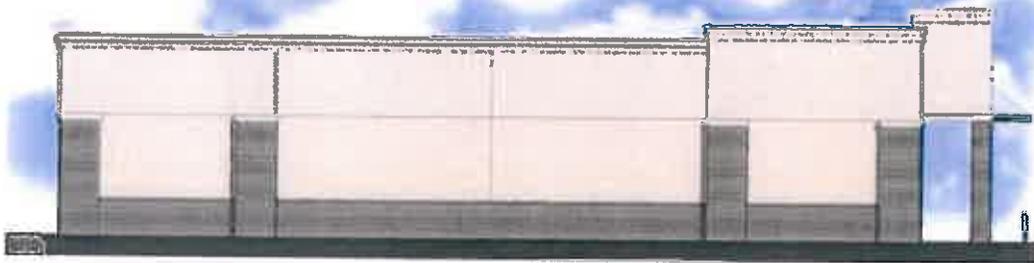
**Timing:** Erosion and sediment control plans required before initiation of grading and construction. Implementation begins before grading and continues throughout project grading and construction. Final BMPs shall be implemented before completion of project and will be implemented for the life of the use of the property, buildings, landscaping and other improvements. On-going for the life of the land use.

**Implementation Responsibility:** Cost and materials to comply with requirements of the reviewing agency are responsibility of Applicant

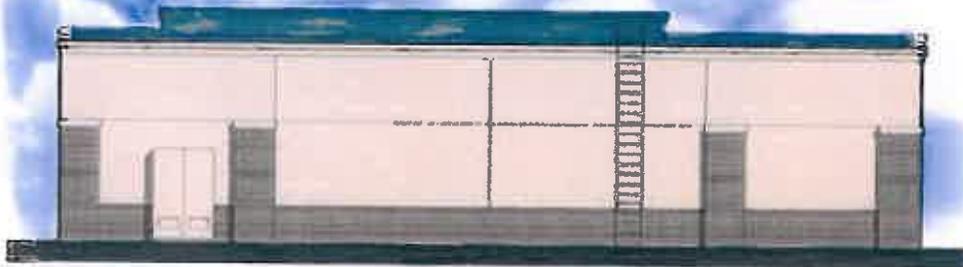
**Attachment A**  
**Project Plans**



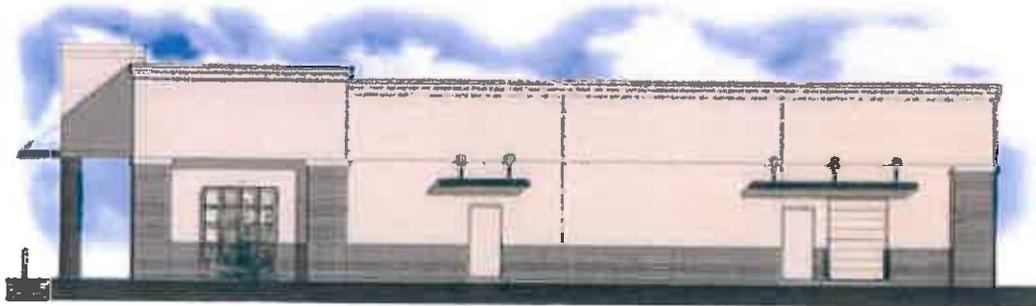
**North**



**East**

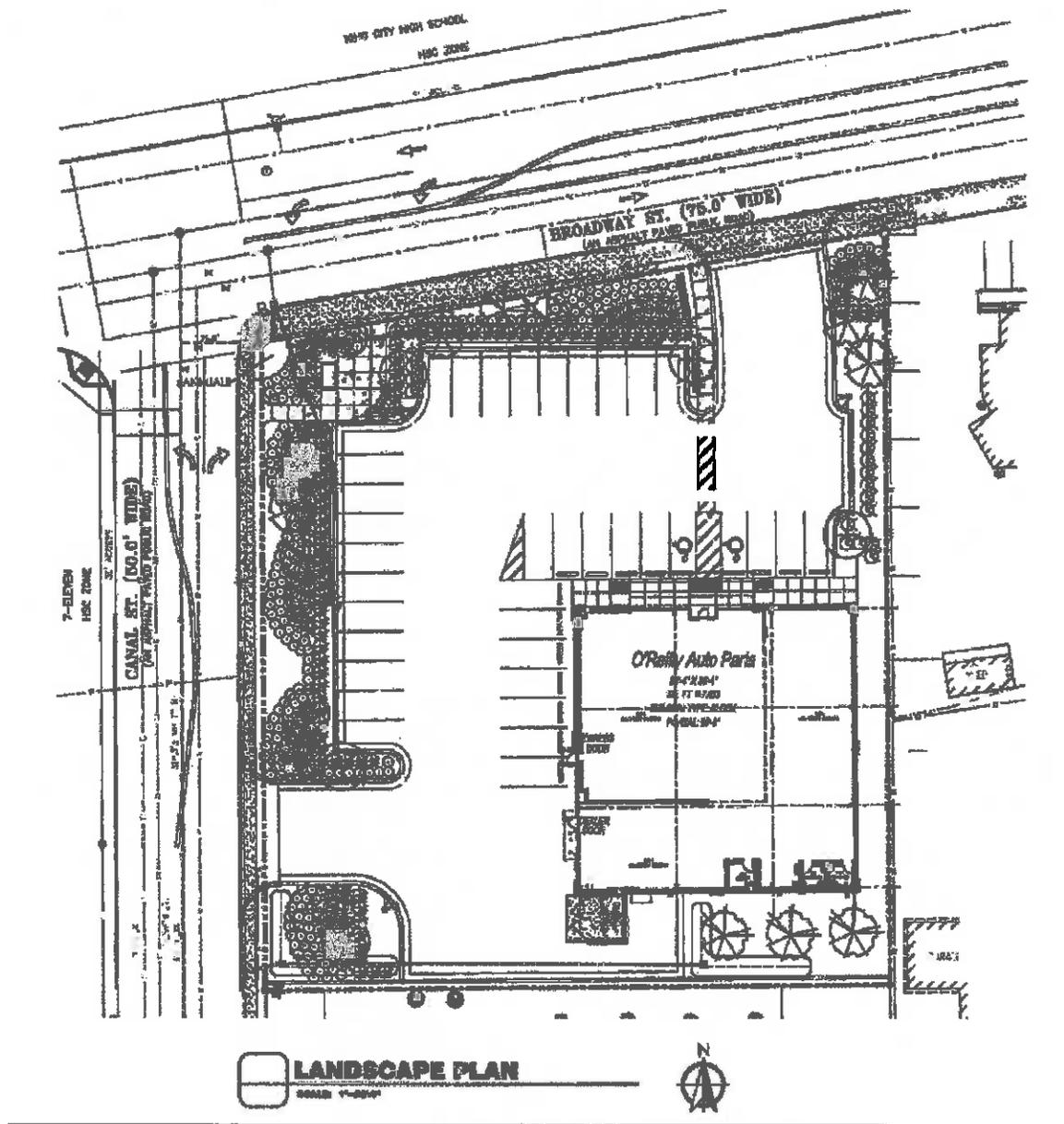


**South**



**West**

**Proposed Building Elevations**



Landscaping and Plot Plan

**Attachment B**  
**CORRESPONDENCE**

**Exhibit 6. Comment Letters, if any.**

**Exhibit 5**

**Staff Report to the Planning Commission**

CITY OF KING  
PLANNING COMMISSION  
DECEMBER 1, 2015 HEARING DATE

I. PROJECT SUMMARY

In October 2015, O'Reilly Auto Enterprises, LLC ("**Applicant**") submitted several applications to construct a new 7,453 square foot commercial retail building on a vacant portion of a site located at the southeast corner of Broadway Street and Canal Street. This part of the property was formerly a small motel demolished in 2002. The remaining portion of the property at corner of Broadway and Bassett Streets has an existing two-story apartment building proposed to remain. The applications submitted are: **Zone Change ("ZC")**, **Tentative Parcel Map ("TPM")**, **Conditional Use Permit ("CUP")**, **Architectural Review Permit ("AR")**, **Landscaping Plan ("LP")** and **Sign Permit ("SP")**. The property is located within the West Broadway Master Plan. The CUP includes a kiosk on the corner of Canal Street and Broadway Street for community use.

Following are brief descriptions of the applications to be considered by the Planning Commission on December 1, 2015.

*The Planning Commission will only consider the Zone Change and Tentative Parcel Map at the December 1, 2015 hearing. The remaining applications are scheduled for the December 15, 2015 Planning Commission meeting.*

1. **Zone Change ("ZC")**: A portion of the property needs a zone change from Multiple Family Residential and Professional Offices District ("**R-4**") to Highway Service ("**H-S**") Commercial in order to facilitate commercial development. The property is currently split zoned. The front half (fronting on Broadway Street) is zoned H-S and the rear half (fronting on Bassett Street) is zoned R-4.
2. **Tentative Parcel Map (TPM)**: There are eight (8) existing underlying lots, all of which are under one Assessor's Parcel. The Tentative Parcel Map would merge the underlying lots and create two (2) new parcels. The new parcels would follow the amended zoning area. Parcel 1 would be 0.94 acres and Parcel 2 would be 0.34 acres.

Following are brief descriptions of the applications to be considered by the Planning Commission on December 15, 2015.

1. **Conditional Use Permit ("CUP")**: The CUP provides details regarding the construction of a new 7,453 square foot commercial retail building, related parking, driveways, trash enclosure, landscape areas, public information kiosk and other improvements proposed for the 0.94 acre vacant portion of a site located at the southeast corner of Broadway Street and Canal Street.
2. **Sign Permit ("SP")**: The sign permit includes a proposed sign on the building facade and a monument sign near Broadway Street.
3. **Architectural Review Permit ("AR")** and **Landscape Permit ("LP")**: Architectural Review is required for the H-S Zone pursuant to Municipal Code §17.50.010. Pursuant to Municipal Code §17.50.017, separate landscape permits are also required with an application for a permit provided for in Municipal Code §17.50.010. Architectural review includes all buildings, parking, driveways, walkways and other improvements. The LP permit requires preparation of landscape plans for each project and show proposed planting areas, bushes, trees and irrigation systems to serve these areas as well as measures for the continual maintenance of landscaped areas.

## II. PROJECT INFORMATION

<p><b>FILE NO.:</b> Rezone Case No. P00-000-293 Conditional Use Permit/AR/LP/MND Case No.: CUP-150-290 Sign Permit Case No.: SNO-000-480 Tentative Parcel Map Case No.: P00-000-294 <b>LOCATION:</b> 743 Broadway Street <b>APN:</b> 026-051-007 <b>APPLICANT:</b> O'Reilly Auto Enterprises, LLC <b>APPLICANT/CONTACT PHONE No.:</b> 417-862-7051 <b>REPRESENTATIVE:</b> Jeff Liederman, PM Design Group, ph 949-430-7051 <b>LANDOWNER:</b> Chris Davis rep for family</p>	<p style="text-align: center;"><b>Vicinity Map</b> N↑</p>  <p><b>EXHIBITS:</b> 1. Resolution for Zone Change 2. Resolution for Tentative Parcel Map 3. Tentative Parcel Map 4. Conditions TPA Approval 5. Mitigated Negative Declaration &amp; Initial Study including Mitigation Monitoring and Reporting Program ("MMRP") 6. Comment Letters, if any.</p>
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## III. STAFF RECOMMENDATION

### A. Staff recommends that the Planning Commission:

1. **Approve** the attached Resolutions, which recommend the City Council:
  - a. **Adopt** the Mitigated Negative Declaration;
  - b. **Approve** Zone Change Case No. 150-290; and
  - c. **Approve** Tentative Parcel Map Case No. P00-000-294 with the attached findings and conditions of approval.
2. **Continue** the public hearing for the CUP, Architectural Review, Sign Permits, and Landscaping Plan to the December 15, 2015 Planning Commission meeting.

### B. If the Planning Commission does not agree that the zoning boundary should be changed, they may:

1. **Deny** the requested zoning boundary change and deny the Tentative Parcel Map. If the Commission selects this option, staff would return to the Commission at the next regularly scheduled meeting with a revised resolution containing findings for denial.

## IV. PROJECT

The applicant, O'Reilly Auto Enterprises, LLC, is requesting approval of a Conditional Use Permit ("CUP"), Architectural Review Permit ("AR"), Sign Permit, Tentative Parcel Map ("TPM"), Landscaping Permit ("LP"), and a Zone Change ("ZC") of a portion of the property from high density residential to Highway Service ("H-S") Commercial. The proposal is to divide the property into two parcels of approximately 0.94 and 0.34 acres and construct of a new 7,453 square foot commercial retail building on a vacant portion of a site located at the southeast corner of Broadway Street and Canal Street. The vacant part of the property was formerly a small motel demolished in 2002.

The property is within the West Broadway Master Plan area, which guides design principals for the area. The project address is 743 Broadway Street, King City, CA 93930. The property is currently split zoned. The front half (fronting on Broadway Street) is zoned Highway Service ("H-S") and the rear half (fronting on Basset Street) is zoned Multiple Family Residential ("MFR") and Professional Offices District ("R-4"). The General Land Use Designation for the entire property is Highway Service Commercial ("HSC"). The rear portion of the property at the corner of Broadway and Bassett Streets has an existing two-story apartment building that is proposed to remain.

The CUP requires the approval of the ZC because the rear portion of Parcel 1 is currently zoned R-4. The new zoning boundary for the H-S zone, if recommended by the Planning Commission and approved by the City Council, would be relocated to coincide with the rear of proposed Parcel 1, thus facilitating the ability of the Planning Commission to consider approval of the proposed commercial retail auto parts building on Parcel 1. The first two elements of the project necessitating approval by the Planning Commission are the Zoning Boundary Change for H-S Zone and the approval of the TPM dividing the property into two lots, Parcel 1 and Parcel 2. The CUP and Architectural Review cannot be approved until the Zoning Boundary relocation has been approved.

An Initial Study and Mitigated Negative Declaration ("MND") was prepared by Staff and circulated for public review. The decisions regarding the ZC and TPM require that the Planning Commission make a recommendation to the City Council to adopt the MND.

***(NOTE: The Planning Commission will only consider the Zone Change and Tentative Parcel Map at the December 1, 2015 hearing. The remaining applications are scheduled for the December 15, 2015 Planning Commission meeting.)***

#### V. DISCUSSION:

##### **Project Description Being Considered at the December 1, 2015 Planning Commission Hearing**

The applicant, O'Reilly Auto Enterprises, LLC, proposes to change the zoning boundary from R-4 to H-S to coincide with a proposed TPM. The TPM would divide merge eight (8) existing lots two (2) parcels. Parcel 1 would be approximately 0.94 and Parcel 2 would be approximately 0.34 acres.

***The Planning Commission will only consider recommendation of the ZC and TPM at the December 1, 2015 meeting.***

Following are description of the ZC and TPM.

##### **Zone Change**

Currently, the property has two (2) different zones (i.e., R-4 and H-S). The portion nearest Broadway Street is currently zoned H-S and the rear half, including the apartment building and a portion of the vacant part of the property, is zoned R-4. The vacant area (site of the former motel) is split between the H-S and R-4 Zones. This zoning split makes development of the rear portion of Parcel 1 for commercial use infeasible, since commercial uses are not permitted in the R-4 Zone.

Zone changes require the approval of the City Council and require the review and recommendation of the Planning Commission. The existing zoning boundary follows the old lot lines near the middle of the property. The applicant desires to move the boundary between the H-S and R-4 Zones to coincide with the new lot boundary between proposed Parcel 1 and Parcel 2. The applicant proposes to add approximately .33 acres of H-S zoning to encompass approximately 41,000 total square feet of the property. If approved, Parcel 1, at the corner of Broadway and Canal Streets would be zoned H-S and Parcel 2, the apartment building site on Bassett Street, would remain zoned R-4.

The zone change, if approved, would facilitate the development of the proposed commercial retail use on proposed Parcel 1. The apartment building located on proposed Parcel 2 would remain a legal conforming use within the R-4 Zone. Parcel 1, the area proposed for commercial use by the applicant, has a General Plan land use designation of HSC. Therefore, the requested ZC is consistent with the General Plan. The property is also designated as Mixed Commercial in the West Broadway Master Plan. The relocation of the H-S Zoning Boundary is consistent with the West Broadway Master Plan designation.

The zone change is consistent with the General Plan for the new area being proposed for H-S Zone. It is also consistent with the West Broadway Master Plan designation for Mixed Commercial uses. The zone change will facilitate development of the large vacant portion of the property.

As stated above, until the zone change is approved by the City Council, the Planning Commission cannot make the findings of fact that the retail commercial project is consistent with the zoning. Therefore, the Planning Commission's recommendation regarding relocation of the H-S Zoning District Boundary must be referred to the City Council for their approval.

**Municipal Code §17.06.050 Boundaries—Changes:** Changes in the boundaries of districts shall be made by ordinance in the manner provided in Chapter 17.66, said ordinance describing the area to be changed either by lot and block number, or by metes and bounds. After adoption of any ordinance changing any boundaries of any district, the city clerk shall mark the aforementioned map to show the number and date of the adoption of the ordinance making such change. One year after the adoption of the ordinance codified herein, and annually thereafter, the city clerk shall cause a revised zoning map to be published in a newspaper of general circulation in the city, said map to show the changes made in district boundaries affected by amending ordinances as herein provided for the year preceding said publication. Provided, however, that no publication shall be required if there have been no such changes during the preceding year.

*Staff comment: If approved and adopted by the City Council after consideration by the Planning Commission, the zoning map would be amended to reflect the new boundary of the H-S and R-4 Zones. Approval requires a first reading, second reading and 30 days prior to the effect of the proposed amendment.*

**Municipal Code §17.66.010 General procedure:** Except as otherwise provided in this chapter, any amendment to this title shall be initiated and adopted as other ordinances are amended or adopted.

*Staff comment: As described above, the change requires the approval and adoption by the City Council after consideration by the Planning Commission.*

**Municipal Code §17.66.020 Rezones—Modifications:** Any amendment to this chapter which changes any property from one district to another district, or imposes any regulation upon property not theretofore imposed, or removes or modifies any such regulation, shall be initiated and adopted as hereinafter set forth in this chapter.

*Staff comment: The Council cannot consider the change until after review and recommendation by the Planning Commission. The applicant made the ZC.*

**Municipal Code §17.66.060 Hearing—Findings review—Final decision:** After the close of the public hearing or continuations thereof, the planning commission shall make a report of its findings and its recommendation with respect to the proposed amendment. The commission report shall include a list of persons who testified at the hearing, a summary of the facts adduced at the hearing, the findings of the commission, and copies of any maps or other data and/or documentary evidence submitted in connection with the proposed amendment. Copy of such report and recommendation shall be transmitted to the city council within ninety days after the first notice of hearing thereon; provided however, that such time may be extended with the consent of the city council or the petitioner for such amendment. In the event the planning commission fails to report to the city council within the aforesaid ninety days or within the agreed extension of time, the amendment shall be deemed approved by the planning commission. The recommendations of the planning commission on proposed amendments shall be adopted by a majority vote of the voting members of the planning commission.

*Staff comment: The Planning Commission needs to conduct the public hearing and consider all testimony prior to making a decision on the proposed boundary change.*

#### Tentative Parcel Map

The Tentative Parcel Map ("TPM") will merge the existing eight (8) lots and create two (2) new lots. The division is located near the rear of the existing apartment building on Bassett Street and dividing the vacant area of the site from the apartment building. (Reference Figure 1 below.) Currently, the entire

property has one Assessor Parcel No. The Planning Commission decisions at the December 1, 2015 hearing are limited to the recommendation to the City Council of the ZC and approval of the TPM. *(The TPM can proceed even if the ZC is denied.)* This is because the CUP and AR findings require that the CUP approval is contingent on the consistency of the CUP with the zoning of the property. The rear portion of proposed Parcel 1 (the vacant area of the site) is currently zoned R-4. This part of the site is not currently zoned for a commercial retail store. While the Planning Commission can discuss the merits of the proposed CUP, AR, and LP, staff recommends these items be continued to December 1, 2015.

Conditions of approval on the TPM include:

- a. Dedication of two (2) feet of right-of-way along Broadway Street.
- b. Two (2') foot widening of Broadway Street and striping and other improvements of Broadway.
- c. New curb gutter and sidewalks along the Broadway and Canal Street frontages next to Parcel 1.
- d. Improvements of the curb returns of the intersection of Canal and Broadway Street, including handicap ramps and other improvements as to be required by the City Engineer.
- e. Street trees as required by Municipal Code §13.10.080 requiring planting or cost of one fifteen (15) gallon tree specimen for each fifty (50') feet of lot frontage, tree stakes, root barriers, and soil amendment (with possible credit for trees being proposed by the applicant).
- f. Establishment of an easement for public access to the information kiosk, including provisions for City maintenance of the kiosk and applicant's maintenance of the landscaping and irrigation system.
- g. All applicable utilities shall be placed underground, as deemed appropriate by the City Engineer.
- h. Other improvements as required by City standards and as approved by the City Engineer.

The following Municipal Code sections related to TMP approvals.

**Municipal Code §16.36.090 Tentative parcel map—Conformance determination:** The planning commission shall determine whether the tentative parcel map is in conformity with provisions of the Subdivision Map Act and this title as to design, drainage, utilities, road improvements and offers of dedication or deed. Upon the basis they shall within thirty days of receipt of the city engineer's report approve, conditionally approve or disapprove. The planning commission shall report such action in writing to the subdivider. Any such approved tentative map shall meet the requirements for a parcel map.

*Staff comment: The City Engineer has reviewed the proposed Tentative Parcel Map. Conditions are attached to this report to require his subsequent review of final design of the public improvements, including replacement of the curb, gutter and sidewalk adjacent to Parcel 1, the widening of Broadway, addition of right-of-way width of two (2') feet, improvements of handicap access at the intersection of Broadway and Canal Streets, easement for access to the proposed kiosk, drainage, pollution control measures (both during grading/construction and after completion of the proposed buildings and improvements) and other elements of the improvements.*

**Municipal Code §16.36.190 Parcel map—Requirements met:** The parcel map shall meet all requirements of a parcel map, as set out in the Subdivision Map Act and this title, and when improvements or dedications are required, shall be accompanied by a guaranty of title, any separate instruments of dedication or deeds and improvement agreement, all as set out in Chapters 16.12 and 16.16.

*Staff comment: The proposed Tentative Parcel Map provides the information necessary for consideration by the Planning Commission. Final documents applying to dedications and guaranteeing the completion of all required improvements will be reviewed and approved by the City Engineer, City Attorney and, as applicable, approved by the City Council. Said documents will also include provisions for the access and maintenance of the kiosk and landscaping in the easement area at the corner of Broadway and Canal Streets.*

**Municipal Code §16.36.210 Parcel map—Approval conditions.**

- (a) The planning commission shall determine that the map is in conformity with the requirements of the Subdivision Map Act and this title and if it is, shall approve the map. In the case the planning commission determines the map is not in conformity with the requirements, it shall disapprove the map. If the map is approved, and after seals and signatures are affixed, shall transmit any offers of dedication or agreement to the city council for approval and acceptance.
- (b) After such approval the parcel map shall be transmitted to the city engineer for filing with the county recorder. No building permit shall be issued until the parcel map is filed with the county recorder for record.

*Staff comment: The Planning Commission will review the proposal and, if desired, approve the Tentative Parcel Map based on the findings and conditions contained in this staff report.*

1. The proposed Tentative Parcel Map, together with the provisions for its design and improvement, is consistent with the City General Plan, Municipal Code §16.36 (Minor Land Divisions), West Broadway Master Plan, and appropriate for the site terrain, location and Zoning Criteria. The findings shall apply to each proposed parcel as well as the entire Tentative Parcel Map. Both Parcels 1 and 2 have adequate area and appropriate access to meet the Municipal Code Sections H-S and R-4 Zones as identified in this staff report.
2. Dedications and improvements are being provided as needed in the interest of the public health and safety, and as a prerequisite to the orderly development of the surrounding area and to require the construction of road improvements and other improvements within a specified time after recordation of the Parcel Map, where road improvements and other public improvement are required.
3. Dedications and measures for maintenance of improvements are required to ensure that public improvements meet City standards and to otherwise ensure that the project is consistent with the West Broadway Master Plan.

**Primary Issues of the ZC and TPM**

Some questions the Planning Commission may want to ask before taking action:

- Is the proposed zone boundary change appropriate? The ZC is consistent with the General Plan for the new area being proposed for H-S Zone. It is also consistent with the West Broadway Master Plan designation for Mixed Commercial uses. The ZC will facilitate development of the large vacant portion of the property. The relocation of the zoning boundary to the edge of proposed Parcel 1 will facilitate the appropriate development of Parcel 1, currently a vacant area at a key intersection of the City. The ZC will allow for uses identified in the H-S Zoning District, including retail commercial uses, motels and restaurants. These types of uses are appropriate for such a visually important location along Broadway Street and could lead to other redevelopment along Broadway Street in the future. It would be beneficial to include all of vacant Parcel 1 in one uniform zoning classification. The ZC should be considered independent upon the proposed CUP.
- Is the TPM consistent with the Zoning designations of H-S and R-4? The applicant proposes to eliminate eight (8) underlying lots and create two (2) parcels of approximately 0.9 and 0.3 acres. Municipal Code §17.26.060 for H-S commercial use lots requires a minimum lot size of 6,000 square feet and a minimum lot width of one-hundred (100') feet. The applicant proposes a lot of approximately 41,000 square feet and a lot width of 194 feet (Parcel 1). Municipal Code §17.18.060 requires a minimum lot size of 7,000 square feet for corner lots. The applicant proposes a lot size of approximately 14,700 square feet. The applicant will be required to meet City standards for public improvements.

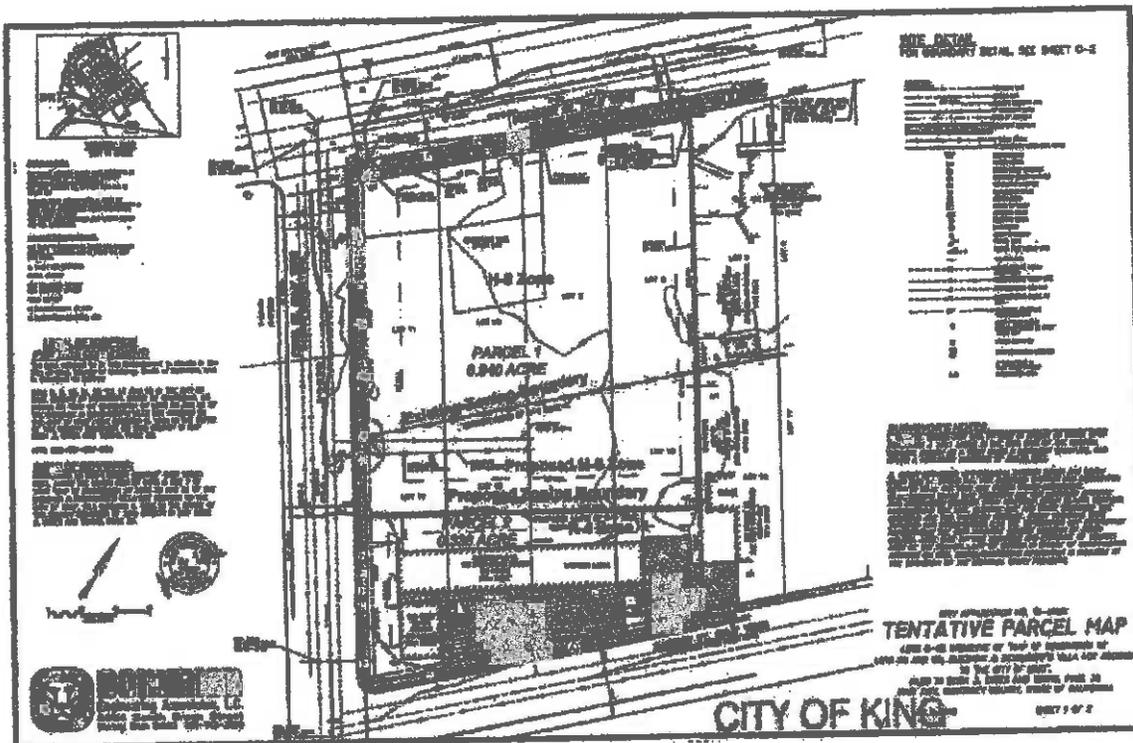
Because the ZC will not become effective until thirty (30) days after the second reading of the Ordinance by the City Council, the Planning Commission must consider approval of the TPM solely on the basis of the existing zoning designations. The proposed TPM is consistent with both

existing H-S and R-4 Zoning designations. Lot sizes are consistent with both the H-S and the R-4 Zones as described in the paragraph above. Standards for easements, public improvements and other improvements and documents required by the City Engineer will be provided by condition of approval of the Tentative Parcel Map.

- Will there be other environmental issues regarding the ZC and TMP that cannot be mitigated? Based on the draft Initial Study and Mitigated Negative Declaration, staff does not anticipate any significant environmental impacts. The mitigation measures are listed under Section VI.- Environmental Determination .

Figure 1

Proposed Tentative Parcel Map Showing Proposed ZC Boundaries



**Summary Description of the Proposed CUP, AR, LP and SP**

As mentioned in Discussion, the CUP, AR, LP and SP require a ZC. The following description is a summary of the proposal for the development of Parcel 1. As mentioned above, the CUP, AR, LP and SP should be continued to the December 15, 2015 Planning Commission agenda. If the Planning Commission approves these projects, they do not become effective until after the ZC becomes effective (i.e., thirty (30) days after City Council second reading of ordinance). The staff report on the CUP, AR, LP and SP will provide specific details of the project. However, following is a summary of the proposed commercial development for background.

**Summary of the Commercial Retail Project Proposed for Parcel 1**

The future review of the CUP and Architectural Review will include the details of the criteria required under the H-S Zone for retail commercial uses. If the City Council adopts the proposed changes to the Zoning Boundary, staff will return at a future Commission meeting with resolutions, findings and

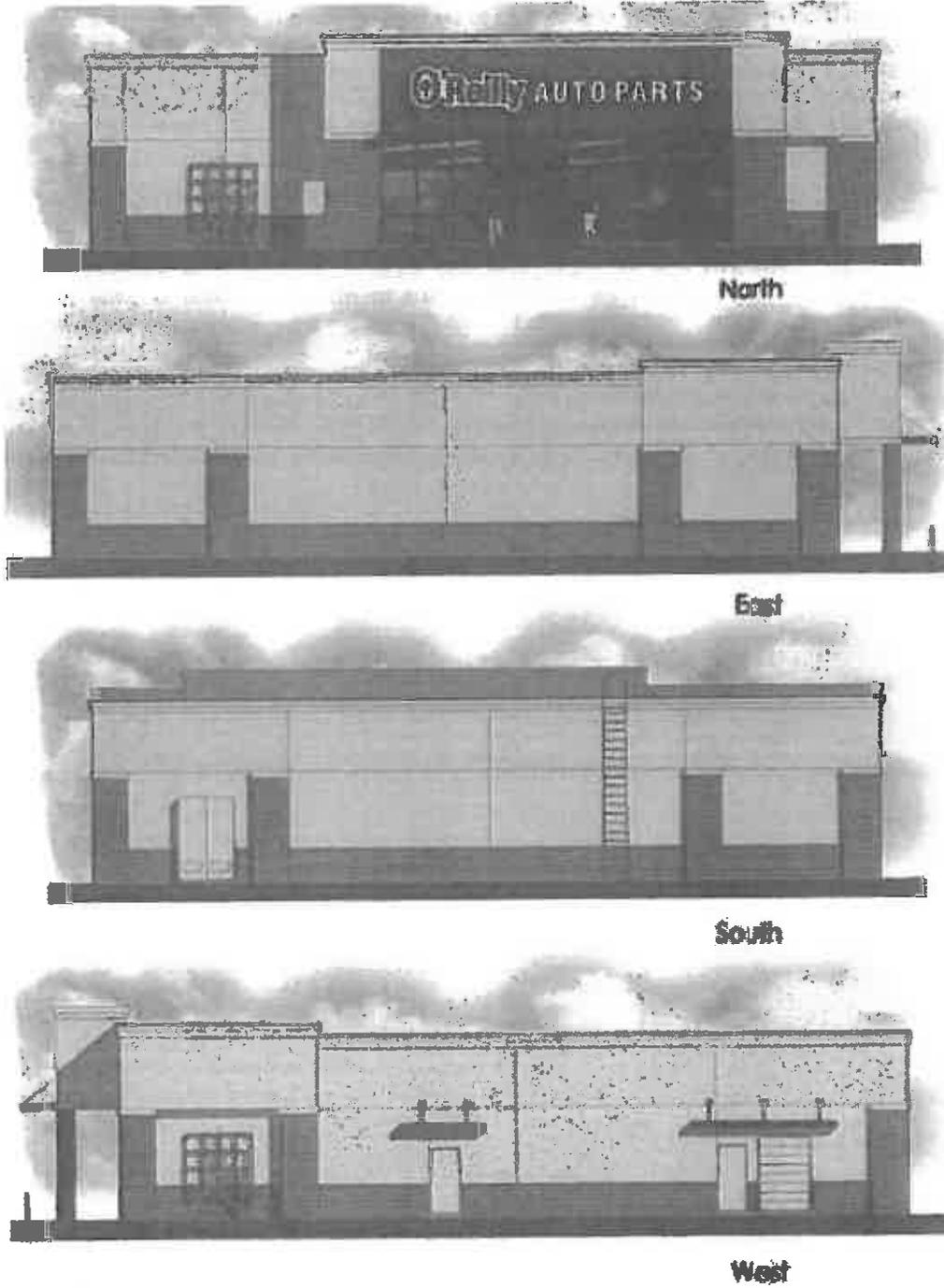
conditions related to the CUP and AR. The following summary is provided to facilitate the initial discussion regarding the proposed project.

**Building Design**

**Retail Building:** The applicant is requesting to construct a single-story 7,453 square foot retail commercial building. The building is proposed to be located in the rear portion of proposed Parcel 1. The proposed building is proposed to have a combination of stucco walls with a brick veneer on the lower part of the walls. The entrance includes a building facade extension cover over the building main entrance. The building is proposed to face Broadway Street. Large landscape areas will provide visual buffers along both Broadway Street and Canal Street as well as between the parking lot and building and adjacent parcels. *(Reference Figure 2.)*

**Kiosk:** As mentioned above, the applicant also proposes a small public kiosk structure which would be located near the corner of Broadway Street and Canal Street. Walkways are proposed to provide access to the kiosk from the public sidewalks of Canal and Broadway Streets. The kiosk will help the project retain consistency with the West Broadway Master Plan. The West Broadway Master Plan recommends that new buildings be constructed next to Broadway Street in order to maintain a consistency with the theme adopted for the Historic Downtown area. The kiosk will include panels for public wayfinding signs and a glass case on the side for a map of the City and historical information for tourists and residents. Wayfinding signs may include directions to places such as the Historic Downtown area and Pinnacles National Park. The side of the kiosk with the informational glass panel will have a trellis shade cover extension to protect visitors from the sun. The signs on the kiosk will not include any commercial advertising or business names. Only public directional signs would be located on the proposed kiosk.

**Figure 2**  
**Proposed Building Elevations**  
**Broadway Street Elevation is North Side. Canal Street Elevation is West Side.**



**Lot Coverage and Setbacks**

**Coverage:**

Maximum lot coverage permitted is fifty (50%) percent of the total lot area. Lot coverage proposed is 7,453 square feet, or eighteen (18%) of the 41,000 square feet commercial site area, which is less than maximum allowable coverage. An additional 21,947 square feet is parking area of impermeable surfaces. Total impermeable surfaces = 29,398 square feet, coverage site. Provisions to meet the State Regional Water Quality Control Board ("RWQCB") standards for runoff will need to be made in the drainage design. The preliminary design indicates that they will implement bio-retention for runoff, directing drainage to shallow retention basins within the landscape area.

**Setbacks**

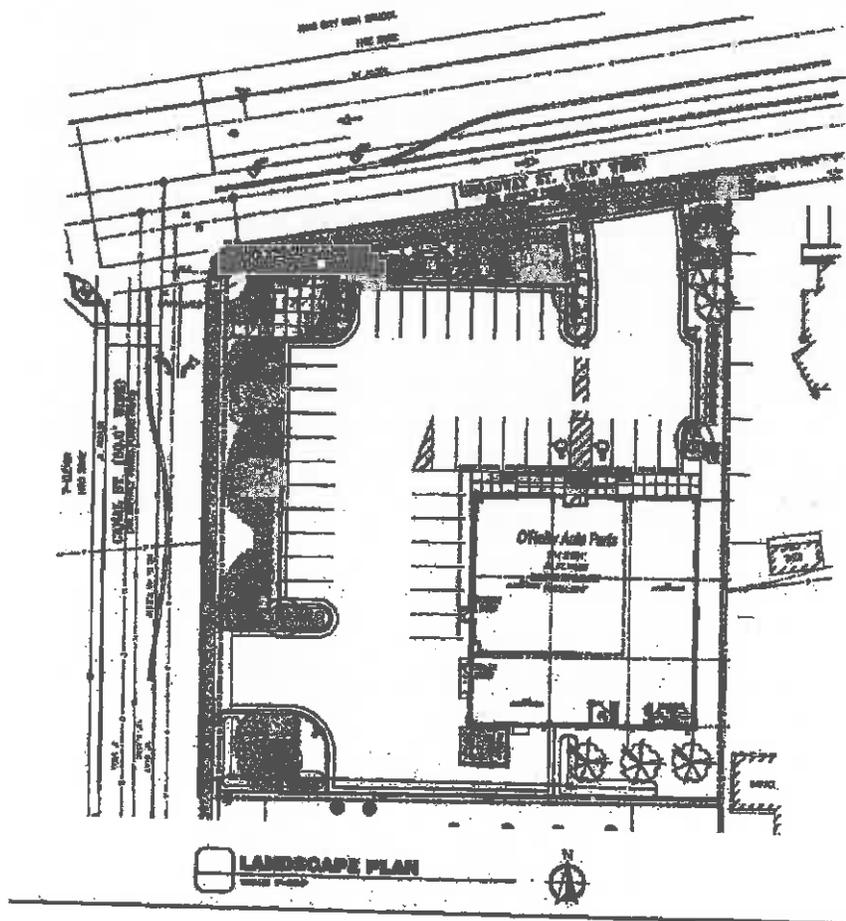
Minimum front setback required is ten (10') feet. The proposal includes a ninety (90') feet front setback.

Minimum rear setback required is twenty (20') feet. The proposal is for approximately twenty-six (26') foot rear setback

Minimum interior side yard required is ten (10') feet. The proposal includes ten (10') feet.

Minimum street side yard required is twenty (20') feet. The proposal is for approximately ninety (90') foot street side yard.

**Figure 3  
Proposed Site Layout**



### Fencing

It is important that appropriate buffers be provided between the proposed commercial use and the adjacent residential uses. Also, Municipal Code §17.52.030 requires six-foot tall solid walls between parking areas and any adjacent residential use. Decorative block walls six feet in height are proposed as mitigation adjacent to the existing residential uses located south and southeast of the proposed store.

There is an existing temporary chain link fencing around the site. The existing chain link fence will be removed prior to completion of the construction of the proposed retail building.

### Driveways and Parking

Two (2) driveway accesses are proposed, one from Canal Street and one from Broadway Street. The City Engineer will review the final locations and widths of the driveways before issuance of Building Permits. The two driveways are located over 100 feet from the intersection to limit the potential for conflicts with traffic at the intersection.

A total of twenty-one (21) parking spaces are required for the proposed use based on Municipal Code §17.52. The applicant proposes thirty-seven (37) paved parking spaces are proposed, including two (2) required accessible spaces near the building entrance. The parking area will include curbing and landscaping. A six (6') foot tall wall is included at the rear of the parking lot as required by Municipal Code §17.52.030. Also, a curb or other appropriate edge of the landscaping strip should be provided along the property boundary next to the adjoining restaurant property.

### Architectural Review

The proposed building has a modern stucco and brick facade with a projection over the main entrance on the Broadway Street side of the building. Small architectural projections are proposed for the Canal Street frontage side of the building as well as the side of the building facing the adjacent restaurant parking lot, providing enhancement of the appearance of the building. Also, a well-designed landscape plan will further enhance the appearance of the project. The location at the intersection of two main thoroughfares in the City is very important to the image of the City. This site could be considered an entry point to the Historic downtown.

In addition, the proposed kiosk will add visual interest and attract the attention of travelers. Overall, the project should create a positive visual image for Broadway Street, meeting the intent of the West Broadway Master Plan. Architectural review is required for the buildings, parking, landscaping and other features. The Planning Commission will act as the architectural review committee ("ARC"), pursuant to Municipal Code §17.31.120.

### Landscaping Requirements

The following Municipal Code Sections are applicable to the project.

Municipal Code §17.26.130 states, *"Minimum landscaping required shall be twenty percent of the land area landscaped with suitable plants, trees and shrubs. All parking and service areas, including driveways, when located adjacent to residential districts shall be screened and separated from such property by a solid wall, view-obscuring fence and compact evergreen hedge six feet in height, except as provided elsewhere in the code.."*

The applicant is providing 10,199 square feet of landscaping, or twenty-five (25%) percent of the commercial site area.

The existing apartment building, including parking areas, comprises fifty-eight (58%) percent coverage of new Parcel 2. The remaining forty-two (42%) percent of the total site will be open for new and existing landscaping amenities for the enjoyment of the tenants.

Street trees will be a part of the landscape areas of Parcel 1 but will be located outside of the right-of-way. The applicant proposes a total of twenty (20) trees, nine (9) of which are adjacent to the right-of-way.

### Drainage

The project will be required to meet all applicable stormwater regulations. The applicant proposes that the site paved areas and building will drain into bio-retention shallow basins in landscaping areas.

Bio-retention is one of the measures recommended in Municipal Code §17.56.100. All new projects are required to meet the standards for drainage and pollution control. The drainage and pollution control measures will require review of the City Engineer.

*As stated above, additional detail will be provided in the staff report addressing the CUP, AR, LP and SP. Staff is recommending these applications be continued to the December 15, 2015 Planning Commission meeting.*

## VI. ENVIRONMENTAL DETERMINATION

Environmental review was prepared for the proposed retail commercial store, parcel map, zone change and other proposed improvements pursuant to the California Environmental Quality Act ("CEQA"). The Initial Study ("IS") indicated that the proposed project has the potential to result in significant environmental impacts unless specific mitigation measures ("MM") are implemented. Therefore, a Mitigated Negative Declaration ("MND") was drafted and routed for public review. Since the project does not require other agency approval, The MND was noticed for a minimum twenty (20) day review period pursuant to CEQA Guidelines §15105. The public review period ran from November 10, 2015 through December 1, 2015. (Reference Exhibit 4.)

The mitigation measures attached to the project are:

Following are the mitigation measures of the Mitigation Monitoring Plan that, if implemented, will reduce the potential impacts of the project to less than significant. Where it is indicated that the "applicant" is responsible, said responsibility, if the property or building is sold, shall continue to be with the current and future landowners.

**Mitigation Measure No. 3.a and 3.c - Erosion Control:** A plan shall be prepared by the project engineer or Certified Professional Erosion Control Specialist (for dust, chemical pollution and erosion control) to ensure these measures are implemented. Where appropriate, said dust protection plan may be part of a project erosion and sediment control plan. All new projects must comply with all Federal, State, Regional, and local air quality standards. State law requires any facility that has the potential to emit air contaminants to apply for a permit from Monterey Bay Unified Air Pollution Control District ("MBUAPCD"). Additionally, if development within the Project includes other sources that are exempt from MBUAPCD permit authority (e.g., indirect sources, fugitive area sources), all direct and indirect emissions should be compared to the appropriate threshold(s) of significance. When net emissions from a new or modified facility exceed State thresholds, the increase shall be offset. New businesses and/or tenants of the facility shall consult directly with the MBUAPCD for permitting requirements and compliance with air quality standards.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Plan submitted prior to issuance of building permits. Measures to be implemented during entire grading, construction and after completion of project.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 5.a, 5.b, 5.c, 5.d - Cultural Resources:** In the event of an accidental discovery or recognition of any human remains, archaeological resources, paleontological resources or historical resources on the project site, if said resources are found during excavation or construction, work will be halted at a minimum of thirty (30') feet from the find and the area will be staked off. There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie cultural resources, paleontological resources, historical resources or, in the case of adjacent human remains until the coroner of Monterey County is contacted to determine that no investigation of the cause of death is required. If the coroner determines the remains to be Native American the coroner shall contact the Native American Heritage Commission within 24 hours. A qualified professional (to be hired by the applicant and accepted by the City) in cultural resources, paleontological resources or historical resources shall evaluate the resources discovered at the site and provide recommendations for disposition of those resources. In the case of human remains, the Native American Heritage Commission shall identify the person or persons it

believes to be the most likely descendent ("**MLD**") from the deceased Native American. The MLD may then make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and associated grave goods as provided in Public Resources Code §5097.98. The landowner or it's authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further disturbance if: a) the Native American Heritage Commission is unable to identify a MLD or the MLD failed to make a recommendation within twenty (24) hours after being notified by the commission; b) the descendent identified fails to make a recommendation; or c) the landowner or it's authorized representative rejects the recommendation of the descendent, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner."

From the California Office of Historic Preservation, Technical Assistance Series #1, California Environmental Quality Act ("**CEQA**") and Historical Resources:

a. To the extent that unique archaeological resources are not preserved in place or not left in an undisturbed state, mitigation measures shall be required as provided in this subdivision. The project applicant shall provide a guarantee to the lead agency to pay one half the estimated cost of mitigating the significant effects of the project on unique archaeological resources. In determining payment, the lead agency shall give due consideration to the in-kind value of project design or expenditures that are intended to permit any or all archaeological resources or California Native American culturally significant sites to be preserved in place or left in an undisturbed state. When a final decision is made to carry out or approve the project, the lead agency shall, if necessary, reduce the specified mitigation measures to those which can be funded with the money guaranteed by the project applicant plus the money voluntarily guaranteed by any other person or persons for those mitigation purposes. In order to allow time for interested persons to provide the funding guarantee referred to in this subdivision, a final decision to carry out or approve a project shall not occur sooner than sixty (60) days after completion of the recommended special environmental impact report required by this section.

b. Excavation as mitigation shall be restricted to those parts of the unique archaeological resource that would be damaged or destroyed by the project. Excavation as mitigation shall not be required for a unique archaeological resource if the lead agency determines that testing or studies already completed have adequately recovered the scientifically consequential information from and about the resource, if this determination is documented in the environmental impact report.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Evaluation required during grading and construction of project.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 6.a - Soils Report:** Prior to construction, a soils report will be required and the structure will be designed to meet the requirements specified in that report. The architect or structural engineer shall verify that the structure will meet all seismic requirements.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Measures to be implemented during entire grading, construction and landscaping period.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 8.a - Stormwater Management:** The City Engineer shall review each project, unless exempted by the Regional Water Quality Control Board ("**RWQCB**"), to assure compliance with these requirements, including the RWQCB "POST-CONSTRUCTION STORMWATER MANAGEMENT REQUIREMENTS FOR DEVELOPMENT PROJECTS IN THE CENTRAL COAST REGION." These RWQCB standards include BMPs for erosion and sediment control during project construction and after completion of the project. LID measures include, but are

not limited to: f) limiting disturbance of creeks and natural drainage features, minimizing compaction of highly permeable soils, limiting removal of native vegetation at the site to the minimum area needed to build the project, limiting impermeable surfaces, including buildings and paving, and the use of innovative design layout that further increases permeable surfaces and landscaping.

Development shall minimize stormwater runoff by implementing one or more of the following site design measures identified by the RWQCB:

- (1) Direct roof runoff into cisterns or rain barrels for reuse.
- (2) Direct roof runoff onto vegetated areas safely away from building foundations and footings, consistent with California building code.
- (3) Direct runoff from sidewalks, walkways, and/or patios onto vegetated areas safely away from building foundations and footings, consistent with California building code.
- (4) Direct runoff from driveways and/or uncovered parking lots onto vegetated areas safely away from building foundations and footings, consistent with California building code.
- (5) Construct bike lanes, driveways, uncovered parking lots, sidewalks, walkways, and patios with permeable surfaces.
- (6) The directing of runoff to bioretention basins.
- (7) Other similar measures as determined by the City Engineer.

**Implementation Party:** Applicant

**Enforcement Agency:** City of King

**Timing:** Erosion and sediment control plans required before initiation of grading and construction. Implementation begins before grading and continues throughout project grading and construction. Final BMPs shall be implemented before completion of project and will be implemented for the life of the use of the property, buildings, landscaping and other improvements. On-Going.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant

**Mitigation Measure No. 15.a - Stormwater Pollution Control:** The applicant/landowner shall be required to meet all measures for stormwater pollution control, waste management, and provide public utility connections that comply with the City and other service providers.

**Implementation Party:** Applicant

**Enforcement Agency:** County

**Timing:** Erosion and sediment control plans required before initiation of grading and construction. Implementation begins before grading and continues throughout project grading and construction. Final BMPs shall be implemented before completion of project and will be implemented for the life of the use of the property, buildings, landscaping and other improvements. On-going for the life of the land use.

**Implementation Responsibility:** Cost and materials to comply with requirements of the reviewing agency are responsibility of Applicant

**Responses To Comments Received On The Initial Study**

As of the date of this staff report, most of the responses regarding the Mitigated Negative Declaration have indicated no concern. The only response, a verbal statement to staff from the current landowner, Chris Davis, indicated that a correction of the previous land use was warranted. Staff did research on previous permits for the property and determined that the previous land use, until it was demolished in 2002, was an older motel. Staff has made a correction of the Mitigated Negative Declaration indicating that the former use of the property at the corner of Broadway Street and Canal Street was a motel that had existed at that location for over 50 years.

As required by CEQA, a Mitigation Monitoring and Reporting Program ("*MMRP*") has been prepared for the Project. (*Reference Exhibit 4.*)

*(When adopting a MND, the lead agency shall also adopt a program for reporting on or monitoring the changes, which it has either required in the project or made a COA to mitigate or avoid significant environmental effects.)*

As of the date of this staff report, no comments were submitted on the MND.

**VII. PROJECT REVIEW COMMITTEE COMMENTS AND REVIEW AND REVIEW BY AGENCIES**

A representative from each City Department meets to discuss most community development projects. This group operates as the City's staff advisory team, which is referred to as the Project Review Committee ("*PRC*"). PRC provides comments to the applicants and conditions of approval ("*COA*") before a project goes to the Planning Commission. No major issues regarding the project arose during the meeting of the PRC. Comments from PRC are incorporated throughout the staff report and their recommendations are incorporated in the attached COA. Comments in this Staff Report reflect comments made by City Staff.

**VIII. PUBLIC NOTICE**

Notice of the applications and the MND was published in the King City Rustler newspaper and all property owners of record within three-hundred (300') feet of the subject site were notified of this evening's public hearing and invited to voice any concerns on this application. The public review period for the MND was from November 10, 2015 to December 1, 2015.

Prepared by: \_\_\_\_\_  
DONALD FUNK, PRINCIPLE PLANNER

Approved by: \_\_\_\_\_  
DOREEN LIBERTO-BLANCK, AICP, COMMUNITY DEVELOPMENT DIRECTOR

**Exhibit 6**

Tentative Parcel Map approved by the Planning Commission on December 1, 2015





## Item 3(A)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** MARTIN D. KOCZANOWICZ, CITY ATTORNEY  
DAVID P. HALE, ASSISTANT CITY ATTORNEY

**Via:** STEVEN ADAMS, CITY MANAGER

**RE:** INTRODUCTION AND FIRST READING OF ORDINANCE(S) ADOPTING A TEXT AMENDMENT AMENDING THE KING CITY MUNICIPAL CODE M-1 AND M-2 ZONING ORDINANCES, THE EAST RANCH BUSINESS PARK SPECIFIC PLAN AND RELATED PLANNING AND ZONING DOCUMENTS TO REGULATE MARIJUANA CULTIVATION OR IN THE ALTERNATIVE TO IMPOSE A TOTAL BAN IN ALL ZONING DISTRICTS

#### I. RECOMMENDATION

Staff recommends that City Council: 1) conduct the public hearing; 2) introduce and conduct the first reading of an Ordinance that would adopt a text amendment amending the King City Municipal Code M-1 and M-2 zoning districts, the East Ranch Business Park Specific Plan and related Planning Documents to put into effect regulations for cultivation, dispensaries (mobile and stationary), delivery and transportation of Medical Marijuana within City limits; and if desired by Council 3) introduce and conduct the first reading of an Ordinance that would place a ban on medical marijuana.

#### II. BACKGROUND

Newly adopted State Law has created the Medical Marijuana Regulation and Safety Act, which puts into effect a State regulatory scheme for cultivation, distribution, manufacturing and transportation of medical cannabis. The law also allows for local agencies to develop its own regulations and prohibitions as long as those local laws are in effect by March 1<sup>st</sup>, 2016.

Council at the last meeting directed staff to return with an Ordinance that would amend the cannabis regulations in the City of King to allow for cultivation of cannabis in industrial areas, which consists of the M-1 and M-2 zoning districts and the East Ranch Business Park Specific Plan (ERBPSP) area. Council further directed staff to limit the allowed cultivation to large operations; to maintain the current existing ban on dispensaries, both mobile and stationary; and institute a ban on delivery and transportation other than necessary for extraction of the harvested marijuana out of the City. The total ban Ordinance is also included with this staff report in order to provide Council with flexibility for their actions at this Council meeting, as time is of the essence.

#### III. DISCUSSION

The process of amending the King City Municipal Code will require the Council to first conduct the public hearing, and based on the received testimony move forward with introduction and first reading (by title only) of the Ordinance(s) which would provide the City local control over all aspects of the cannabis related processes and distribution. The driving force in the processing of these Municipal Code amendments is the short period of time that was provided under the State law for local agencies to take action and develop its own regulations.

As explained at the last Council meeting, in order for the City to maintain local control over all commercial aspects of cannabis production, transportation and distribution, Council must introduce the necessary Ordinance(s) and conduct the first reading, scheduling second reading and adoption for the next regular Council meeting on January 26<sup>th</sup>, 2016. If adopted at that meeting, the regulations will be in effect by the March 1<sup>st</sup>, 2016 deadline. Once in effect, these regulations can be amended by future Council action.

Failure to take action as outlined above will result in State law preempting any local regulations and will enable the State to exclusively control licensing for marijuana within City limits.

Staff has prepared several Ordinances designed to put into effect the direction that was provided by Council at the December 8<sup>th</sup>, 2015 meeting and also to insure that under all circumstances City Council will be able to take action and adopt local regulations which will be in effect on March 1<sup>st</sup> 2016 in compliance with State Law provisions. Again, the most significant aspect is for Council to take action and ensure that local regulations are in place. The actual content of the regulations is secondary, as once in place it can be amended by subsequent Council action after the March 1, 2016 deadline. To that end staff also prepared an Ordinance that would ban all cannabis related uses and activity in every zoning district in the City.

The ERBPSP area which will be affected by the cultivation regulations currently does not provide for such use. One of the proposed actions is an amendment to the Specific Plan to include the cultivation of cannabis in the plan area as an allowable Development Standard.

Amendment of the Municipal Code allowing for cultivation of cannabis in the City limits is considered a project under CEQA. Staff has prepared a Mitigated Negative Declaration (MND), which has been released for public comment consistent with deadlines set forth by State law and may be presented to the Council for action at the next council meeting. The Planning Commission will have the opportunity to provide its recommendation on the MND and the proposed Code and planning documents amendments at its meeting on January 19<sup>th</sup>, 2016. Their recommendation will be available to the Council prior to the January 26<sup>th</sup>, 2016 meeting where Council will be asked to conduct the second reading and adopt cannabis regulations along with an environmental document if necessary.

A total ban on cultivation, dispensaries, transportation or delivery of cannabis in City limits would not be considered a project under CEQA as there would be no potential for any direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment related to such a total ban. Therefore, under CEQA Guidelines section 15378 this would not be considered a project. Under that scenario, there would be no requirement for action on any environmental document.

Given the significant time constraints to adopt and implement the proposed Ordinance (City must take action at the January 26<sup>th</sup> meeting to maintain control over the regulations of Marijuana in the City) as well as complexities involved in the approval process, it is recommended the Council also introduce and schedule for a second reading the alternative Ordinance that would ban all medical marijuana uses in the City. By taking such action the Council would maintain the ability to select either Ordinance for adoption at the January 26<sup>th</sup> Council meeting.

As a result, the purpose of the item this evening is simply to introduce all the options. Actual approval of the direction the Council would like to take will be considered at the January 26, 2016 meeting after the item has been considered by the Planning Commission at their January 19th meeting and a recommendation is provided to the Council.

### III. FISCAL IMPACT

The introduction and first reading of the Ordinances do not carry any fiscal impact on the budget.

Should these regulations be adopted at the next meeting, there will be a potential fiscal impact resulting from code enforcement efforts. However, it is also staff's intent to bring forward for Council's consideration a proposed ballot measure that would create a tax on medical marijuana cultivation businesses, which could generate significant revenue for the City.

**Exhibits:**

1. Ordinance 718 regulating cultivation in M-1 and M-2, banning dispensaries, delivery and transportation
2. Ordinance 719 banning all aspects of cannabis production or distribution
3. Ordinance 720 amending ERBP Specific Plan and a zone district amendment of M-1 zoning to PD zoning of the underlying zoning within the ERBP Specific Plan
4. Draft Mitigated Negative Declaration

Prepared by: \_\_\_\_\_  
MARTIN KOCZANOWICZ, CITY ATTORNEY

Approved by:  \_\_\_\_\_  
STEVEN ADAMS, CITY MANAGER

**ORDINANCE NO.718**

**AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KING  
AMENDING SECTIONS 17.30.020 AND 17.30.140 AND ADDING SECTION 17.30.150  
OF CHAPTER 17.30 (M-1 INDUSTRIAL DISTRICT) AND AMENDING SECTIONS  
17.31.020 AND 17.31.140 AND ADDING SECTION 17.31.150 OF CHAPTER 17.31 (M-2  
INDUSTRIAL DISTRICT) OF THE CITY OF KING MUNICIPAL CODE ADDING  
COMMERCIAL CULTIVATION OF CANNABIS IN THE CITY**

**WHEREAS**, in 1996, the voters of the State of California approved Proposition 215, which was codified as “The Compassionate Use Act of 1996,” at California Health and Safety Code, section 11362.5 (“CUA”) which had the stated intent to ensure that seriously ill individuals have the right to obtain and use marijuana for medical purposes when recommended by a physician. The Proposition further provides that “nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes, and

**WHEREAS**, the ballot arguments supporting Proposition 215 expressly acknowledged that “Proposition 215 does not allow unlimited quantities of marijuana to be grown anywhere”, and

**WHEREAS**, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health & Safety Code § 11362.7 *et seq.* and referred to as the “Medical Marijuana Program” or “MMP” to clarify the scope of Proposition 215 and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specified State criminal statutes. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to “adopt local ordinances that regulate the location, operation, or establishment of a medical, and

**WHEREAS**, in the *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal.4<sup>th</sup> 729 (2013), the California Supreme Court upheld the right of local public agencies to regulate medical marijuana operations through their land use powers, and

**WHEREAS**, on November 26, 2013, the Third District Court of Appeal issued its opinion in *Maral v. City of Live Oak* 221 Cal.App.4<sup>th</sup> 975, which held cities have the authority to ban marijuana cultivation within their boundaries consistent with their local regulations; and

**WHEREAS**, on October 9, 2015, California Governor Brown approved the Medical Marijuana Regulation and Safety Act (“MMRSA”), which goes into effect on January 1, 2016, and establishes a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana, also known as cannabis, through Assembly Bills 243 and 266 and Senate Bill 643, and

**WHEREAS**, MMRSA will become the governing regulation giving the State full control over the cultivation of marijuana in any city where local regulations were not adopted to regulate cultivation of medical cannabis and in effect on March 1<sup>st</sup> 2016; and

**WHEREAS**, the City intends to regulate and maintain local control over the dispensing, delivery and cultivation of medical cannabis in accordance with this ordinance; and

**WHEREAS**, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the Council’s intention that nothing in this ordinance shall be construed, in any way, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, or consumption of marijuana that is otherwise illegal. It is further the intent of the City Council of City of King to maintain local control over these matters to the fullest extent permitted by law.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF CITY OF KINGE AS FOLLOWS:**

**Section 1:** Section 17.30.020 of Chapter 17.30 of the City of King Municipal Code is hereby amended to repeal subsection (14) and add new subsections (14) and (15) as follows:

(14) Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City.

(15) Any other use which the planning commission finds not to be inconsistent with the uses set out herein.

**Section 2:** Section 17.30.140 (2) of Chapter 17.30 of the City of King Municipal Code is hereby amended as follows:

(2) Warehousing and wholesaling; and commercial cannabis cultivation;

Minimum of 2 spaces for every 3 employees on largest shift but non less than 1 per 3000 square feet of gross floor area.

**Section 3:** Section 17.30.150 of Chapter 17.30 of the City of King Municipal Code is hereby added as follows:

17.30.150 Commercial Cannabis Cultivation Property Development Standards

a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.

b) Caretakers quarters are not allowed.

c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.

d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.

e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.

f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.

g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 4:** Section 17.31.020 of Chapter 17.31 of the City of King Municipal Code is hereby amended to add subsection (18):

(18) Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City. All cultivation shall be conducted indoors.

**Section 5:** Section 17.31.140 (4) of Chapter 17.31 of the City of King Municipal Code is hereby amended as follows:

(4) Warehousing and wholesaling; and Commercial Cannabis Cultivation

Minimum of 2 spaces for every 3 employees on largest shift but not less than 1 space per 3000 square feet of gross floor area. Parking may be off-site within 300 feet upon approval of the planning commission.

**Section 6:** Section 17.31.150 of Chapter 17.31 of the City of King Municipal Code is hereby added as follows:

17.31.150 Commercial Cannabis Cultivation Property Development Standards

a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.

b) Caretakers quarters are not allowed.

c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.

d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.

e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.

f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.

g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 7:** All ordinances and parts of ordinances in conflict with those sections amended or added herein are hereby repealed.

**Section 8:** This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage.

**PASSED ADOPTED AND APPROVED THIS \_\_\_\_\_ day of \_\_\_\_\_, 2016.**

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Mayor Robert Cullen, City of King

ATTEST:

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City Clerk of the Council of the  
City of King

**ORDINANCE NO.719**

**AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KING  
AMENDING SECTIONS 17.30.020 AND 17.30.140 AND ADDING SECTION 17.30.150  
OF CHAPTER 17.30 (M-1 INDUSTRIAL DISTRICT) AND AMENDING SECTIONS  
17.31.020 AND 17.31.140 AND ADDING SECTION 17.31.150 OF CHAPTER 17.31 (M-2  
INDUSTRIAL DISTRICT) OF THE CITY OF KING MUNICIPAL CODE ADDING  
COMMERCIAL CULTIVATION OF CANNABIS IN THE CITY**

**WHEREAS**, in 1996, the voters of the State of California approved Proposition 215, which was codified as “The Compassionate Use Act of 1996,” at California Health and Safety Code, section 11362.5 (“CUA”) which had the stated intent to ensure that seriously ill individuals have the right to obtain and use marijuana for medical purposes when recommended by a physician. The Proposition further provides that “nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes, and

**WHEREAS**, the ballot arguments supporting Proposition 215 expressly acknowledged that “Proposition 215 does not allow unlimited quantities of marijuana to be grown anywhere”, and

**WHEREAS**, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health & Safety Code § 11362.7 *et seq.* and referred to as the “Medical Marijuana Program” or “MMP” to clarify the scope of Proposition 215 and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specified State criminal statutes. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to “adopt local ordinances that regulate the location, operation, or establishment of a medical, and

**WHEREAS**, in the *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal.4<sup>th</sup> 729 (2013), the California Supreme Court upheld the right of local public agencies to regulate medical marijuana operations through their land use powers, and

**WHEREAS**, on November 26, 2013, the Third District Court of Appeal issued its opinion in *Maral v. City of Live Oak* 221 Cal.App.4<sup>th</sup> 975, which held cities have the authority to ban marijuana cultivation within their boundaries consistent with their local regulations; and

**WHEREAS**, on October 9, 2015, California Governor Brown approved the Medical Marijuana Regulation and Safety Act (“MMRSA”), which goes into effect on January 1, 2016, and establishes a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana, also known as cannabis, through Assembly Bills 243 and 266 and Senate Bill 643, and

**WHEREAS**, MMRSA will become the governing regulation giving the State full control over the cultivation of marijuana in any city where local regulations were not adopted to regulate cultivation of medical cannabis and in effect on March 1<sup>st</sup> 2016; and

**WHEREAS**, the City intends to regulate and maintain local control over the dispensing, delivery and cultivation of medical cannabis in accordance with this ordinance; and

**WHEREAS**, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the Council’s intention that nothing in this ordinance shall be construed, in any way, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, or consumption of marijuana that is otherwise illegal. It is further the intent of the City Council of City of King to maintain local control over these matters to the fullest extent permitted by law.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF CITY OF KINGE AS FOLLOWS:**

**Section 1:** Section 17.30.020 of Chapter 17.30 of the City of King Municipal Code is hereby amended to repeal subsection (14) and add new subsections (14) and (15) as follows:

(14) Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City.

(15) Any other use which the planning commission finds not to be inconsistent with the uses set out herein.

**Section 2:** Section 17.30.140 (2) of Chapter 17.30 of the City of King Municipal Code is hereby amended as follows:

(2) Warehousing and wholesaling; and commercial cannabis cultivation;

Minimum of 2 spaces for every 3 employees on largest shift but non less than 1 per 3000 square feet of gross floor area.

**Section 3:** Section 17.30.150 of Chapter 17.30 of the City of King Municipal Code is hereby added as follows:

17.30.150 Commercial Cannabis Cultivation Property Development Standards

a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.

b) Caretakers quarters are not allowed.

c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.

d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.

e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.

f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.

g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 4:** Section 17.31.020 of Chapter 17.31 of the City of King Municipal Code is hereby amended to add subsection (18):

(18) Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City. All cultivation shall be conducted indoors.

**Section 5:** Section 17.31.140 (4) of Chapter 17.31 of the City of King Municipal Code is hereby amended as follows:

(4) Warehousing and wholesaling; and Commercial Cannabis Cultivation

Minimum of 2 spaces for every 3 employees on largest shift but not less than 1 space per 3000 square feet of gross floor area. Parking may be off-site within 300 feet upon approval of the planning commission.

**Section 6:** Section 17.31.150 of Chapter 17.31 of the City of King Municipal Code is hereby added as follows:

17.31.150 Commercial Cannabis Cultivation Property Development Standards

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g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 7:** All ordinances and parts of ordinances in conflict with those sections amended or added herein are hereby repealed.

**Section 8:** This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage.

PASSED ADOPTED AND APPROVED THIS \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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Mayor Robert Cullen, City of King

ATTEST:

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Steven Adams, City Clerk of the Council of the  
City of King

**ORDINANCE NO.720**

**AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KING  
AMENDING SECTION B. 1.C.ii, AMENDING SECTION D.3. AND ADDING SECTION  
G.5. OF CHAPTER 4 (DEVELOPMENT STANDARDS) OF THE EAST RANCH  
BUSINESS PARK SPECIFIC PLAN AND AMENDING THE OFFICIAL ZONE MAP OF  
THE CITY OF KING TO CHANGE THE UNDELYING ZONING DISTRICT FROM M-  
1 TO PD ZONING FOR THE PURPOSE OF ADDING COMMERCIAL CULTIVATION  
OF CANNABIS IN THE CITY**

**WHEREAS**, in 1996, the voters of the State of California approved Proposition 215, which was codified as “The Compassionate Use Act of 1996,” at California Health and Safety Code, section 11362.5 (“CUA”) which had the stated intent to ensure that seriously ill individuals have the right to obtain and use marijuana for medical purposes when recommended by a physician. The Proposition further provides that “nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes, and

**WHEREAS**, the ballot arguments supporting Proposition 215 expressly acknowledged that “Proposition 215 does not allow unlimited quantities of marijuana to be grown anywhere”, and

**WHEREAS**, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health & Safety Code § 11362.7 *et seq.* and referred to as the “Medical Marijuana Program” or “MMP” to clarify the scope of Proposition 215 and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specified State criminal statutes. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to “adopt local ordinances that regulate the location, operation, or establishment of a medical, and

**WHEREAS**, in the *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal.4<sup>th</sup> 729 (2013), the California Supreme Court upheld the right of local public agencies to regulate medical marijuana operations through their land use powers, and

**WHEREAS**, on November 26, 2013, the Third District Court of Appeal issued its opinion in *Maral v. City of Live Oak* 221 Cal.App.4<sup>th</sup> 975, which held cities have the authority to ban marijuana cultivation within their boundaries consistent with their local regulations; and

**WHEREAS**, on October 9, 2015, California Governor Brown approved the Medical Marijuana Regulation and Safety Act (“MMRSA”), which goes into effect on January 1, 2016, and establishes a comprehensive State licensing and regulatory framework for the cultivation,

manufacture, transportation, storage, distribution, and sale of medical marijuana, also known as cannabis, through Assembly Bills 243 and 266 and Senate Bill 643, and

**WHEREAS**, MMRSA will become the governing regulation giving the State full control over the cultivation of marijuana in any city where local regulations were not adopted to regulate cultivation of medical cannabis and in effect on March 1<sup>st</sup> 2016; and

**WHEREAS**, the City intends to regulate and maintain local control over the dispensing, delivery and cultivation of medical cannabis in accordance with this ordinance; and

**WHEREAS**, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the Council’s intention that nothing in this ordinance shall be construed, in any way, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, or consumption of marijuana that is otherwise illegal. It is further the intent of the City Council of City of King to maintain local control over these matters to the fullest extent permitted by law.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF CITY OF KINGE AS FOLLOWS:**

**Section 1:** Section B.1.C.ii, of Chapter 4, “Development Standards” of the East Ranch Business Park Specific Plan is hereby amended by adding subsection (I) as follows:

(I). for Commercial Cannabis Cultivation:

- a) An indoor and outdoor lighting plan with estimated amount of electrical use.
- b). The location and dimensions of areas for storage fertilizers and wastes
- c). A fire suppression plan.
- d). An irrigation and drainage plan with estimate amount of water use.

**Section 2:** Section D.3. of Chapter 4, “Development Standards” of the East Ranch Business Park Specific Plan is hereby amended by adding subsection (g) as follows:

(g). Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No

deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City.

**Section 3:** Section G.5. of Chapter 4, “Development Standards” of the East Ranch Business Park Specific Plan is hereby added as follows:

5. Commercial Cannabis Cultivation

a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.

b) Caretakers quarters are not allowed.

c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.

d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.

e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.

f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.

g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 4:** The Council finds and approves a change to the City’s Official Zone Map of the zone district of the real property described in the attached Exhibit “A” located in the City of King and shown on the Official Zone Map of the City of King, is reclassified from M-1 (Industrial District) to the P-D (Planned Development District) zone district.

**Section 5:** All ordinances and parts of ordinances in conflict with those sections amended or added herein are hereby repealed.

**Section 6:** This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage.

**PASSED ADOPTED AND APPROVED THIS** \_\_\_\_\_ day of  
\_\_\_\_\_, 2016.

\_\_\_\_\_  
Mayor Robert Cullen, City of King

ATTEST:

\_\_\_\_\_  
Steven Adams, City Clerk of the Council of the  
City of King



**EXHIBIT 4**

**INITIAL STUDY AND DRAFT MITIGATED NEGATIVE DECLARATION**

**Draft: January 5, 2016**

**Modification of the General Industrial Zones ("M-1" and "M-2") Zones, the East Ranch Business Park Specific Plan ("ERBP-SP") and changing the M-1 zoning in the ERBP-SP to PD which will Allow, under Conditional Use Permits ("CUPs"), the cultivation of medical marijuana**



**In Compliance with the  
California Environmental Quality Act ("CEQA")**

## General Information About This Document

### ***What's in this document?***

The City of King has prepared this Initial Study and Mitigated Negative Declaration ("**IS-MND**") which examines the potential environmental impacts of the proposed project. The document describes the project, which represents a text amendment to the City Zoning Ordinance M-1 and M-2 zone districts, modifies the East Ranch Business Park Specific Plan ("**ERBP-SP**") to permit, under a Conditional Use Permit ("**CUP**") the cultivation of Medical Marijuana plants and changing the zoning within the ERBP-SP from M-1 to PD zoning, collectively referred to herein as "the project". The M-1 Zoned area and the ERBP-SP are located in the northeast corner of the City near the Mesa del Rey Airport. The M-2 Zoned areas are located east of the airport and near the corner of First Street and Lonoak Road. The project does not include the sale or wholesale of Medical Marijuana. The Mitigated Negative Declaration also describes the existing environment that could be affected by the project, potential impacts, if any, of the proposed project, and proposed avoidance, minimization, and/or mitigation measures.

### ***What should you do?***

- Please read this document. Additional copies of this document are available for review at the City Community Development Department, 212 South Vanderhurst Avenue, King City, California.
- Attend the Public Hearings. The Planning Commission will conduct a public hearing on the Initial Study and Mitigated Negative Declaration on January 19, 2016 at City Hall, 212 South Vanderhurst Avenue. The City Council is scheduled to review the Initial Study and Mitigated Negative Declaration on Tuesday, **January 25, 2016** at the City Council Chambers, 212 South Vanderhurst Avenue
- We welcome your comments. If you have any concerns about the proposed project, please attend the City Council Public Hearing on January 12, 2016, the Planning Commission Hearing on January 19, 2016 and/or the City Council Public Hearing on January 26, 2016 at the City Council Chambers. The deadline for written comments ends on January 25, 2016.
- If you have any questions, please contact the Community Development Department:

*Attn: Maricruz Aguilar-Navarro, City Planner  
Community Development Department  
City of King  
212 South Vanderhurst Avenue  
King City CA 93930  
Phone: 831-385-3281*

Or you can send questions via email to: [maguilar@kingcity.com](mailto:maguilar@kingcity.com)

### ***What happens next?***

After comments are received from the public and reviewing agencies, the City Council, on January 26, 2016, may: 1) give environmental approval and approval of the proposed changes to the M-1, M-2 and

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

ERBP-SP along with the zoning change within the ERBP-SP allowing the cultivation of medical marijuana plants or

- 2) require additional environmental studies, or
- 3) require changes to the project or deny the project, if there are issues that cannot be mitigated.

If the City Council approves the Mitigated Negative Declaration ("**MND**") and the project allowing the cultivation of medical marijuana plants, those changes will become effective 30 days after the second reading and will govern the development and land uses allowable in the M-1, M-2 Zoning Districts and ERBP-SP allowing the cultivation of medical marijuana plants.

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**ATTACHMENTS**

**Proposed M-1, M-2 and East Ranch Business Park Specific Plan ordinance language**

## I. PROJECT INFORMATION

**Project Title:** Proposed Changes to M-1, M-2 Zoning Districts, the East Ranch Business Park Specific Plan (ERBP SP) and zone change in the ERBP-SP from M-1 to PD

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**Case Number:** ZC 2015-003

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**Project Applicant:** City of King Phone: 831-385-3281  
212 S. Vanderhurst Ave. Fax:  
King City, CA 93930  
Steve Adams, City Manager

**Project Landowner:** N/A Applies to M-1, M-2 properties Phone: N/A  
Citywide & ERBP SP

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**Project Lead:** Doreen Liberto-Blanck, Community Development Director & Don Funk, Principal Planner Fax: N/A  
Phone: 831.386.5916  
Maricruz Aguilar-Navarro, Assistant Planner  
212 So. Vanderhurst Ave.,  
King City, CA 93930

**Project Description:** **Proposal:**

The City proposes to modify the General Manufacturing Zoning Districts (M-1 and M-2), the East Ranch Business Park Specific Plan ("**ERBP-SP**") and amending the zoning within the ERBP-SP from M-1 to PD to provide for the commercial cultivation of marijuana (cannabis) for medical use. The ordinances will regulate the commercial cultivation of marijuana by licensed operators in compliance with relevant state and local laws. The ordinances only apply to the commercial cultivation of marijuana plants. Said cultivation will be conducted within either greenhouses or other buildings.

1. The City desires to provide, under very protected circumstances, for the cultivation of marijuana for the use as a medical treatment or other medical purposes.
2. Cultivation would only be permitted under the provisions of a CUP.
3. The City desires to continue to prohibit the sale or distribution of said product within the City.

Two ordinances are being proposed:

The first ordinance will amend pertinent provisions of the ERBP-SP, including but not limited to the Development Standards, to allow for the commercial cultivation of Marijuana (on a large scale basis). All other commercial or personal cannabis activity, other than transporting the cultivated product out of the City of King to other state licensed entities, shall be prohibited and banned. This ordinance will also amend the underlying zone districts within the ERBP-SP from M-1 zoning to a PD-SP-2007-002 (Resolution 07-4206) zone district The

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

second ordinance will consist of a text amendment to the zoning ordinances city-wide for the M-1 and M-2 Zoning Districts by the amendment of zoning ordinances 17.30 and 17.31.. This text amendment will allow for the commercial cultivation of marijuana (on a large scale basis) and shall ban all other commercial or personal cannabis activity, including but not limited to cultivation, other than allowed by this ordinance, delivery, dispensary, distribution, manufacturing or transporting (other than to transport cultivated product outside of the jurisdictional boundaries of the City) for any area in the City zoned M-1 or M-2.

**Background:**

The ordinances will establish local level regulation allowing cultivation of medical marijuana for said use. The ordinances will provide for a permitting process within the M-1, M-2 Zoning Districts and ERBP-SP to allow for the cultivation of medical marijuana, within buildings and/or within greenhouse structures, at locations approved through conditional use permits. There is an estimated 107 acres in the ERBP-SP, an estimated 20 additional acres of M-1 Zoned area adjacent to the ERBP-SP, over 40 acres of M-2 Zoned properties east of the Mesa del Rey Airport and approximately 20 additional acres of M-2 Zoned land located northeast of the intersection of First Street and Lonoak Road. The proposed or ordinances do not apply to the cultivation of marijuana for personal use nor do they apply to the sale of said products within the City.

**Will the Changes Modify coverage, setback or height standards?:**

The proposed ordinances will not modify existing requirements for lot coverage, setbacks, height standards or other standards related to the size bulk or scale of buildings allowed within the existing standards.

**Uses Being Proposed:**

The ordinances will allow specialized cultivation of medical marijuana plants within existing and new buildings within the specified areas. Cultivation will include the provision of natural and/or artificial light, irrigation, and required water, fertilizers and other nutrients used in the growing of medical marijuana. The uses assume that employees will be hired to tend to said plants, including planting, caring, and harvesting the plants within the locations approved by the Planning Commission for each CUP.

**Parking:**

The proposed ordinances do not amend the requirements for parking for employees and others involved in the production of the medical marijuana plants. It is assumed that loading areas for trucks carrying the produced medical marijuana may be necessary. Each of the zones as well as the ERBP-SP have specific parking standards. Those standards are not being altered by the proposed ordinances.

**Architectural Review:**

The standards for architectural review are not being altered by the proposed ordinances. Each project involving new buildings as well as modifications to existing buildings would require the architectural review standards currently applicable to that location.

**Product Irrigation:**

In addition to the landscaping and irrigation required for exterior

aesthetics, the proposed medical marijuana will also require irrigation for cultivation and production. The amount and type of irrigation will depend upon the proposal of each applicant. Water use may be impacted by this product irrigation. Water use is provided by California Water Service Company ("**Cal Water**"). According to the 2010 [Water Management Plan for Cal Water Service](#): "The water supply for the King City District is very reliable

It is estimated that water use will increase to irrigate the proposed new crop. The exact amount of irrigation will vary depending on the facility and type of irrigation. At an estimated use of 27,000 gal/day/ac, water use could be approximately 9,855,000 gal / year / acre or 1317513 cu ft/yr = 30 ac ft per year per acre of planting. "A general rule of thumb used by irrigation designers suggests that a minimum of 1 acre-inch (approximately 27,000 gallons) of water capacity is required per acre of nursery stock per day of irrigation." James Robbins Professor - Ornamentals Univ of Arkansas, Div of Agriculture

Water for the East Ranch Business Park area is provided by the Cal Water. They indicate they have the supply and capability to provide both irrigation and fire protection water service for that area. The M-2 zoned area of the City does not have water service. Each site is dependent on a private well for domestic water and for fire protection.

#### **Energy use:**

Light is projected to be provided by either natural sunlight (via greenhouse type growing facilities) or via electric indoor lighting. Indoor growing will require replication of natural light by the use of electric based lighting.

In addition, facilities for indoor growing (either greenhouses or in structures, will require ventilation, sometimes filtered to reduce odor, to remove heat and humidity.

According to June 28, 2013 analysis: Environmental Risks and Opportunities in Cannabis Cultivation, by Michael O'Hare, BOTEK Analysis, UC Berkeley Daniel L. Sanchez, UC Berkeley and Peter Alstone, UC Berkeley: "Indoor--grown marijuana is an energy-intensive product by weight, using on the order of 2000 kWh per pound of product (for comparison, aluminum requires only about 7 kWh per pound). Solar energy can reduce the impact on energy usage for buildings requiring artificial lighting.

#### **Drainage:**

The State Water Resources Control Board ("**SWRCB**") and Regional Water Quality Control Board ("**RWQCB**") standards will continue to apply to development of properties in the M-1, M-2 and ERBP-SP area. The State requires Best Management Practices ("**BMPs**") for construction and development. Low Impact Development ("**LID**") criteria is the best management tool for reducing water pollution and increasing percolation. Future landscape areas can be incorporated into the LID measures. In this way, the future landscaping areas will have multiple benefits of improving water quality and improving the appearance of the district. Projects are required to meet these standards. In addition, projects involving over one acre of area are required to further include Stormwater Pollution Prevention Plans ("**SWPPPs**") as provided by the RWQCB.

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

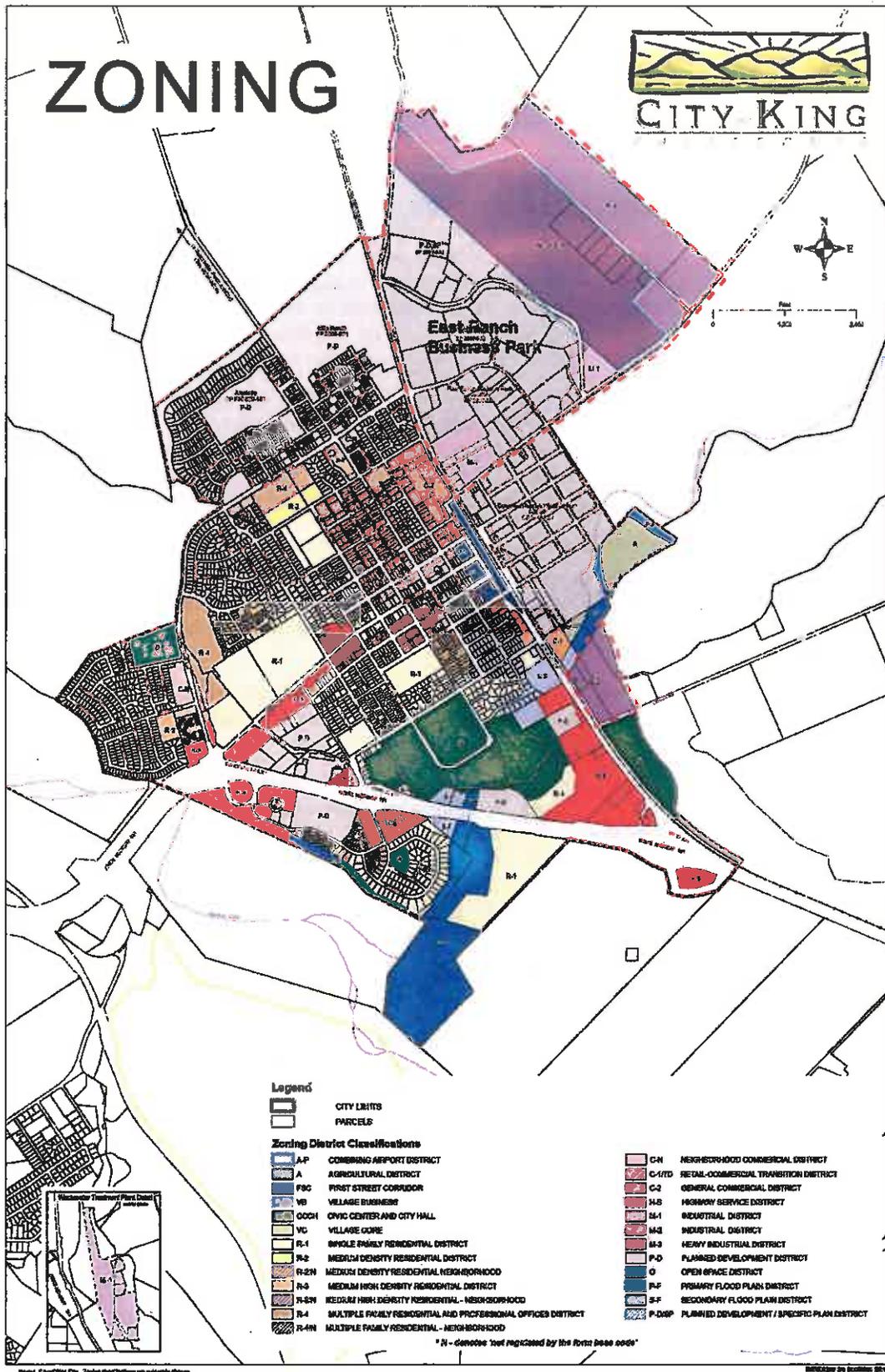
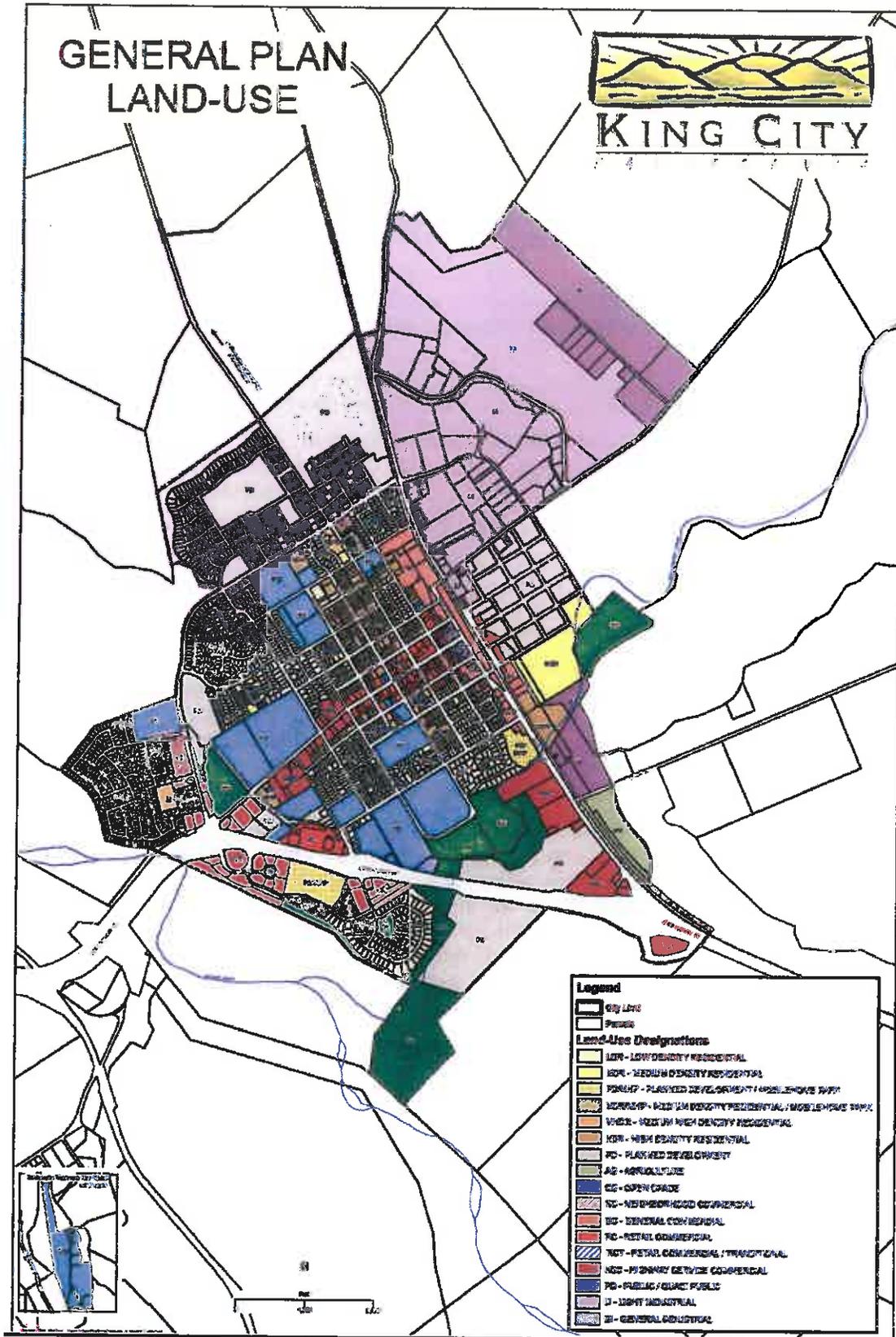


Figure 1, Showing M-1, M-2 Zones and East Ranch Business Park Specific Plan areas.



**Figure 2. General Plan Showing Light and General Industrial areas of City.**

**General Plan Designation:**

**General Commercial Designation**

The M-1 Zoning District is designated as "Light" Industrial in the General Plan and M-2 Zone is designated as "General" Industrial in the General Plan Land Use Plan Map. The proposed changes to the M-1 and M-2 Zoning Districts are intended to implement the Goals and Policies contained in the City's General Plan. Following are applicable Goals and Policies of the General Plan that apply to the proposed changes:

**Land Use Element Goal 4, Overall General Plan Land Use Element Goal #4:** industrial land use goal: to provide areas for and to actively encourage industrial development which is economically beneficial to the area and compatible with surrounding land uses.

**Land Use Element Objective 4.1:** Provide adequate and appropriate land area, as well as improved, leasable space, within the city for a suitable mix of desirable industrial land uses.

**Response to the Overall Land Use Element Goal #4 and Implementing Objective 4.1:** The proposed changes will expand the allowable industrial uses to include medical marijuana cultivation. It is assumed that this additional use will provide employment opportunities for citizens and expand the economic base of the City.

**Land Use Element Policy 4.1.1:** The City shall designate a minimum of two Industrial land use categories: M-1 Light Industrial and M-2 General Industrial. Within these districts, the City shall assure the availability of vacant, suitably zoned land and improved space for industrial uses, consistent with the environmental, social, and economic goals of the City.

**Land Use Element Program 4.1.1.1:** The City, working through the City Manager shall actively promote the East Ranch Industrial Park to prospective business firms that would meet the City's standards for industrial development. The City shall encourage development of new businesses that will offer year-round employment, in order to reduce the seasonal unemployment that is characteristic of the current local economy.

**Response to Land Use Element General Plan Policy 4.1.1 and Program 4.1.1.1:** The proposed modifications will expand potential production to include the cultivation of medical marijuana, thus expanding the possibility for future employment and economic diversification within the City.

**Land Use Element Policy 4.3.3** The City shall encourage the development of industries that reclaim wastewater for reuse.

**Land Use Element Program 4.3.3.1** Through the environmental review and permit process, the City shall estimate the need for water and sewer services for proposed industrial developments.

**Response to Land Use Element General Plan Policy 4.3.3 and Program 4.3.3.1:** While it is unknown if medical marijuana can include the use of reclaimed water (such as tertiary treated sewage effluent), the use will result in a potentially significant increase in water use.

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Irrigation of medical marijuana may use approximately 9.85 million gallons of irrigation water per year per acre of production based upon similar nursery crops.

**Land Use Element Policy 4.3.5** Industrial structures and all other site improvements shall be designed to blend with the physical surroundings.

**Land Use Program 4.3.5.1** All new industrial developments, or expansions of existing industries, must be sited and designed consistent with the City's desired character and reviewed and approved by the Planning Commission or another appropriate body prior to final project approval.

**Land Use Program 4.3.5.2** The City's "M-1" Light Industrial Zoning District shall include regulations incorporating reasonable design standards to ensure attractive industrial development, particularly in the City's East Ranch Industrial Park.

**Response to Land Use Element Policy 4.3.5 and Programs 4.3.5.1 and 4.3.5.2:** The proposed modifications do not modify the City's design approval process. New buildings, site landscaping and other new facilities will be reviewed for architectural compatibility and aesthetics through the City review process.

#### **Circulation Element of the General Plan**

The following Goals and Policies of the Circulation Element relate to the proposed changes of the C-2 Zone:

**General Plan Circulation Element Goal 4:** To Establish and Maintain Adequate on- and Off-street parking as Required by New Development and Existing Uses.

**Circulation Policy 4.2:** As new commercial or industrial development occurs within the community, the City shall continue to implement the parking and off-street loading requirement within the Zoning Ordinance. Where large trucking operations are anticipated, the City shall require that development plans provide for adequate road and driveway standards, proper design and number of loading bays, and sufficient turning radius and maneuvering areas to assure that public street rights-of-way are not obstructed

#### **Conservation, Open Space and Safety Element of the General Plan**

The City has combined the Conservation, Open Space and Safety Elements into one Element of the General Plan. Following are applicable sections of that Element to the proposed changes to the M-1 and M-2 Zones and East Ranch Business Park Specific Plan:

**Goal 1.1 Water Resources Goal:** The City shall assure that groundwater resources available to the City and the planning area are not diminished, nor their quality degraded:

**Policy 1.1.4:** Full build-out of this general plan shall not exceed the long-term estimated supply of groundwater resources.

**Response to Water Resources Goal 1.1 and Policy 1.1.4:** The proposed changes to the M-1 and M-2 Zones will potentially significantly change the expected water use from this district area. Water for irrigating Medical Marijuana can increase water needs for this

zone. According to California Water Services Company previous reports, which provide services to the East Ranch Business Park area, water supply and water systems are adequate to provide for the increase in water usage. The M-2 Zoned area of the City is not served by the Water Company. Two options are possible; Either the City requests extension of California Water Service to cover the M-2 Zoned properties or each site will require a separate private well and on-site water storage for both the irrigation of the proposed crop and for fire protection., whichever provides the most reliable water service meeting the needs of the proposed uses.

As far as surface water pollution conditions, as Low Impact Development ("*LID*") measures are implemented with future development within the M-1 and M-2 Zoning Districts, more rain water falling on this area will be retained and percolated on-site, reducing runoff and benefiting groundwater supplies. Pollution control will continue to be required in the design of all new development as required under the requirements of the RWQCB standards that are applicable to the development and grading of properties as well as long-term maintenance of pollution control measures within the City of King.

Goal 1.4 Energy Resources Goal: To assure that all activities of the City, including the approval of new development patterns, do not generate, nor unnecessarily continue, wasteful uses of nonrenewable energy resources.

Policy 1.4.2: The City shall encourage the development and utilization of renewable energy sources such as solar, wind generation, and biomass technologies.

**Response to Goal 1.4 and Policy 1.4.2:** Greenhouse structures will use available sunlight. However, buildings will require artificial light sources for the cultivation of medical marijuana plants. Since the proposed electricity use for providing artificial light within buildings for the projection of Medical Marijuana could be significant, it is recommended that low energy lighting or solar electricity be considered with future developments of medical marijuana production to reduce energy use..In addition, the City staff and Planning Commission should encourage the innovative use of technologies to reduce energy use. For example, the simple use of deciduous trees along the east, south and/or west sides of a building can reduce the heat of the sun during the summer and increase the ability of the structure to absorb heat from the sun during the winter. In similar ways, building roof overhangs can shade walls from summer sun while providing solar heating of the walls during the winter. Also, solar collectors for electrical generation and for water heating can be incorporated into new buildings, reducing energy use and annual energy costs.

#### **Economic Development Element of the General Plan**

The City's Economic Development Element of the General Plan also contains goals and policies that affect the M-1 and M-2 Zoning Districts.

**Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area**

**Economic Development Element Vision:** To facilitate a stable community economy and high quality of life by fostering new investment to generate new and improved property values, municipal revenue, and employment opportunities.

**General Plan Economic Development Element Goals  
Applicable to M-1 and M-2 Zones:**

1. Enhance awareness of investment potential of King City to both local and external business.
2. Assist local enterprises to remain and expand within King City.
3. Promote diversification of the King City economic base in order to provide year-round full employment.

## **II. DETERMINATION OF MITIGATED NEGATIVE DECLARATION**

This proposed Draft MND is included to give notice to interested agencies and the public that it is the City of King's intent to adopt a MND for this project. This MND is subject to change based on comments received by interested agencies and the public. The project is not expected to have a significant effect on the environment. The proposed changes will not result in an intensification of uses on M-1, M-2 zoned properties or within the ERBP-SP. Instead, the proposed changes will increase the diversification of uses, allowing the addition of cultivated medical marijuana within existing and future buildings and greenhouses.

The City of King prepared the IS-MND for this project and pending public review, expects to determine from this study that the project, if developed and operated consistent with any mitigation measures specified in this document, would not have a significant effect on the environment for the following reasons:

- The proposed project would have no significant effect on: growth, farmland/timberland, the community, cultural resources, geology/soils/seismic/topography, hazardous waste or materials, air quality, noise or vibration, Land Use, Parks and Recreational Facilities, Utilities/ Emergency Services, Traffic and Transportation, Visual/ Aesthetics, Hydrology and Floodplain, Water and Storm Water Runoff, Animal Species, Invasive Species, Construction Impacts, or Climate Change, or historical/archaeological/paleontological resources, natural communities, and threatened and endangered species because the following mitigation measures would reduce potential effects to insignificance.

### III. ENVIRONMENTAL SETTING

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" or is "Potentially Significant Unless Mitigated," as indicated by the Environmental Checklist:

	1. Aesthetics		9. Land Use/Planning
	2. Agricultural Resources		10. Noise
X	3. Air Quality		11. Population/Housing
	4. Biological Resources	X	12. Public Services
X	5. Cultural Resources		13. Recreation
	6. Geology/Soils		14. Transportation/Circulation
X	7. Hazards/Hazardous Materials	X	15. Utility/Service Systems
X	8. Hydrology/Water Quality		16. Mandatory Findings of Significance

**Environmental Setting:** The properties affected by the proposed changes to the M-1 and M-2 Zones are located in primarily the northeast and east parts of the City. Approximately 75 percent of the area is developed. The proposed changes will impact the range of possible future uses on both vacant and built-up properties.

Surrounding Land Use			
North:	Agriculture	East:	Agriculture
South:	Commercial and Residential	West:	Commercial and residential

**Environmental Setting:**

The M-1 and M-2 zoned properties covered by this proposed change in Zoning District language are located in the northeastern and eastern part of the City. The City of King is located in the southern end of Salinas Valley along the US Highway 101 freeway approximately in the center of Monterey County. King City is the hub of the southern part of the agricultural industry of the Salinas Valley. The Salinas Valley is one of the most productive agricultural valleys in the world, producing many of the fruits and vegetables consumed throughout the United States. It is also at the northern edge of the Paso Robles Wine Region, recently named the Wine Enthusiast's Magazine "Wine Region of the Year award for 2013. A major regional winery, Monterey Wine Company, is located in King City near the airport. The Highway 101 corridor connects the San Francisco Bay Area and the Central Coast.

The area affected is partially developed, with numerous interspersed vacant properties. The area has an existing street system providing access to major transportation corridors such as Highway 101. Products from the cultivated medical marijuana would likely be shipped to processing facilities located in other areas of the State.

The City is approximately 50 miles south of the City of Salinas, 145 miles south of San Francisco, 105 miles south of San Jose, 50 miles north of Paso Robles and 250 miles north of Los Angeles. The City of King is important for its proximity to Pinnacles National Park and as the hub of south Salinas Valley agricultural center. It is a relatively small agriculture-based community located south of the small towns of Greenfield, Soledad, and Gonzales, other agricultural communities in the Salinas Valley.

The topography of the City and surrounding valley is flat alluvial plane between mountain ranges to the east and west of the City. San Lorenzo Creek and Salinas River floodplains are a potential hazard, bordering the southwestern portion of the City and traversing the City in a northeasterly direction to intersect the Salinas River. The City is located near the border of the Pacific and Continental Plates and is within an area known to have frequent seismic movement.

#### IV. ENVIRONMENTAL CHECKLIST AND IMPACT REVIEW

The following checklist indicates the potential level of impact and is abbreviated as follows:

- Known Significant:** Known significant environmental impacts.
- Unknown Potentially Significant:** Unknown potentially significant impacts, which need further review to determine significance level.
- Potentially Significant and Mitigable:** Potentially significant impacts which can be mitigated to less than significant levels.
- Not Significant:** Impacts which are not considered significant.
- Impact Reviewed in Previous Document:** Adequate previous analysis exists regarding the issue; further analysis is not required due to tiering process (Section 21094 of CEQA and Section 15162 of the State CEQA Guidelines). Discussion should include reference to the previous documents and identification of mitigation measures incorporated from those previous documents. Where applicable, this box should be checked in addition to one indicating significance of the potential environmental impact.

1.	AESTHETICS:	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Have a substantial adverse effect on a scenic vista?				X	
b.	Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within view of a state scenic highway?				X	
c.	Substantially degrade the existing visual character or quality of the site and its surroundings?				X	
d.	Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?				X	

**Impact Discussion:**

The proposed language changes to the M-1 and M-2 zones as well as the East Ranch Business Park Specific Plan will not change the existing design review process nor will those changes result in any significant negative impacts on aesthetics..

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts on aesthetics.

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

2.	AGRICULTURAL RESOURCES:	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland.  Would the project:					
a.	Convert prime farmland, unique farmland, or farmland of statewide importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X	
b.	Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X	
c.	Involve other changes in the existing environment, which, due to their location or nature could result in conversion of farmland, to non-agricultural use?				X	

**Impact Discussion:**

The proposed changes may result in a slight increase in production in medical marijuana but will not significantly impact any agricultural resources within or near the City. No prime farmland is being proposed for the new uses.

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

3.	AIR QUALITY	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Conflict with or obstruct implementation of the applicable air quality plan?				X	
b.	Exposure of sensitive receptors to substantial pollution concentrations (emissions from direct, indirect, mobile and stationary sources)?				X	
c.	Violate any air quality standard or contribute substantially to an existing or projected air quality violation?				X	
d.	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative thresholds for ozone precursors)?				X	
e.	Create objectionable smoke, ash, dust or odors affecting a substantial number of people?			X		

**Impact Discussion:**

According to reports from British Columbia, Canada, Vancouver municipalities have to deal with complaints from residents over the smell from medical marijuana-growing operations, including complaints by neighbors over objectionable odors. (Source: DF Technical & Consulting Services Ltd.)

In addition to objections over odors, reports from British Columbia indicated that there can be health impacts, with the greatest issue being mold because the growing facilities require a high degree of humidity and moisture for the project cultivation. The high humidity and moisture needed for the production of the medical marijuana product apparently can result in issues with the projection of mold.

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

**Mitigation Measure No. 3.e:** Proposed facilities will require permit conditions that monitor and prevent the production of odors outside of the building as well as the monitoring and prevention of mold within and near the buildings by the inclusion of air filters, recirculation of internal air or other appropriate means of filtering orders from escaping the subject facilities.

4.	BIOLOGICAL RESOURCES	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	<b>Would the project:</b>					
a.	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California department of Fish and Game or U.S. Fish and Wildlife Service?				X	
b.	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of fish and Game or U.S. Fish and Wildlife service?				X	
c.	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc) through direct removal, filling, hydrological interruption, or other means?				X	
d.	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X	
e.	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X	
f.	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan?				X	

**Impact Discussion:**

The M-1 and M-2 zoned areas as well as the ERBP-SP do not include areas of rare or endangered plant or animal species. No impacts are anticipated.

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

5.	CULTURAL RESOURCES	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	<b>Would the project:</b>					
a.	Cause a substantial adverse change in the significance of a historical resource as defined in CEQA Guidelines Section 15064.5?				X	
b.	Cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines Section 15064.5?				X	
c.	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X	
d.	Disturb any human remains, including those interred outside of formal cemeteries?				X	

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**Impact Discussion:**

The M-1 and M-2 zoned area and the ERBP-SP area is partially developed. There are no known archaeological sites on or near the M-1 and M-2 Zoning Districts or the ERBP-SP. However, should resources be discovered in the review of future projects, those resources would be required to be protected in a manner consistent with State and local laws. In the event that historical, paleontological or archaeological resources are discovered during demolition or grading. All work will be required to stop and the resources shall be evaluated by qualified professionals in those fields.

The development of each future project will be so conditioned:

**Mitigation Measure No. 5.a, 5.b, 5.c, 5.d: Cultural Resources:** In the event of an accidental discovery or recognition of any human remains, archaeological resources, paleontological resources or historical resources on the project site, if said resources are found during excavation or construction, work will be halted at a minimum of 30 feet from the find and the area will be staked off. There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie cultural resources, paleontological resources, historical resources or, in the case of adjacent human remains until the coroner of Monterey County is contacted to determine that no investigation of the cause of death is required. If the coroner determines the remains to be Native American the coroner shall contact the Native American Heritage Commission within 24 hours. A qualified professional (to be hired by the applicant and accepted by the City) in cultural resources, paleontological resources or historical resources shall evaluate the resources discovered at the site and provide recommendations for disposition of those resources. In the case of human remains, the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendent ("**MLD**") from the deceased Native American. The MLD may then make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and associated grave goods as provided in Public Resources Code Section 5097.98. The landowner or it's authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further disturbance if: a) the Native American Heritage Commission is unable to identify a MLD or the MLD failed to make a recommendation within 24 hours after being notified by the commission; b) the descendent identified fails to make a recommendation; or c) the landowner or it's authorized representative rejects the recommendation of the descendent, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner."

From the California Office of Historic Preservation, Technical Assistance Series #1, California Environmental Quality Act ("**CEQA**") and Historical Resources:

a. To the extent that unique archaeological resources are not preserved in place or not left in an undisturbed state, mitigation measures shall be required as provided in this subdivision. The project applicant shall provide a guarantee to the lead agency to pay one half the estimated cost of mitigating the significant effects of the project on unique archaeological resources. In determining payment, the lead agency shall give due consideration to the in-kind value of project design or expenditures that are intended to permit any or all archaeological resources or California Native American culturally significant sites to be preserved in place or left in an undisturbed state. When a final decision is made to carry out or approve the project, the lead agency shall, if necessary, reduce the specified mitigation measures to those which can be funded with the money guaranteed by the project applicant plus the money voluntarily guaranteed by any other person or persons for those mitigation purposes. In order to allow time for interested persons to provide the funding guarantee referred to in this subdivision, a final decision to carry out or approve a project shall not occur sooner than sixty (60) days after completion of the recommended special environmental impact report required by this section.

b. Excavation as mitigation shall be restricted to those parts of the unique archaeological resource that would be damaged or destroyed by the project. Excavation as mitigation shall not be required for a unique archaeological resource if the lead agency determines that testing or studies already completed have adequately recovered the scientifically consequential information from and about the resource, if this determination is documented in the environmental impact report.

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

6.	GEOLOGY /SOILS	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant or Not Applicable	Impact Reviewed in Previous Document
	Would the project:					
a.	Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				X	
i)	Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist or based on other substantial evidence of a known fault? (Refer to Division of Mines and Geology Publication 42)				X	
ii)	Strong Seismic ground shaking?				X	
iii)	Seismic-related ground failure, including liquefaction?				X	
iv)	Landslides?				X	
b.	Result in substantial erosion or the loss of topsoil?				X	
c.	Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				X	
d.	Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?				X	
e.	Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?				X	

**Impact Discussion:**

The proposed language changes to the M-1 and M-2 Zoning Districts will not affect geology or soils. Buildings will continue to be required to meet the requirements of the seismic location which depends on soil conditions, proximity of ground water, potential for ground motion and other factors. Certain buildings, such as hospitals and schools, may be required to meet more strict structural criteria as defined by the building code.

The valley is generally described as having quaternary deposits according to the State of California Department of Conservation "Geologic Map of California." Quaternary means "belonging to the geologic time, system of rocks, or sedimentary deposits of the second period of the Cenozoic Era, from the end of the Tertiary Period through the present, characterized by the appearance and development of humans and including the Pleistocene and Holocene epochs." (Source: Free Dictionary website.) The Salinas Valley is made up of primarily alluvial soils deposited over time by the periodic flooding processes of the Salinas River and its tributaries. In this sense, flooding is normal and beneficial process in which soils are built up in valley floors.

The City of King is located in the Salinas Valley between the Santa Lucia and Gabilan mountain ranges which is a broad basin filled with several thousand feet of sediment. The City is within close proximity to numerous fault lines, the most prominent being the San Andreas east of the City and the Rinconada to the west. According to the AMBAG 2035 MTP/SCS and RTPs for Monterey, San Benito, and Santa Cruz EIR, Section 4.7 Geology and Soils Section, Monterey County "is susceptible to high levels of groundshaking due to the numerous active faults which pass through or border the area. The portions of Monterey County with the highest susceptibility to ground-shaking are the lower Salinas Valley (northward from the City of Gonzales), the peninsular area from Carmel to the Santa Cruz County line, and in the southeast around Parkfield." According to the EarthquakeTrack.com, in 2013, there were 754 earthquakes of magnitude 1.5 or larger in the region near the City of King, with 63 earthquakes within the past month (at the time of the preparation of this Initial Study). Most of those earthquakes have occurred east of Gonzalez, Soledad, Greenfield and City of King in clusters along the San Andreas Fault which parallels the Salinas Valley.

Future major earthquakes in or near the City of King appear likely. Local building standards require each structure to be designed to meet building code standards.

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**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

7. HAZARDS/HAZARDOUS MATERIALS		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			X		
b.	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				X	
c.	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				X	
d.	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would create a significant hazard to the public or the environment?				X	
e.	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X	
f.	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X	

**Impact Discussion:**

7.a The Environstor Geotracker website indicates nine identified subsurface sites within the M-1 and M-2 zoned area and ERBP-SP area. Some of those sites have included cleanup measures. The location of each future project is not known at this time. Each site should be evaluated for the potential for subsurface pollution.

**Mitigation Measure No. 7.a:** Environstor Geotracker evaluation should be conducted prior to each future project. If existing unknown subsurface contamination is discovered in the review or construction phase of a project, work shall cease and the contamination shall be remediated in a manner acceptable to California Environmental Protection Agency and the California State Water Resources Control Board. Subsurface contamination is often not evident on the surface. The Environstor Geotracker system can identify sites and determine what measures, if any, are required to mitigate subsurface contamination.

8. HYDROLOGY/WATER QUALITY		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Violate any water quality standards or waste discharge requirements?				X	

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

b.	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				X	
c.	Substantially alter the existing drainage pattern on the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on or off-site?				X	
d.	Substantially alter the existing drainage pattern on the site or area, including through the alteration of the course of a stream or substantially increase the rate or amount of surface runoff in a manner, which would result in flooding on- or off-site?				X	
e.	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff or fail to meet the new CCRWQCB standards for stormwater control?				X	
f.	Otherwise substantially degrade water quality?				X	
g.	Place housing within a 100-year flood hazard area as mapped on a federal flood hazard boundary or flood insurance rate map or other flood hazard delineation map?				X	
h.	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X	
i.	Inundation by seiche, tsunami, or mudflow?				X	

**Impact Discussion:**

8.c Grading and development may create impacts on surface stormwater quality. Developers are required to meet all measures for stormwater pollution control, waste management, and provide public utility connections that comply with the City and other service providers including the requirements of Municipal Code Section 17.56.100 Stormwater Pollution Prevention. These standards protect against stormwater pollution during the grading, construction and post construction stages of each project. As long as projects meet the City and State requirements for pollution prevention, additional mitigation measures are not necessary.

Development shall minimize stormwater runoff by implementing one or more of the following site design measures identified by the RWQCB:

- (1) Direct roof runoff into cisterns or rain barrels for reuse
- (2) Direct roof runoff onto vegetated areas safely away from building foundations and footings, consistent with California building code
- (3) Direct runoff from sidewalks, walkways, and/or patios onto vegetated areas safely away from building foundations and footings, consistent with California building code
- (4) Direct runoff from driveways and/or uncovered parking lots onto vegetated areas safely away from building foundations and footings, consistent with California building code
- (5) Construct bike lanes, driveways, uncovered parking lots, sidewalks, walkways, and patios with permeable surfaces
- (6) The directing of runoff to bioretention basins,
- (7) Other similar measures as determined by the City Engineer.

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9.	LAND USE AND PLANNING	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Physically divide an established community?				X	
b.	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X	
c.	Conflict with any applicable habitat conservation plan or natural community conservation plan?				X	

**Impact Discussion:**

The proposed changes allow for the addition of cultivation of medical marijuana. This change may increase the potential for employment opportunities for those persons who will assist in the cultivation of the medical marijuana crop. This is a potential positive impact.

10.	NOISE	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Expose people to, or generate, noise levels exceeding established standards in the local general plan, coastal plan, noise ordinance or other applicable standards of other agencies?				X	
b.	Expose persons to or generate excessive ground borne vibration or ground borne noise levels?				X	
c.	Cause a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				X	
d.	Cause a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?				X	

**Impact Discussion:**

The proposed changes to the M-1 and M-2 Zoning Districts and the ERBP-SP will not subject or expose people to unacceptable noise levels.

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

11.	POPULATION AND HOUSING	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
	Would the project:					
a.	Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X	

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b.	Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X	
c.	Induce substantial growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (e.g. through extension of roads or other infrastructure)?				X	

**Impact Discussion:**

The proposed changes to the M-1 and M-2 zones and the ERBP-SP will not significantly impact population or housing. A small increase in employment may occur, hopefully providing employment for local residents.

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

12. PUBLIC SERVICES		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project result in a substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:						
a.	Fire protection?				X	
b.	Police protection?				X	
c.	Schools?				X	
d.	Parks or other recreational facilities?				X	
e.	Other governmental services?				X	

**Impact Discussion:**

The proposed changes to the M-1 and M-2 zones and the ERBP-SP will not require significantly greater public services than those uses that are currently allowed under the existing criteria.

12.a. Fire protection: According to FEMA and the US Fire Administration, indoor Marijuana growing facilities pose potential safety risks for fire and emergency personnel and should be addressed in project review when the use differs from risks already addressed by fire personnel in the City.

**12.e Energy consumption:** The cultivation of Medical Marijuana inside of buildings would necessitate the installation of an artificial lighting system. This system would, depending upon the lights used, increase energy use of the facility. If buildings require artificial lighting, the following energy efficiency mitigation is recommended.

**Mitigation Measure No. 12.e:** For cultivation of medical marijuana inside buildings where artificial lighting is required, the applicant shall utilize low energy lighting systems or incorporate other energy reducing programst to conserve electrical energy.

13. RECREATION		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				X	

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b.	Include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?				X	
----	--	--	--	--	---	--

**Impact Discussion:**

The proposed changes to the M-1 and M-2 Zoning Districts and the ERBP-SP will not impact recreational services within the City of King.

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

14. TRANSPORTATION/CIRCULATION		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e. result in a substantial increase in either the number of vehicle trips, the volume to capacity ration on roads, or congestion at intersections)?				X	
b.	Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				X	
c.	Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X	
d.	Substantially increase hazards due to a design feature (e.g. limited sight visibility, sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?				X	
e.	Result in inadequate emergency access?				X	
f.	Result in inadequate parking capacity?				X	
g.	Conflicts with adopted policies supporting alternative transportation (e.g. bus turnouts, bicycle racks)?				X	

**Impact Discussion:**

Future uses in the M-1 and M-2 Zoning Districts and ERBP-SP will continue to be required to meet all access and parking requirements of the City. The changes are not anticipated to create significant impacts to traffic or the street system.

**Proposed Mitigation Measures:**

None necessary. The proposed language changes will not have any significant impacts.

15. UTILITIES & SERVICE SYSTEMS		Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
Would the project:						
a.	Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				X	
b.	Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X	
c.	Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X	

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d.	Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			X		
e.	Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X	
f.	Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				X	
g.	Comply with federal, state, and local statutes and regulations related to solid waste?				X	

**Impact Discussion:**

15.d The proposed changes to the M-1 and M-2 Zoning Districts and ERBP-SP will potentially allow the cultivation of medical marijuana. Water use to irrigate medical marijuana may require water use for similar nursery type crops. In addition to the landscaping and irrigation required for exterior aesthetics, the proposed medical marijuana will also require irrigation for cultivation and production. The amount and type of irrigation will depend upon the proposal of each applicant. Fire water supply is also required for buildings.

Water use for the ERBP-SP area is provided by Cal Water. **From the 2010 Water Management Plan for Cal Water Service:** "The water supply for the King City District is very reliable. Even in drought years there has always been sufficient supply to meet demand. Because of the reasons outlined earlier in this chapter, Cal Water makes the assumption that an adequate supply will be available to its customers in all years. According to well level records, the groundwater level has been consistent over time."

The Cal Water does not serve the M-2 zoned area. That area of the City will require individual water wells and individual water storage systems adequate to meet both the projected irrigation use as well as fire protection requirements.

It is estimated that water use will increase to irrigate the proposed new crop. The exact amount of irrigation will vary depending on the facility and type of irrigation. At an estimated use of 27,000 gal/day/ac, water use could be approximately 9,855,000 gal / year / acre or 1317513 cu ft/yr = 30 ac ft per year per acre of planting. "A general rule of thumb used by irrigation designers suggests that a minimum of 1 acre-inch (approximately 27,000 gallons) of water capacity is required per acre of nursery stock per day of irrigation." James Robbins Professor - Ornamentals University of Arkansas, Division of Agriculture

**Mitigation Measure No. 15.d:** Water to meet the irrigation and fire protection needs for sites within the ERBP-SP area is available through the California Water Services Company. Developers of medical marijuana cultivation within the M-2 Zoning District shall be required to extend public water system lines to the M-2 properties or provide well studies and storage facilities to meet both the irrigation and fire protection needs of each proposed facility.

**V. INFORMATION SOURCES:**

**A. County/City/Federal Departments Consulted:**

- Envirostor  
GIS  
Geotracker  
subsurface  
contamination  
sites
- Federal  
Highway  
Administration
- City  
Department  
Heads and  
staff
- Monterey County  
Environmental  
Hazards
- California Water  
Services Company

**B. General Plan**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Land Use Element              | <input checked="" type="checkbox"/> Conservation Element                                      |
| <input checked="" type="checkbox"/> Circulation Element           | <input checked="" type="checkbox"/> Noise Element   |
| <input checked="" type="checkbox"/> Seismic Safety/Safety Element | <input checked="" type="checkbox"/> First Street Corridor Master Plan                         |
| <input checked="" type="checkbox"/> Zoning Ordinance              | <input checked="" type="checkbox"/> Housing Element   |
| <input checked="" type="checkbox"/> Economic Development Element  | <input checked="" type="checkbox"/> Historic Corridor Revitalization Plan and Form Based Code |
| _____   | _____   |

**C. Other Sources of Information**

- |  |   |
|--|---|
| <input type="checkbox"/> Field work/Site Visit           | <input type="checkbox"/> Ag. Preserve Maps                                  |
| <input type="checkbox"/> Calculations                    | <input checked="" type="checkbox"/> Flood Control Maps                      |
| <input checked="" type="checkbox"/> Project Area History | <input checked="" type="checkbox"/> Other studies, reports                  |
| <input type="checkbox"/> Traffic Study                   | <input checked="" type="checkbox"/> Archaeological reports previous studies |
| <input checked="" type="checkbox"/> Records              | <input checked="" type="checkbox"/> Seismic activity website information    |
| <input checked="" type="checkbox"/> Zoning Maps          | <input checked="" type="checkbox"/> Waste disposal sites                    |
| <input checked="" type="checkbox"/> General Plan Map     | <input checked="" type="checkbox"/> Other websites and technical studies    |
| _____  | _____   |
| _____  | _____   |

**VI. MANDATORY FINDINGS OF SIGNIFICANCE ( Cal. Pub. Res. Code §15065)**

A project may have a significant effect on the environment and thereby require a focused or full environmental impact report to be prepared for the project where any of the following conditions occur (CEQA §15065):

	Significant	Unknown Potential Significant	Potential Significant And Mitigated	Not Significant	Impact Reviewed in Previous Document
<b>Potential to degrade:</b> Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				X	
<b>Cumulative:</b> Does the project have impacts that are individually limited but cumulatively considerable? (Cumulatively considerable means that incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?				X	
<b>Substantial adverse:</b> Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?				X	

a. The proposed changes to the M-1 and M-2 Zoning Districts and ERBP-SP do not have the potential to substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of an endangered, rare, or threatened species. It is possible during grading and construction activities that unknown cultural resources may be unearthed, which may result in a potentially significant impact. Implementation of the mitigation measures for Cultural Resources would ensure the proposed project would not eliminate important examples of the major periods of California history or prehistory.

b. During construction related activities of land uses permitted under the proposed changes to the M-1 and M-2 Zoning Districts and ERBP-SP, the proposed changes would have the potential to generate storm-related runoff pollutants. Future projects will be required to prepare a plan that addresses all potential pollutants, including but not limited to soil erosion and sediment, and that plan shall be followed during grading and construction as well as maintained for the entire term of the use of the properties within the District. Other measures to address the protection against all subsurface and surface pollution shall be implemented during construction and for the full duration of the use of the properties.

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c. The proposed changes to the M-1 and M-2 Zoning Districts and ERBP-SP that could potentially result in construction dust and equipment exhaust emissions, and noise will be required to reduce dust and emissions to reduce substantial adverse effect on human beings to less than significant levels.

**VII. INITIAL STUDY DETERMINATION**

On the basis of the Initial Study evaluation:

I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A **MITIGATED NEGATIVE DECLARATION** will be prepared

I find that the proposed project **MAY** have limited and specific significant effect on the environment, and a **FOCUSED ENVIRONMENTAL IMPACT REPORT** is required.

I find that the proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.

**Initial Study Determination With Public Hearing**

**Initial Study Determination Without Public Hearing**

**Previous Document:**

\_\_\_\_\_

**Initial Study Project Evaluator:**

Donald J. Funk CPESC, QSD/QSP  
\_\_\_\_\_

\_\_\_\_\_  
**Signature**

January 5, 2016  
\_\_\_\_\_  
**Initial Study Date**

**Printed Name**

\_\_\_\_\_  
**City of King**  
**Lead Agency**

## VIII. MITIGATION MONITORING AND REPORTING PROGRAM OF THE MITIGATED NEGATIVE DECLARATION

Following are the mitigation measures that have been incorporated into the M-1 and M-2 District standards and ERBP SP and will reduce the potential impacts of the project to less than significant. Each of these mitigation measures are to be incorporated into the revised M-1 and M-2 Zoning District and ERBP SP language.

**Mitigation Measure No. 3.e:** Proposed facilities will require permit conditions that monitor and prevent the production of odors outside of the building as well as the monitoring and prevention of mold within and near the buildings.

**Implementation Party:** Applicant/Owner/Developers of each future development site

**Enforcement Agency:** City of King

**Timing:** Measures to be implemented during development stage of the project.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant/Owner

**Mitigation Measure No. 5.a, 5.b, 5.c, 5.d: Cultural Resources:** In the event of an accidental discovery or recognition of any human remains, archaeological resources, paleontological resources or historical resources on the project site, if said resources are found during excavation or construction, work will be halted at a minimum of 30 feet from the find and the area will be staked off. There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie cultural resources, paleontological resources, historical resources or, in the case of adjacent human remains until the coroner of Monterey County is contacted to determine that no investigation of the cause of death is required. If the coroner determines the remains to be Native American the coroner shall contact the Native American Heritage Commission within 24 hours. A qualified professional (to be hired by the applicant and accepted by the City) in cultural resources, paleontological resources or historical resources shall evaluate the resources discovered at the site and provide recommendations for disposition of those resources. In the case of human remains, the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendent ("**MLD**") from the deceased Native American. The MLD may then make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and associated grave goods as provided in Public Resources Code Section 5097.98. The landowner or it's authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further disturbance if: a) the Native American Heritage Commission is unable to identify a MLD or the MLD failed to make a recommendation within 24 hours after being notified by the commission; b) the descendent identified fails to make a recommendation; or c) the landowner or it's authorized representative rejects the recommendation of the descendent, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner."

From the California Office of Historic Preservation, Technical Assistance Series #1, California Environmental Quality Act ("**CEQA**") and Historical Resources:

a. To the extent that unique archaeological resources are not preserved in place or not left in an undisturbed state, mitigation measures shall be required as provided in this subdivision. The project applicant shall provide a guarantee to the lead agency to pay one half the estimated cost of mitigating the significant effects of the project on unique archaeological resources. In determining payment, the lead agency shall give due consideration to the in-kind value of project design or expenditures that are intended to permit any or all archaeological resources or California Native American culturally significant sites to be preserved in place or left in an undisturbed state. When a final decision is made to carry out or approve the project, the lead agency shall, if necessary, reduce the specified mitigation measures to those which can be funded with the money guaranteed by the project applicant plus the money voluntarily guaranteed by any other person or persons for those mitigation purposes. In order to allow time for interested persons to provide the funding guarantee referred to in this subdivision, a final decision to carry out or approve a project shall not occur sooner than sixty (60) days after completion of the recommended special environmental impact report required by this section.

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b. Excavation as mitigation shall be restricted to those parts of the unique archaeological resource that would be damaged or destroyed by the project. Excavation as mitigation shall not be required for a unique archaeological resource if the lead agency determines that testing or studies already completed have adequately recovered the scientifically consequential information from and about the resource, if this determination is documented in the environmental impact report.

**Implementation Party:** Applicant/Owner/Developers of each future development site

**Enforcement Agency:** City of King

**Timing:** Primarily during the grading portion of the project, including the excavation of foundations, pipelines, underground utilities and other similar excavation.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant/Owner

**Mitigation Measure No. 7.a:** Environstor Geotracker evaluation should be conducted prior to each future project. If existing unknown subsurface contamination is discovered in the review or construction phase of a project, work shall cease and the contamination shall be remediated in a manner acceptable to California Environmental Protection Agency and the California State Water Resources Control Board.

**Implementation Party:** Applicant/Owner/Developers of each future development site

**Enforcement Agency:** State of California

**Timing:** Prior to grading.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant/Owner

**Mitigation Measure No. 12.e:** For cultivation of medical marijuana inside buildings where artificial lighting is required, the applicant shall provide low energy lighting equipment or use other renewable energy.

**Implementation Party:** Applicant/Owner/Developers of each future development site

**Enforcement Agency:** City of King

**Timing:** Implemented during at completion of construction and on-going during operation of facility.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant/Owner

**Mitigation Measure No. 15.d:** Water to meet the irrigation and fire protection needs for sites within the ERBP-SP area is available through the California Water Services Company. Developers of medical marijuana cultivation within the M-2 Zoning District shall be required to extend public water system lines or provide well studies and storage facilities to meet both the irrigation and fire protection needs of each proposed facility.

**Implementation Party:** Applicant/Owner/Developer if each future development site

**Enforcement Agency:** City of King

**Timing:** Water availability and systems for transporting and storage of water for the cultivation and fire protection shall be verified at the time of approval of each project.

**Implementation Responsibility:** Cost and materials are responsibility of Applicant/Owner

**Attachment A**  
**Draft Ordinances**  
**Proposed M-1 and M-2 Zoning District and East Ranch Business Park**  
**Specific Plan Language Changes**

# DRAFT

## ORDINANCE NO. \_\_\_\_\_

### AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KING AMENDING SECTIONS 17.30.020 AND 17.30.140 AND ADDING SECTION 17.30.150 OF CHAPTER 17.30 (M-1 INDUSTRIAL DISTRICT) AND AMENDING SECTIONS 17.31.020 AND 17.31.140 AND ADDING SECTION 17.31.150 OF CHAPTER 17.31 (M-2 INDUSTRIAL DISTRICT) OF THE CITY OF KING MUNICIPAL CODE ADDING COMMERCIAL CULTIVATION OF CANNABIS IN THE CITY

**WHEREAS**, in 1996, the voters of the State of California approved Proposition 215, which was codified as “The Compassionate Use Act of 1996,” at California Health and Safety Code, section 11362.5 (“CUA”) which had the stated intent to ensure that seriously ill individuals have the right to obtain and use marijuana for medical purposes when recommended by a physician. The Proposition further provides that “nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes, and

**WHEREAS**, the ballot arguments supporting Proposition 215 expressly acknowledged that

“Proposition 215 does not allow unlimited quantities of marijuana to be grown anywhere”, and

**WHEREAS**, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health & Safety Code § 11362.7 *et seq.* and referred to as the “Medical Marijuana Program” or “MMP” to

clarify the scope of Proposition 215 and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specified State criminal statutes. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to “adopt local ordinances that regulate the location, operation, or establishment of a medical, and

**WHEREAS**, in the *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal.4<sup>th</sup> 729 (2013), the California Supreme Court upheld the right of local public agencies to regulate medical marijuana operations through their land use powers, and

**WHEREAS**, on November 26, 2013, the Third District Court of Appeal issued its opinion in *Maral v. City of Live Oak* 221 Cal.App.4<sup>th</sup> 975, which held cities have the authority to ban marijuana cultivation within their boundaries consistent with their local regulations; and

**WHEREAS**, on October 9, 2015, California Governor Brown approved the Medical Marijuana Regulation and Safety Act (“MMRSA”), which goes into effect on January 1, 2016, and establishes a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana, also known as cannabis, through Assembly Bills 243 and 266 and Senate Bill 643, and

**WHEREAS**, MMRSA will become the governing regulation giving the State full control over the cultivation of marijuana in any city where local regulations were not adopted to regulate cultivation of medical cannabis and in effect on March 1<sup>st</sup> 2016; and

**WHEREAS**, the City intends to regulate and maintain local control over the dispensing, delivery and cultivation of medical cannabis in accordance with this ordinance; and

**WHEREAS**, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the Council’s intention that nothing in this ordinance shall be construed, in any way, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, or consumption of marijuana that is otherwise illegal. It is

further the intent of the City Council of City of King to maintain local control over these matters to the fullest extent permitted by law.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF CITY OF KINGE AS FOLLOWS:**

**Section 1:** Section 17.30.020 of Chapter 17.30 of the City of King Municipal Code is hereby amended to repeal subsection (14) and add new subsections (14) and (15) as follows:

(14) Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City.

(15) Any other use which the planning commission finds not to be inconsistent with the uses set out herein.

**Section 2:** Section 17.30.140 (2) of Chapter 17.30 of the City of King Municipal Code is hereby amended as follows:

(2) Warehousing and wholesaling; and commercial cannabis cultivation;

Minimum of 2 spaces for every 3 employees on largest shift but non less than 1 per 3000 square feet of gross floor area.

**Section 3:** Section 17.30.150 of Chapter 17.30 of the City of King Municipal Code is hereby added as follows:

17.30.150 Commercial Cannabis Cultivation Property Development Standards

a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.

b) Caretakers quarters are not allowed.

c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.

d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.

e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.

f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.

g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 4:** Section 17.31.020 of Chapter 17.31 of the City of King Municipal Code is hereby amended to add subsection (18):

(18) Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A “small indoor” and (8) Type 3A “indoor”. Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City. All cultivation shall be conducted indoors.

**Section 5:** Section 17.31.140 (4) of Chapter 17.31 of the City of King Municipal Code is hereby amended as follows:

(4) Warehousing and wholesaling; and Commercial Cannabis Cultivation

Minimum of 2 spaces for every 3 employees on largest shift but not less than 1 space per 3000 square feet of gross floor area. Parking may be off-site within 300 feet upon approval of the planning commission.

**Section 6:** Section 17.31.150 of Chapter 17.31 of the City of King Municipal Code is hereby added as follows:

17.31.150 Commercial Cannabis Cultivation Property Development Standards

a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.

b) Caretakers quarters are not allowed.

c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.

d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.

e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.

f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.

g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 7:** All ordinances and parts of ordinances in conflict with those sections amended or added herein are hereby repealed.

**Section 8:** This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage.

**PASSED ADOPTED AND APPROVED THIS \_\_\_\_\_ day of \_\_\_\_\_, 2016.**

\_\_\_\_\_  
Mayor Robert Cullen, City of King

ATTEST:

\_\_\_\_\_  
City Clerk of the Council of the  
City of King

# DRAFT

## ORDINANCE NO. \_\_\_\_\_

### AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KING AMENDING SECTION B. 1.C.ii, AMENDING SECTION D.3. AND ADDING SECTION G.5. OF CHAPTER 4 (DEVELOPMENT STANDARDS) OF THE EAST RANCH BUSINESS PARK SPECIFIC PLAN AND AMENDING THE OFFICIAL ZONE MAP OF THE CITY OF KING TO CHANGE THE UNDELYING ZONING DISTRICT FROM M-1 TO PD ZONING FOR THE PURPOSE OF ADDING COMMERCIAL CULTIVATION OF CANNABIS IN THE CITY

**WHEREAS**, in 1996, the voters of the State of California approved Proposition 215, which was codified as “The Compassionate Use Act of 1996,” at California Health and Safety Code, section 11362.5 (“CUA”) which had the stated intent to ensure that seriously ill individuals have the right to obtain and use marijuana for medical purposes when recommended by a physician. The Proposition further provides that “nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes, and

**WHEREAS**, the ballot arguments supporting Proposition 215 expressly acknowledged that “Proposition 215 does not allow unlimited quantities of marijuana to be grown anywhere”, and

**WHEREAS**, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health & Safety Code § 11362.7 *et seq.* and referred to as the “Medical Marijuana Program” or “MMP” to clarify the scope of Proposition 215 and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specified State criminal statutes. Assembly Bill 2650 (2010) and Assembly Bill 1300 (2011) amended the MMP to expressly recognize the authority of counties and cities to “adopt local ordinances that regulate the location, operation, or establishment of a medical, and

**WHEREAS**, in the *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal.4<sup>th</sup> 729 (2013), the California Supreme Court upheld the right of local public agencies to regulate medical marijuana operations through their land use powers, and

**WHEREAS**, on November 26, 2013, the Third District Court of Appeal issued its opinion in *Maral v. City of Live Oak* 221 Cal.App.4<sup>th</sup> 975, which held cities have the authority to ban marijuana cultivation within their boundaries consistent with their local regulations; and

**WHEREAS**, on October 9, 2015, California Governor Brown approved the Medical Marijuana Regulation and Safety Act (“MMRSA”), which goes into effect on January 1, 2016, and establishes a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana, also known as cannabis, through Assembly Bills 243 and 266 and Senate Bill 643, and

**WHEREAS**, MMRSA will become the governing regulation giving the State full control over the cultivation of marijuana in any city where local regulations were not adopted to regulate cultivation of medical cannabis and in effect on March 1<sup>st</sup> 2016; and

**WHEREAS**, the City intends to regulate and maintain local control over the dispensing, delivery and cultivation of medical cannabis in accordance with this ordinance; and

**WHEREAS**, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the Council’s intention that nothing in this

ordinance shall be construed, in any way, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, or consumption of marijuana that is otherwise illegal. It is further the intent of the City Council of City of King to maintain local control over these matters to the fullest extent permitted by law.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF CITY OF KINGE AS FOLLOWS:**

**Section 1:** Section B.1.C.ii, of Chapter 4, "Development Standards" of the East Ranch Business Park Specific Plan is hereby amended by adding subsection (I) as follows:

- (I). for Commercial Cannabis Cultivation:
  - a) An indoor and outdoor lighting plan with estimated amount of electrical use.
  - b). The location and dimensions of areas for storage fertilizers and wastes
  - c). A fire suppression plan.
  - d). An irrigation and drainage plan with estimate amount of water use.

**Section 2:** Section D.3. of Chapter 4, "Development Standards" of the East Ranch Business Park Specific Plan is hereby amended by adding subsection (g) as follows:

- (g). Commercial Cannabis Cultivation consistent with those activities authorized under the State cultivator license types issued by the Department of Food and Agriculture under Business and Professions Code section 19332 (g) (5) Type 2A "small indoor" and (8) Type 3A "indoor". Cultivation for purposes of this provision shall be limited to those activities defined within California Business and Professions Code section 19300.5 (l) and the delivery or transport of the harvested cannabis outside of the City. No deliveries or distribution of any cannabis product shall be allowed within the jurisdictional boundaries of the City.

**Section 3:** Section G.5. of Chapter 4, "Development Standards" of the East Ranch Business Park Specific Plan is hereby added as follows:

**5. Commercial Cannabis Cultivation**

- a) Indoor Medical Marijuana Cultivation may not occur in multi-use buildings. All uses in the structure must be related to the Cultivation of Medical Marijuana.
- b) Caretakers quarters are not allowed.
- c) Indoor Medical Marijuana Cultivation is allowed only within fully enclosed and secure structures that are inaccessible to minors.
- d) Indoor Medical Marijuana Cultivation shall not exceed the square footage authorized by the Conditional Use Permit and consistent with State licensing.
- e) There shall be no exterior evidence of indoor Medical Marijuana Cultivation from a public right-of-way. Signage for the business shall be consistent with state law and local sign regulations.
- f) The building entrance to a Medical Marijuana Cultivation facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the facility is prohibited.
- g) Marijuana shall be kept in a secured manner during business and nonbusiness hours. A security plan shall be implemented as part of the conditions of the CUP that shall include security cameras, an alarm system, locked facilities and appropriate illumination as determined by the Police Chief to assure adequate preservation of health and safety to the public.

**Section 4:** The Council finds and approves a change to the City's Official Zone Map of the zone district of the real property described in the attached Exhibit "A" located in the City of King and

Negative Declaration and Initial Study, Proposed Changes to M-1, M-2 Zoning Districts and East Ranch Business Park Specific Plan area

shown on the Official Zone Map of the City of King, is reclassified from M-1 (Industrial District) to the P-D (Planned Development District) zone district.

**Section 5:** All ordinances and parts of ordinances in conflict with those sections amended or added herein are hereby repealed.

**Section 6:** This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage.

**PASSED ADOPTED AND APPROVED THIS** \_\_\_\_\_ **day of**  
\_\_\_\_\_, 2016.

\_\_\_\_\_  
Mayor Robert Cullen, City of King

ATTEST:

\_\_\_\_\_  
City Clerk of the Council of the  
City of King

**Attachment B**  
**CORRESPONDENCE**



## Item 4(A)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** DON FUNK, PRINCIPAL PLANNER, DOREEN LIBERTO-BLANCK, AICP, COMMUNITY DEVELOPMENT DIRECTOR, WITH ASSISTANCE FROM MARTIN KOCZANOWICZ  
**VIA:** STEVEN ADAMS, CITY MANAGER  
**RE:** PRE-APPLICATION AND POTENTIAL MUNICIPAL CODE CHANGE TO ALLOW FARMWORKER HOUSING IN FSC ZONE

#### RECOMMENDATION

It is recommended the City Council: 1) provide comments to the applicant regarding a proposed farmworker housing project at the existing Meyer building on the east side of First Street; 2) direct staff to initiate a Development Code Change to the FSC Zone to allow Farmworker Housing with a Conditional Use Permit per recommendations of the Planning Commission; and 3) authorize the City Manager to execute an "early construction agreement" with the applicant.

#### BACKGROUND

On **January 5, 2016**, the Planning Commission ("**Commission**") took two actions:

- A. Determined that farmworker housing is not a use that matches the permitted use under the definition of lodging.
- B. Directed staff to initiate changes to the C-2 and FSC Zoning Category that will add farmworker housing as a use permitted subject to a Conditional Use Permit ("**CUP**").

Public testimony during the Planning Commission hearing on **January 5th** was supportive of farmworker housing. Testimony also identified a number of issues that would need to be addressed as part of the CUP approval process.

A Pre-Application was filed by David Gill and Steve Scaroni for the Meyer Building, an old industrial building located along First Street. They indicate a desire to make modifications to the Meyer building and change the use to farmworker housing to allow 216 beds in a barracks-style within the old industrial building. If permitted, they also propose to add windows along the street frontage and install modular bathrooms to serve the occupants. Mr. Scaroni indicated that his company would manage the operation, including measures to ensure that occupants meet certain minimum standards. Mr. Scaroni also indicated that if they are given approval by the City, they

would be willing to work with the neighboring property owner to ensure that a future road access could be provided at the extension of Broadway Street. These measures were all items that can be addressed through the CUP process.

## **DISCUSSION**

The Planning Commission, after hearing public testimony, indicated a general support for farmworker housing. Currently, only one zone in the City allows farmworker housing: the AG Zone, under which farmworker housing is allowed with a CUP. This, and other issues, has made it difficult to construct additional farmworker housing despite extensive efforts by City staff, officials and representatives from agricultural providers to find feasible locations. The need for farmworkers and farmworker housing has become a nationwide critical issue in order to maintain the viability of agriculture productions, which is important to the City and its economy. As a result, staff and the applicant have attempted to identify approaches that would streamline the process to allow a project to be completed on at least an interim basis by Spring 2016..

The Commission recommended that the Code be amended to add farmworker housing in the FSC Zone with a CUP. The Commission mentioned the following:

- A. Farmworker housing is very important to the City
- B. Farmworker housing is not appropriate for all properties and should be subject to the conditional approval process of a CUP.
- C. Issues, such as safety, facility operations, road extension, and design concerns can best be addressed through the CUP approval process. Conditions cannot be placed on permitted uses and for that reason, farmworker housing should be subject to the CUP approval process.

The process would involve modifying the code to add farmworker housing as a conditionally permitted use in the FSC Zone. Since the FSC uses are also allowed in the C-2 Zone, the modification to the code would apply to both the FSC and C-2 Zones. The applicant would need to apply for a CUP, which could be processed concurrently with the changes to the FSC and C-2 Zones. The CUP would require an environmental determination by the Planning Commission as would the change to the Zoning Ordinance.

Before doing this, the applicant has requested a Pre-Application Review of the project concept by the Council. The intent of a Pre-Application Review is to provide the applicant an opportunity to answer questions and to obtain feedback from individual Council Members regarding concerns they would like addressed and overall support for the project "concept" and use, as well as the proposed process. It in no way serves as a decision by Council or binds them in any way regarding their ultimate decision. It should also be noted that feedback is preliminary because it is based solely on an initial concept of the project with no project details and no public hearing. However, it is intended to provide the applicant with helpful input in designing the project and deciding on whether to proceed to make the investments involved.

Concurrently, in order to meet the time restrictions in order to address the need for farmworkers this season, the applicant is interested in entering into an "early

construction agreement" with the City. This would allow the applicant to commence construction of improvements at their "own risk" before the CUP is approved. They understand that if the zoning text amendment and/or CUP are not approved, the use would not be permitted in this building.

With Council's direction, staff can expedite the process given the time sensitive nature and urgency of the proposal. The applicant proposes to submit a CUP application concurrently with the zone text amendment. The zoning text amendments would be considered by the City Council for approval. The Commission would make the decision on the CUP and associated applications.

## ALTERNATIVES

The following alternatives are provided for Council consideration:

1. Approve staff's recommendations;
2. Communicate support for the project concept, but not the proposed process; or
3. Provide staff other direction.

## COST ANALYSIS

The applicant will reimburse the City for staff costs involve in the process. There could be some future revenue from sale of food and goods to the tenants.

Attachments:

1. Exhibit 1: Pre-Application design for Meyer's Building

Prepared by:

MC for Don Funk  
DON FUNK, PRINCIPAL PLANNER

Approved by:

Steven Adams  
STEVEN ADAMS, CITY MANAGER

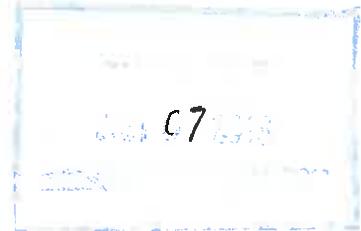
**EXHIBIT 1**

P.O. BOX 1743  
220 LYNN ST.  
KING CITY, CA. 93930  
(831)385-0810 PHONE  
(831)385-0688 FAX

**WESLEY BEEBE ARCHITECTURE**

**PROJECT DESCRIPTION -- First Street Housing**

David Gill  
Steve Scaroni  
218 N. First Street  
King City, CA. 93930



**PROJECT:** Conversion of existing 36,712 sq. ft., warehouse building to a temporary Dormitory style complex housing 216 Employees.

Project location: Warehouse building located at 218 N. First St., King City, CA.

This project will provide desperately needed housing in south Monterey County by the 2016 season, helping to attract more labor to this area. The agricultural labor shortage is critical for the Ag industry and for the urban areas of Monterey County, including King City. The immediate addition of housing will also improve the housing and living conditions for many workers that are now living in sub-par arrangements, including garages, various un-permitted and dangerous buildings or parked cars. The applicants will convert a vacant warehouse; bring the building up to code; and provide seasonal farm workers with a safe and clean living environment here in King City. The warehouse has a long history in King City, from icing vegetables as they are loaded on trains in the late 1800's to processing tomatoes. This project will give new life to a building already past its functional usefulness.

The total site is 3.23 acres. Total building size is 84,000 square feet. The project would remodel and utilize the middle portion of the building.

The zone for this project would most appropriately be designated as "lodging". The employees are not permanent residents, but here for the summer season only. They all work under contract, usually 6 days a week and are provided transportation to and from work. The operation of the building would be from April thru October of each year and remain vacant the remainder of the year.

The facility will contain beds, restrooms, showers and recreation facilities. Meals will be provided on site. The employees will be closely supervised and live under very strict rules, with the ability to deport anyone who breaks those rules.

This program will be authorized under the H2A VISA, through the U.S. Department of Labor. This temporary work program allows agricultural employers to bring workers into this country from Mexico in busses and returns them to Mexico at the end of the season. Presently, at other H2A sites located in the State of California, the need for large parking lots does not exist because the workers do not need or want to own cars. There will be a live- in on site manager for the facility at all times. H2A housing projects have met the approval and support of the Monterey County Board of Supervisors, the Monterey county Planning Commission, Land Watch of Monterey County and KSBW Editorial board.

Traffic on First Street would not be greatly affected by this project. The workers will be driven to the work sites in busses for a total of five to ten bus trips daily. Parking has been provided on site for a total of 44 spaces. The neighborhood consists of existing farming offices and farming warehouse operations and farming fabrication shops. All this is located across the street on North First Street. Small retail commercial consisting of a convenience store and a walk-in laundry facility would greatly benefit from a live –in population base in the immediate area.

The project would bring 216 customers to the city that would help generate much needed sales tax revenue. They live and work and spend their money here. They do not impact the schools, hospital or social welfare system. The employers will provide health insurance as well as Workers Compensation insurance for each employee.

The owners of this project, David Gill and Steve Scaroni are willing to work with Smith–Monterey to allow the Broadway crossing to become a reality at some time in the future as the market for Smith–Monterey project allows. The overall business plan for this project is a Five to Ten year period. After that time the present building would give way to future market needs.

If you have any questions please call,

Wes Beebe

















## Item 4(B)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016  
**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**FROM:** STEVEN ADAMS, CITY MANAGER  
**RE:** CONSIDERATION OF FY 2016-17 ANNUAL BUDGET PROCESS AND SCHEDULE

---

#### **RECOMMENDATION:**

Approve by motion staff's recommendations for the FY 2016-17 Annual Budget process, format and schedule.

#### **BACKGROUND:**

The current budget process and document format is in need of comprehensive revisions. It does not currently provide the information necessary for City Council to make effective financial decisions, for the departments to effectively manage their budgets on an ongoing basis, or for the City Manager to develop budget strategies to accomplish goals or to efficiently track expenses. In addition, it has not enabled the City to make adjustments as necessary to avoid year-end over-expenditures, which has increased the difficulty of addressing the City's significant negative General Fund fund balance. As a result, staff has developed recommendations for a new process, new budget format, and new immediate and long-range financial procedures.

#### **DISCUSSION:**

##### **Budget Process and Schedule**

The following steps and schedule are recommended:

- **FY 2015-16 Mid-Year Budget Review** **February 9, 2016**  
City Council will review the budget status and staff will recommend necessary adjustments.
- **Approval of FY 2016-17 Budget Goals/Priorities** **February 9, 2016**  
Staff will recommend and City Council will consider, modify as desired, and approve goals and priorities for the FY 2016-17 Annual Budget. Two categories of goals will be proposed. First, staff will recommend

miscellaneous operational goals for each department based upon what they determine and recommend can be accomplished with existing staff and budget resources. Second, major citywide priorities will be recommended for Council discussion and direction. The purpose of the priorities will be to assist staff in preparing budget recommendations. At this point in the process, they will not be based on revenue projections. As a result, there will be no indication whether all, some or any of the major priorities can be accomplished. This is why they are referred to as priorities rather than goals. However, it will provide direction to staff on where City Council desires any resources that become available to be directed.

Given the City's financial condition, there will be an emphasis on limiting major budget goals in order to focus City efforts on targeted priorities as much as possible in order to make meaningful progress. The City needs to establish a foundation on which to build future efforts. Therefore, efforts should focus primarily on what is needed to better stabilize provision of existing services, and new efforts should focus on those items most critical to the future of the community.

The City Council previously appointed a Goals Subcommittee to develop recommended City Council goals. Their recommendations are provided in Exhibit A. Staff recommends these be submitted to staff to use as input to assist staff in developing departmental budget goals and their work plan for FY 2016-17. Staff believes that some, but likely not all, can be incorporated into the recommendations for operational goals. When overall recommendations for goals are presented at the February 9, 2016 meeting, the City Council can then provide direction on any changes with regard to staff's recommendations, including whether to add or delete any of the goals presented by the Subcommittee.

- **Department Budget Instructions/Worksheets February 11, 2016**  
The City Manager will establish parameters for preparation of department operational budget requests. The Director of Finance will prepare the budget detail for projected salary and benefit costs for each department based on existing authorized positions. The salary and benefit detail will be distributed to each department, along with a Maintenance & Operational Budget Worksheet for each department to insert requests for each sub-account, Supplemental Budget Information instructions, and a Budget Adjustment Request form. Sub-accounts will be consolidated to create typical accounting categories (i.e. office supplies, equipment, consultant services, training, etc.). Supplemental Budget Information instructions will outline guidelines for providing necessary detail for specific accounts (i.e. requested amounts for specific consultants under consultant services, etc.). Budget Adjustment Request forms will be submitted for any special budget request that exceeds the overall parameters established, along with the justification.

- **Budget Worksheets and Forms Due** **March 3, 2016**  
 Departments submit budget worksheets and forms to the City Manager.
- **Budget Meetings** **March 14 - 17, 2016**  
 The City Manager and Director of Finance meet with each department to review requests.
- **5-Year Capital Improvement Program** **March 24, 2016**  
 The City Manager and Director of Finance will meet with the Public Works Superintendent and City Engineer to review and develop recommendations for capital improvement projects for the next 5-year period.
- **Development of Financial Projections** **April 4, 2016**  
 The Director of Finance will assemble the departmental requests to develop expenditure projections and will develop revenue projections. The Director of Finance and City Manager will prepare 10-Year Long Range Financial Plan baseline projections and scenarios based upon different assumptions.
- **Staff Budget Review** **April 11 - 22, 2016**  
 The City staff Leadership Team will review long-range revenue and expenditure projections, goals, and preliminary expenditure recommendations in order to develop strategies and reach consensus on overall budget recommendations. If it is determined that input is needed from the City Council on alternative strategies, a City Council item will be prepared to seek direction. The objective is for the ultimate budget recommendations to be a collective proposal of the City's staff team and serve as the proposed work plan for the upcoming year.
- **Local Sales Tax Committee Meeting** **May 4, 2016**  
 The Local Sales Tax Committee will meet to review staff recommendations and agree on recommendations for allocation of Local Sales Tax revenues.
- **Draft Budget Document Issued** **May 12, 2016**  
 Staff will distribute to the City Council the Draft Budget document, which will include budget recommendations, a draft 10-Year Long-Range Financial Plan, and a draft 5-Year Capital Improvement Program.
- **Budget Workshop** **May 18, 2016**  
 A special public workshop will be held with the City Council to present the budget recommendations, obtain public input, and receive Council direction on desired changes.
- **City Council Budget Consideration** **June 14, 2016**  
 The Recommended FY 2016-17 Annual Budget will be presented to the City Council for consideration, along with a budget resolution for approval. If

additional changes are requested, budget approval will be continued to the June 28, 2016 meeting in order to make the necessary changes.

### **Strategic Planning**

The City Council has expressed an interest in beginning a strategic planning process. It is strongly recommended that this process not begin until the summer of 2016, following the budget process. Many organizations conduct efforts that they refer to as strategic planning, but they are actually only a "visioning" process. They simply reach consensus on the future desired vision, which is based upon input from only a small group of individuals. As a result, these efforts rarely result in a plan that becomes the driving force in actually setting achievable priorities. Given the City's efforts to increase trust and credibility with the community, it is important to avoid creating unrealistic expectations. It is recommended to create efforts where care is taken in communicating what will be done by the City so credibility will be established by consistently following through on what the community is told will be accomplished.

To conduct a process that is truly "strategic", comprehensive data and input is necessary. Given the challenges facing King City, such a process would be beneficial. Much of the data needed may be obtained through the new budget and long-range financial planning process, community survey, community outreach, proposed community anti-gang and violence task force, and other proposed efforts.

### **Biennial Budget**

Beginning in FY 2017-18, it is recommended the City utilize a similar process, but the City instead implement a 2-year budget. This will both increase long-range financial planning efforts and significantly reduce staff time involved with the budget process.

### **ALTERNATIVES:**

The following alternatives have been identified for City Council consideration:

1. Approve by motion staff's recommendations for the FY 2016-17 Annual Budget process, format and schedule.
2. Provide staff direction on changes to the proposed budget related recommendations; or
3. Provide other direction to staff.

### **FISCAL IMPACT:**

The recommendations are designed to improve the City's financial management practices. In the long-term, staff is confident that it will enable the City to better achieve financial stability. In the short-term, it will result in some increased costs by increasing staff time required by the City's contract Director of Finance.

**Attachments:**

- 1. City Council Goals Subcommittee Recommendations**

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager



**Proposed City of King Council Goals, January 2016 - Draft #16**

Goals subcommittee:

Councilmembers Karen Jernigan 385-6112 and Belinda Hendrickson 214-0155

**Mission Statement:** To be determined after Strategic Planning  
(Defines what our city does, who it serves and how it serves its customers)

**Vision Statement:** To be determined after Strategic Planning  
(What should our City look like in the future?)

**Three year Goals 2015-2016-2017-18**

1. **Promote Safety** by helping revitalize the Police Department to restore trust from the community and install a high level of professionalism using the recommendations of **Interim Police Chief Tony Sollecito Ron Forgue and his Blueprint for Change.**
2. **Attract new business** and retain existing business by having business-friendly policies and an attractive, beautiful community concentrating on First Street as a route to Pinnacles National Park.
3. **Create better communication** with the public via an excellent sound system at city hall, a quality website, more e-mail / Facebook messages, and better media coverage of events that have a minimum of one month of publicity in English and in Spanish.
4. **Improve housing opportunities** by facilitating the replacement of rundown buildings and replacing them with better conditions, especially at Komfort Court, Queen Motel and Colledgeville Farm Labor Housing.
5. **Hire a new city manager**
6. **Stabilize liability protection** for the city.
7. **Emphasize and promote recreation** as a way to achieve a healthy community and as a way to fight crime and violence.
8. **Clear the San Lorenzo Creek** channel and the Salinas River by working to get an emergency permit so that we can avoid damage to the city from flooding.
9. **Plan for video surveillance** at major intersections and encourage it for local businesses and residents as a means of decreasing violence.
10. **Review the cost of utilities** for our residents involving water, sewer, electricity and trash services.

**Goals to be revised once our new City Manager is hired at the end of December 2015.**

**Core Values:**

1. City staff and council will be **responsive to questions** from the public.
2. The City council is committed to **quarterly strategic planning/goal setting sessions.**
3. We will **spend money wisely** striving to set up a reserve, pay down our debt, increase revenue and reduce expenses.
4. The City Council will promote an attitude of **appreciation** to staff, community leaders and volunteers.
5. We believe in a **simplified permit process.**
6. We strive to **involve more people** in government. Involvement from the Hispanic community is important.
7. We will use a high degree of **civility and respect** during discussions with an attitude that we can learn from each other even when we disagree.

## **2016-17-18 Activities to Implement Goals:**

### **Promote Safety.**

- Involve the community and a council member in the selection of a **new Police Chief** to be hired by May 2016
- Form a **TRUST Committee** ASAP to increase transparency in our Police Department
- Budget an amount for **Four Cities 4 Peace** to demonstrate our support for the organization
- Reactivate our **Explorer program** to develop youth volunteers for our Police Department
- Plan and improve the **National Night Out** event in August
- One council member will try to attend meetings of committees that relate to Town Watch, 4 Cities4 Peace, Explorers and participate in the Ride-along program.
- Council members will endorse letters that go to owners of Rio Plaza Mobile Home Park, Queen Motel, Komfort Court and Grove Park asking for owner cooperation in safety issues.
- Strengthen **Town Watch** by adding new members

### **Attract and Retain Business**

- We will look to **attract new business** that cater to the traffic along Highway 101, serve Fort Hunter Liggett and promote tourism with our proximity to the wine corridor and Pinnacles National Park.
- We will support efforts of the King City Tourism Group to bring new **wayfinding signs** to the city and along Highway 101.
- Blighted buildings** need to be transformed starting with four buildings on the 300 block of Broadway: the Old Vendome Hotel at 318 Broadway; the old A-1 Market at 321 Broadway; Argueta's Clothing Store at the corner of Broadway and North Vanderhurst Avenue (formerly King City Auto Detail); and the 308 Broadway building which was damaged in the December 2015 fire.
- Form a **volunteer economic development group** committed to meeting monthly to help with recruiting new businesses that would bring more jobs to the town.

### **Create Better Communication**

- We will encourage city staff to have an **attitude of customer service** being responsive to questions from the public and attempt to acknowledge and return phone calls and e-mails **within 24 hours**.
- We are committed to having a **Spanish-language translator** at council meetings as a way of involving people from the Spanish-language community. All translating should be done phrase by phrase.
- The City Council will promote **recognition ceremonies and educational presentations** at Council meetings. (see related schedule of monthly ideas)
- Create ways to recognize and support our all-volunteer **fire department**.
- Encourage staff to help contractors and residents better understand procedures relating to permits and regulations.
- Consider using a **mentoring** process to educate community members and students to become involved in the decision making aspect of government.
- We will participate in **regional efforts** such as TAMC, MST, AMBAG, SVSWA, Mayors and Managers meetings so that we don't become "The Island of King City"
- The Council will respect their position as policy makers and leave the day to day running of the City to the City Manager. The City Manager will welcome volunteers and be clear as to how council members can be partners with the staff to achieve council goals and create good feelings among residents.
- Have an upbeat, knowledgeable employee at the **front counter** of city hall.
- Implement a **suggestion box** at the front counter of city hall asking for reasonable solutions to problems. Photocopy suggestions and distribute them to council members in their meeting packets.

--Stay up-to-date on issues involving **Mesa Del Rey Airport, the Planning Commission, the District Elections issue, the Opterra Solar Project and plans for a Multi-modal Transit Facility along First Street.**

#### **Improve Housing Opportunities**

--Because of the need for more **farmworker housing**, council will conduct forums with growers and residents to determine the best locations for more affordable housing for farmworkers and find ways to get this done by working with Building Inspector Paul Hodges, Community Development Director Doreen Liberto-Blanck, our City manager and staff.

-- The council will support **Beautification Week** efforts in June by making sure that City property looks well-manicured and improvement projects are chosen annually. We will be diligent in reporting graffiti to our code enforcement officer to make sure our town stays free of graffiti.

#### **Stabilize liability protection for the city**

--We will support staff in efforts to reduce risks and make the town safer for workers and residents including having a regular plan for **streets being striped and crosswalks painted.**

--Update Emergency Action Plan and Safety Committee

#### **Emphasize and Promote Recreation**

-- We will work with Recreation Director Andrea Wasson and the Recreation Commission to have a strong activities program and healthy living options.

-- Consider **covering the pool** so it could be used for rehabilitation therapy.

--Explore putting a **dog park**, preferably close to Highway 101.

--Improve transportation to include more **bike paths and walking paths.**

#### **Clear San Lorenzo Creek and the Salinas River**

--We will work with City Engineer Octavio Hurtado and local farmers to get permits to clear sediment from San Lorenzo Creek. We will write letters and contact state and federal politicians for their assistance.

#### **Acquire video surveillance**

--Pursue and offer grants and find other ways to put **video cameras** on light poles around town, the seven exits in and out of town and at businesses and residences, with the ultimate goal of having license plate recognition at our freeway exits.

#### **Review cost of utilities**

--We will hold **workshops** on the franchise agreements with Cal Water, PG&E, Waste Management and evaluate our sewer operations in an attempt to keep rates low for city residents.

## Other Important Priorities

### Spend Money Wisely

- Our staff, including Green's Accounting, will work to provide us with **quarterly financial updates** so that we stay within our budget.
- We will ask our staff to simplify our budget down from 112 pages to something easier to read. In addition, budgets will have a one-page cover sheet giving a synopsis of our income and spending.
- We will work with our **Sales Tax Increase Advisory Board** to spend money from the ½ cent sales tax increase in ways that produces results for the voters.
- We will work with the Chamber of Commerce to encourage residents to "**Shop in King City**" and model that in our personal lives to help local businesses be successful.
- We continue to be open to **Shared Services** with our neighboring Valley cities as a means of saving costs

### Education:

- Do anything we can to support **safe and academically strong schools**. Promote bringing back vocational classes at our high school that would lead to jobs for students. Support after-school programs.
- Look for ways to **educate parents** about how to raise socially responsible children.
- Continue having council members **attend school board meetings** when possible and invite school board members to attend our meetings.
- Encourage all campuses in the town to have a **strong crossing guard program**.
- Promote an **anti-littering campaign**.

### Health --Assemble ideas to promote **healthy police officers and city employees**.

- Cooperate with Mee Memorial Hospital to **promote healthy living** through the Culture of Wellness campaign.

### Public works: --

- Work with Public Works Superintendent Sal Morales and his staff to maintain the quality of our **public facilities** and buildings.
- Improve and maintain the **entrances** to our town from Highway 101 as well as weekly maintain our parks and public spaces.
- **Replace faded signs**, especially stop signs, or have them repainted. Continue to **repair street pavement**. Establish a schedule to **trim trees** and plant more trees, especially colorful ones. Ensure regularly scheduled **street sweeping** and other maintenance issues.

### Other: --Hire a grant writer

- Better organize City Hall files** and make sure the exterior and interior are **clean**

### Issues to be addressed as time and resources permit

- Update all personnel records
- Encourage the State Board of Equalization to enforce laws regarding the collection of sales tax by businesses.
- Identify and eliminate overcrowding in single-family homes.
- Enforce sign permits.
- Develop a capital improvement plan.
- Streamline Accounts Payable and Accounts Receivable procedures.
- Complete implementation of new 911 Dispatch Emergency Communications
- Fulfill our state-mandated responsibilities and reporting regarding Landfill, stormwater runoff, wastewater collection system, treatment, nitrate issues and the Brown Act for open meetings.
- Evaluate and oversee the contract with Green's Accounting for financial services.
- As finances allow, work to have more city staff such in public works, a finance director, mid-level management, a grant coordinator, a full-time Recreation Director and volunteer coordinator. In the police department, work toward having one chief, a captain, four sergeants, a detective, 10-12 officers, an animal control officer and code enforcement officer.



## Item 4(C)

### REPORT TO THE CITY COUNCIL

**DATE:** JANUARY 12, 2016

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** STEVEN ADAMS, CITY MANAGER

**RE:** CONSIDERATION OF AGENDA PROCESS POLICY AND  
PROCEDURE RECOMMENDATIONS

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#### **RECOMMENDATION:**

Adopt Resolution 2016-4493 approving the recommended policy establishing the City Council Meeting agenda process and responsibilities, the City Council Meeting agenda format, and the standard staff report format.

#### **BACKGROUND:**

The City Council regularly meets on the second and fourth Tuesdays of each month. City Council agendas and packets are prepared and distributed the week prior to the meeting. Agendas are reviewed by the Mayor and Mayor Pro Tem prior to issuance. Currently, there is no specific schedule regarding steps in the process. There is no consistent format for City Council Meeting staff reports. In addition, specific roles and responsibilities are not formally established in any City policy.

There are three primary objectives of this item. The first is to formally clarify the City Council meeting procedure and responsibilities in order to avoid conflicts when items occur where there may be disagreement on how to handle placing items on the agenda, scheduling special meetings, etc. The second is to establish standard practices to ensure the process is implemented in a consistent, efficient and effective manner. The third is to set forth a process that best enables important policy items where there may be disagreement among the City Council to be considered by the full City Council in order to provide staff with clear direction rather than outcomes being determined by process deadlines and constraints.

#### **DISCUSSION:**

Three items are recommended. The first is a policy that outlines the specific responsibilities and authority related to the City Council meeting agenda process.

The second is revisions to the City Council Meeting agenda format. The third is a standard format and template for City Council Meeting staff reports.

There are many different ways used by cities for handling City Council meeting agendas and determining authority for placing items on the agenda. There is no specific generally accepted "best practice." The Municipal Code currently does not provide any specific provisions setting forth authority and responsibilities regarding City Council meeting items. As a result, current practices have been largely established as an informal policy in the past. The recommended policy is intended to largely mirror the current practice as the City Manager understands it has been implemented in the past.

The policy does include two items that appear to be consistent with the current process in practice, but are intended as clarifications to avoid any potential future conflicts. The first is to limit items placed on the agenda unilaterally by either the Mayor and/or two Members of the City Council to only time sensitive items. Generally, it is considered a best practice to minimize situations where staff work is being directed by less than a majority of the City Council. The second is to set forth that any Council Member may request an item be placed on a future agenda if a majority of the City Council concurs.

The City Council Meeting agenda format was reviewed by the City Manager and City Attorney and compared to formats used by other cities. Minor revisions are recommended in order to more clearly set forth the intent and guidelines for each portion of the meeting. There has been a suggestion to move closed session items to the end of the meeting, which is recommended for the purpose of ensuring there is sufficient time for all closed session discussions and to avoid any negative impacts on the public that show up early for meetings. However, this will result in later meetings so the Council would need to consider whether they are willing to do that.

Lastly, a standard staff report format has been developed to increase consistency of items presented. The goal of the format is to ensure items are easily understood and provide a comprehensive analysis that includes a clear recommendation, advantages, disadvantages, alternatives, cost analysis and other items necessary for the City Council to make a fully informed decision on each item.

With regard to City Council meetings, it is also important to coordinate staff to ensure necessary individuals attend each meeting to be able to provide the City Council with necessary information and responses to questions. However, it is also important to manage staff resources as efficiently as possible given serious limits on staff, as well as the extreme demands on staff work. As a result, in the future, it is proposed that each regular meeting be attended by the City Manager, City Attorney, a staff representative responsible for each item, and any other staff that are determined necessary to respond to any concerns or questions that are

projected to be raised. It is not proposed for other directors to attend meetings on a regular basis unless deemed necessary for particular items on the agenda.

**ALTERNATIVES:**

1. Approve by motion staff's recommended policy establishing the City Council Meeting agenda process and responsibilities, the City Council Meeting agenda format, and the standard staff report format;
2. Make changes to increase or decrease the authority and/or role identified for the City Manager, Mayor and/or City Council;
3. Designate full authority over City Council agendas to the City Manager or to the Mayor rather than the recommendations designating authority of specific items regarding the agenda and agenda process;
4. Make changes to the recommended agenda format and/or staff report format; or
5. Provide other direction to staff.

**FISCAL IMPACT:**

There are no fiscal impacts that are projected to result from the recommended action.

**Exhibits:**

1. Recommended City Council Meeting Agenda Policy
2. Recommended City Council Meeting Agenda Format
3. Recommended City Council Meeting Staff Report Format Template
4. Resolution 2016-4493

Prepared and Approved by:

  
\_\_\_\_\_  
Steven Adams, City Manager



**EXHIBIT 1**

**Policy Number:**

**001**

**Policy Name:**

**City Council Meeting Agendas**

**Issued:**

**02/01/2016**

**Revised:**

**02/01/2016**

**Policy Purpose:**

This policy provides guidelines for the Injury and Illness Prevention Program.

**To Whom Does The Policy Apply:**

City Council and all City employees.

**Issued By:**

\_\_\_\_\_  
Steven Adams, City Manager

Date approved by the City Council: \_\_\_\_\_

## **I. PURPOSE**

The purpose of this policy is to outline the responsibilities, authority, and process related to preparing and distributing agendas for City Council meetings.

## **II. RESPONSIBILITIES**

### **A. City Manager**

1. It is the City Manager's responsibility to prepare and distribute agendas for all City Council meetings and to ensure all required noticing and posting is completed within the established deadlines.
2. The City Manager will place on the agenda all items that require City Council approval that are necessary for the effective operation of the City; for the processing of applications for permits, licenses, and land use approvals; and to respond to respond to prior requests and direction of a majority of the City Council.
3. The City Manager will ensure each agenda item includes a comprehensive staff report that provides an impartial analysis, identification of alternatives, and recommendations.
4. The City Manager may schedule a Special City Council Meeting with the approval of the Mayor when necessary to obtain City Council action on a time sensitive item due to an impending deadline prior to the next regularly scheduled meeting.
5. The City Manager will maintain a master schedule of upcoming City Council items in order to schedule items in an efficient manner.

### **B. Mayor**

1. The Mayor will review proposed City Council agendas and provide input.
2. The Mayor will determine whether to place on a City Council agenda any request by an outside agency, group or individual for a special presentation and/or proclamation formally recognizing an event, effort, group or individual unless direction has been received by the majority of the City Council to place the item on an agenda.
3. The Mayor will approve the order of items scheduled under each section of the agenda prior to issuing the agenda.

4. The Mayor will have the authority to direct the City Manager to add to the agenda of an upcoming meeting any item that is time sensitive item due to an impending deadline that precludes consideration of the item at the following regularly scheduled meeting.
5. The Mayor may request under the Council Communications portion of a Council Meeting that an item be placed on a future agenda, which will be placed on a future agenda as directed if approved by the majority of the City Council.
6. The Mayor will have the authority to schedule a Special City Council Meeting when necessary to obtain City Council action on a time sensitive item due to an impending deadline prior to the next regularly scheduled meeting.

C. City Council

1. The Mayor Pro Tem will review proposed City Council agendas and provide input.
2. Two Members of the City Council may direct the City Manager to add to the agenda of an upcoming meeting any item that is time sensitive due to an impending deadline that precludes consideration of the item at the following regularly scheduled meeting.
3. One Member of the City Council may direct the City Manager to add to the agenda of an upcoming meeting any item that is time sensitive due to an impending deadline that precludes consideration of the item at the following regularly scheduled meeting if approved by the Mayor.
4. Any Member of the City Council may request under the Council Communications portion of a Council Meeting that an item be placed on a future agenda, which will be placed on a future agenda as directed if approved by the majority of the City Council.

III. **AGENDA PROCESS**

- A. The City Manager or his/her designee will distribute to the Mayor and Mayor Pro Tem the draft agenda Thursday the week prior to the posting of the agenda.
- B. Staff will submit completed staff reports to the City Manager or his/her designee by the end of the day on Thursday the week prior to the posting of the agenda.

- C. The City Manager will complete review all staff reports by Monday morning the week of posting the agenda.
- D. The Mayor and/or Mayor Prot Tem will provide comments regarding the agenda to the City Manager by Monday the week of posting the agenda.
- E. Staff reports will be submitted to the City Attorney for review on Monday morning, which are reviewed for legal issues and returned by Tuesday.
- F. Reports with comments will be distributed to Department staff on Tuesday to make revisions. Department staff will return staff reports with revisions by end of the day on Wednesday.
- G. The Mayor and/or Members of the Council will make requests to the City Manager to add any time sensitive items by the end of the day on Wednesday.
- H. Agenda and agenda packets will be distributed to the City Council and posted by the end of the day on Thursday prior to the Council meeting.
- I. Agendas and reports will be posted on the website Friday prior to the City Council meeting.

**AGENDA  
REGULAR MEETING OF THE  
CITY OF KING CITY COUNCIL  
AND  
Sitting as SUCCESSOR AGENCY OF  
THE RDA FOR THE CITY OF KING**

**TUESDAY, DECEMBER 8, 2015  
6:00 PM**

**CITY HALL  
212 S. VANDERHURST AVENUE  
KING CITY, CALIFORNIA 93930**

*\*Spanish interpretation services will be available at meeting*

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, Please contact the City Clerk's Office (831-386-5925) at least 48 hours prior to the Meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.*

*\* Please submit all correspondence for City Council PRIOR to the meeting with a copy to the City Clerk.*

- 1. CALL TO ORDER**
- 2. ROLL CALL:** Council Members Darlene Acosta, Belinda Hendrickson, Mike LeBarre, Mayor Pro Temp. Karen Jernigan, and Mayor Robert Cullen
- 3. FLAG SALUTE**
- 4. CLOSED SESSION ANNOUNCEMENTS**
- 5. SPECIAL PRESENTATIONS**
  - A.
  - B.
- 6. PUBLIC COMMENT**

Any member of the public may address the Council for a period not to exceed *three minutes* total on any item of interest within the jurisdiction of this Council that is not on the agenda. The Council will listen to all communications; however, in compliance with the Brown Act, the Council cannot act on items not on the agenda. Comments should be directed to the Council as a whole and not to any individual Council Member. Slanderous, profane or personal remarks against any Council Member, staff member or member of the audience is not permitted.
- 7. COUNCIL COMMUNICATIONS**

Individual Council Members may comment on Council business, his or her Council activities, City operations, projects or other items of community interest. Council Members may also request staff to report back at a subsequent meeting on any matter or take action to direct staff to prepare a staff report for a future agenda.
- 8. STAFF COMMUNICATIONS**

Comments presented by the City Manager, City Attorney or other staff on City business and/or announcements.

**9. CONSENT AGENDA**

The following items listed below are scheduled for consideration as a group. The recommendations for each item are noted. Members of the audience may speak on any item(s) listed on the Consent Agenda. Any Council Member, the City Manager, or the City Attorney may request that an item be withdrawn from the Consent Agenda to allow for full discussion. The Council may approve the remainder of the Consent Agenda on one motion. Items withdrawn from the Consent Agenda may be considered by separate motions at the conclusion of the discussion of each item.

A.

Recommended Action:

B.

Recommended Action:

**10. PUBLIC HEARINGS**

A.

Recommendation Action:

B.

Recommended Action:

**11. REGULAR BUSINESS**

A.

Recommended Action:

B.

Recommended Action:

**12. COUNCIL COMMITTEE REPORTS**

Council Members may present reports regarding committees, commissions, boards or special projects on which they may be participating.

**13. CITY COUNCIL CLOSED SESSION**

Announcement(s) of any reportable action(s) taken in Closed Session will be made in open session, and repeated at the beginning of the next Regular City Council meeting as this portion of the meeting is not recorded.

It is the intent of the City Council to meet in Closed Session concerning the following item(s):

A.

B.

**14. ADJOURNMENT**



**EXHIBIT 3**

Use Arial size 12 font. *Italics below identify areas where text needs to be inserted.*

Item No.

**REPORT TO THE CITY COUNCIL**

**DATE:**        *DATE OF MEETING*

**TO:**            **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM:**        *DEPARTMENT DIRECTOR*

**BY:**            *IDENTIFY STAFF MEMBER THAT PREPARED REPORT IF  
DIFFERENT THAN DEPARTMENT DIRECTOR*

**RE:**            **CONSIDERATION OF TITLE OF AGENDA ITEM**

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**RECOMMENDATION:**

It is recommended City Council . . . *Include specific instructions on whether the action is recommended to be approved by motion, resolution, etc.*

**BACKGROUND:**

*Provide a brief history and description of the purpose of the item. If the item involves a project application, include a project description and aerial photograph of the site if available.*

**DISCUSSION:**

*Provide a comprehensive review of the item. Include the following section headings that apply to the specific item, along with other section headings that are unique to item being discussed:*

Analysis

Advantages

Disadvantages

Environmental Review

Public Notification and Input

**CITY COUNCIL**  
**TITLE OF ITEM**  
**DATE**  
Page 2 of 2

**COST ANALYSIS:**

*Identify the projected initial cost of the recommended action, ongoing future annual costs, the impact on staff resources, and recommendations on how the item will be paid for and how staff time required will be allocated.*

**ALTERNATIVES:**

The following alternatives are provided for Council consideration:

1. *Include the recommended alternative;*
2. *List all other alternatives that exist; or*
3. *Provide other direction to staff.*

**Exhibits:**

1. *List all exhibits. Exhibits should also be referred to in the text of the staff report to explain why each exhibit is attached.*

Submitted by: \_\_\_\_\_  
Name, Department Director

Approved by: \_\_\_\_\_  
Name, City Manager

**RESOLUTION NO. 2016-4493**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KING  
APPROVING THE AGENDA PROCESS POLICY AND PROCEDURE**

**WHEREAS**, the City Council desires to clarify roles and responsibilities with regard to the agenda process for City Council meetings; and

**WHEREAS**, the City Council desires to implement the agenda process in a consistent, effective and efficient manner; and

**WHEREAS**, the City Council desires to establish a process that enables items of interest and importance to the City to be placed on the agenda for consideration in a timely and responsive manner; and

**WHEREAS**, the City Council desires to run its meetings in a professional manner that provides for community input, staff analysis and City Council deliberation, and results in educated decisions that represent the needs and interests of the community; and

**WHEREAS**, the City Council desires to receive staff reports that provide impartial recommendations, a comprehensive analysis, and thorough identification of alternatives.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the City Council of the City of King approves the following City Council Meeting Agenda Policy, directs the City Manager to implement said policy, and authorizes the City Manager to make minor revisions from time to time to address changing conditions in order to meet the intent of the adopted policy.

This resolution was passed and adopted this **12** day of **January** by the following vote:

**AYES**, and in favor thereof, Councilmembers:

**NAYS**, Councilmembers:

**ABSENT**, Councilmembers:

**ABSTAIN**, Councilmembers:

**APPROVED:**

\_\_\_\_\_  
Robert Cullen, Mayor

**ATTEST:**

\_\_\_\_\_  
Steven Adams, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Martin Koczanowicz, City Attorney