

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

TUESDAY MARCH 10, 2020
6:00 P.M.

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, Robert Cullen, Carlos DeLeon, Mayor Pro Tem Carlos Victoria, and Mayor Mike LeBarre
- 3. FLAG SALUTE**
- 4. CLOSED SESSION ANNOUNCEMENTS**
- 5. SPECIAL PRESENTATIONS**
 - A. American Red Cross Month 2020
- 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 & COMMITTEE REPORTS**

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 Any Council Member, the City Manager, or the City Attorney may request that an item be withdrawn from the Consent Agenda to allow for full discussion.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. Meeting Minutes of February 25, 2020 Council Meeting
Recommendation: approve and file.
- B. City of King Check Register February 16 thru February 29, 2020
Recommendation: receive and file.
- C. Consideration: Amendment to Master Fee Schedule
Recommendation: adopt a Resolution amending the Master Fee Schedule to establish a Cannabis Retail Storefront Dispensary Permit Pre-Application Fee.
- D. Consideration: Cannabis Retail Storefront Dispensary Pre-Application Process Package
Recommendation: 1) approve the proposed cannabis retail storefront dispensary application, submittal instructions and scoring checklist; and 2) authorize the City Manager to make non-substantive changes as needed.
- E. Consideration: King City Police Station Remodel Project – Proposed Project Award Recommendations
Recommendation: Award of Bid for the King City Police Station Remodel Project Including Adopting Finding of a Categorical Exemption, Pursuant to Section 15301 of the CEQA Guidelines.

10. PUBLIC HEARINGS

- A. Consideration: Downtown Addition Specific Plan Amendment and Zoning Amendment (Jerry Rava II, Fresh Food Inc.)
Recommendation: open the public hearing, consider public testimony, adopt a Resolution which certifies the Supplemental Environmental Impact Report and approves the Mitigation Monitoring Report, and introduce and conduct the first reading of an Ordinance approving the Specific Plan Amendment and Zoning Amendment, by title only, and set the second reading and adoption for the next regularly scheduled Council meeting of March 24, 2020.

11. REGULAR BUSINESS

- A. Consideration: Acceptance of the City and CDA Successor Agency's Audited Financial Statements for the Fiscal Year 2018-2019
Recommendation: City Council and the Board of Directors of the King City CDA Successor Agency accept the City and CDA Successor Agency's Audited Financial Statements for Fiscal Year Ended June 30, 2019

- B. Consideration: Expansion of Social Host Ordinance to Include Cannabis and Illicit Drugs
Recommendation: provide direction to staff on whether to draft an Ordinance to expand the Social Host Ordinance to include cannabis and illicit drugs.

12. 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.

13. ADJOURNMENT

City of King

AMERICAN RED CROSS MONTH 2020

Proclamation

March is American Red Cross Month, a time when we recognize the humanitarian organization that eases people's suffering during life's emergencies in King City, across the United States and around the world. The Central Coast Chapter has a long history of helping our neighbors in need by delivering shelter, care, and hope during disasters; making our community safer through its lifesaving Home Fire Campaign; providing lifesaving blood; teaching skills that save lives; and supporting military, veterans, and their families. During this Red Cross Month, we thank and honor the selfless volunteers, dedicated employees and generous supporters who make this compassionate work possible.

Last year in Monterey County, volunteers helped 47 households affected by 30 home fires by addressing their urgent needs like food and lodging, as well as providing recovery support. In addition, the Central Coast Chapter sent 22 team members (both staff and volunteers) to help with disasters outside of our tri-county area — some deploying to more than one disaster. These team members joined the nearly 9,000 Red Cross workers — 90 percent of them volunteers — who left their homes to work alongside partners to provide refuge, food, relief items, emotional support, recovery planning, and other assistance.

Meanwhile, the Red Cross continues to work with its partners to prevent fire tragedies through its national Home Fire Campaign, which installed its 2 millionth free smoke alarm last year and has saved hundreds of lives across the country since launching five years ago. In Monterey County, the Central Coast Chapter and local partners have installed over 3,500 free smoke alarms. This made more than 1,300 households with over 5,000 residents safer from the threat of home fires. Additionally, in Monterey County, the Red Cross collected 1,662 blood donations, provided training services to 3,376 residents, and assisted 318 families of our armed forces.

Every day, people in our community depend on the American Red Cross, whose lifesaving mission is powered by the devotion of volunteers, generosity of donors, and partnership of community organizations. We recognize the volunteer heroes in King City who make this work possible to help our neighbors when they need a helping hand. We dedicate the month of March to all those who support its vital work to prevent and alleviate human suffering in the face of emergencies.

NOW, THEREFORE, I, Mike LeBarre, Mayor of King City, do hereby proclaim March 2020 as Red Cross Month. I encourage all Americans to support this organization and its noble humanitarian mission.

Mike LeBarre
Mayor

**City Council Meeting
February 25, 2020**

1. CALL TO ORDER:

Regular Meeting called to order at 6:00pm by Mayor LeBarre.

2. FLAG SALUTE:

The flag salute was led by Mayor LeBarre.

3. ROLL CALL:

City Manager Adams conducted roll call.

City Council: Mike LeBarre Darlene Acosta, Rob Cullen, Carlos DeLeon, Mayor Pro Tem Carlos Victoria.

City Staff: City Manager Steven Adams; City Attorney Roy Santos; Executive Admin. Asst./Deputy City Clerk, Erica Sonne.

4. CLOSED SESSION ANNOUNCEMENTS:

None

5. PRESENTATIONS:

None

6. PUBLIC COMMUNICATIONS:

None

7. COUNCIL COMMUNICATIONS:

Council Member DeLeon stated nothing to report at this time.

Council Member Acosta stated it was an honor to be here on Saturday to see our police officers get acknowledged on how far they had come and for the great work they are doing. The community member that worked on the Comprehensive Plan to End Youth Violence.

Council Member Cullen stated that the Salinas Valley Solid Waste Authority made a formal request from the City of Salinas for the report on study they had done. He will be attending the Salinas Valley Fair board meeting this Thursday. He will be attending the Blue Zone Project tomorrow and Thursday. He reminded that it is the Wine Country Rodeo this weekend and encouraged people to attend. He also spoke about the private ceremony to recognize and thank the police department and their role in the Comprehensive Plan to End Youth Violence. He stated that we have a phenomenal police force here and anytime you can thank an officer please do so.

Mayor Pro Tem Victoria stated his next AMBAG meeting will be next week. He gave kudos to the Police Department, Staff and Community for the team effort to combat violence.

Mayor LeBarre stated that it was great to recognize the officers and community on the anniversary of 2 years with no shootings. He gave kudos to Mayor Pro Tem Victoria and City Manager for speaking to Telemundo on the State of the City. Mrs. Sanchez as well did a great job speaking on the City to Telemundo. The meeting with FHL went well. They are looking to be the designated as a mobilization force generation unit. This would mean 150 more jobs coming to our area. They are looking to do classes on filing out applications, scholarship opportunities.

8. CITY STAFF REPORTS AND COMMENTS:

City Manager Steven Adams stated we are organizing a Census Kick-off Party on March 22nd 12-3p.m with music, food and an opportunity to fill out the census through kiosks set up on at the Library. N. Vanderhurst Ave. and Ulrey is getting a grind and resurfacing. Blue Zone Project will be in town tomorrow and Thursday for community to participate in.

City Attorney Roy Santos stated nothing at this time.

9. CONSENT AGENDA

- A. Meeting Minutes of February 11, 2020 Council Meeting
- B. City of King Check Register February 1 thru February 15, 2020
- C. City of King Public Financing Authority Check Register February 1 thru February 15, 2020
- D. Consideration: An Ordinance of the City Council of the City of King Amending Chapter 17.03 of Title 17 of the King City Municipal Code Pertaining to Commercial Cannabis Activity Including Commercial Cannabis Activity Limitations, and Cannabis Deliveries within the City of King.

Council member Victoria pulled Item D for discussion.

Action: Motion to approve consent agenda items A-C by Victoria and seconded by DeLeon.

AYES: Council Members: LeBarre, Acosta, Cullen, DeLeon and Victoria

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

Mayor Pro Tem Carlos Victoria stated that he respects the three council members that are for the Cannabis item. He expressed his concerns about moving forward with a dispensary in the City. At the last meeting it was expressed that nothing is getting to the schools from the dispensaries and he had something from a dispensary that was confiscated from a student at the middle school.

Council member Acosta stated her displeasure in the council moving forward with allowing dispensaries. What cannabis does to the adolescent brain since it is 99% pure. Most of the people that were here last time had a family member who misuses cannabis. At 99% pure it goes directly to the receptors of the brain. She has data that shows that elementary school children are saying they are trying to get to people to buy product for them from dispensaries. She feels greed has taken over away to get some of the money back. She feels that it is at the expense of our young people. A lot of people wrote letters, but the council is not listening. She asks that council hold off on this decision until they get more information.

Karen Jernigan wants to ask if this ordinance will be good for public health? She feels a greater number of people will experience decreased health from the use of cannabis and the residents here will see increased incidents of DUI, negative effects of the smell of cannabis smoke that diminishes the quality of life, a greater need for substance abuse services and loss of job productivity for workers unable to pass drug tests. She questions whether dispensaries will bring in the money being projected. She asks council to

look at the bills for planning and attorney fees. She is also requesting to see those bills to be able to add up the cost herself. She recommends council make it apply to medical use only. Otherwise vote no like the planning commission recommended and spend this much time talking about youth recreation and improving the town in a positive way.

Rory Livingston from the King City School District spoke against the dispensary.

Denise Velasquez SunStreet Centers handed out statics on first time offending youth. She says that King City has the biggest cannabis problem in all the Cities in south county. More availability makes it easier for children to get ahold of it.

Mr. Ramirez SunStreet Center coordinator spoke against allowing a dispensary.

Heather Sing local teacher spoke against allowing a dispensary.

Barbara Pekema retired nurse practitioner she has been concerned about the youth in King City with allowing a dispensary. She is pleased with the ProYouth program, improvements to the Police Department, the cameras that have improved the health and safety of King City. She doesn't feel this goes along with where the City was going. She doesn't believe that this will be a financial benefit for King City. We have to be concerned with the children that live in the entire town. She doesn't feel there is enough information on that this is going to help our community. She passed out some information.

Carla Mullinox-Ackerman has had the privilege of raising her children here in King City and now her granddaughter. If everyone could watch their children, we would not have children in crisis. She feels that this needs to be thought out longer. Council making a decision to move forward will make our children go down the slope. She is asking council to wait.

Jergan Smith works in South County retired from the department of corrections, volunteer for sheriff department for 19 years, volunteer for FBI 10 years. Edibles are being consumed by children in the schools. It is not being put out in the public. People are smoking in their cars. He wants the council to weigh the positives and the negatives.

Angela Quintana is in favor of the dispensary for her medical purposes. She is in pain and can not get to Salinas or Grover Beach at times. She cannot have it delivered to her house.

Debbie King parents need to start doing their jobs. If it is coming from a dispensary it is at least not tainted.

Steve Wilson stated that prohibition doesn't work. Look at it as a business. Do you know how they operate?

Council member Cullen values everyone's opinion, he has had a conversation with people in his district and they support this decision. He still supports this ordinance passing.

Council member DeLeon stated that he still supports this ordinance.

Mayor LeBarre stated that it is not about the money. He feels a tightly regulated market will keep some of this off the street in an illegal market. He thanked the community for respecting everyone's comments. He supports this ordinance.

Action: Motion to conduct the second reading by title only and adopt an Ordinance amending Chapter 17.03 of Title 17 of the King City Municipal Code Pertaining to Commercial Cannabis Activity Including Commercial Cannabis Activity Limitations, and Cannabis Deliveries within the City of King and full cost

recovery by Cullen and seconded by DeLeon.

AYES: Council Members: LeBarre, Cullen, and DeLeon

NOES: Council Members: Acosta, Victoria

ABSENT: Council Members:

ABSTAIN: Council Members:

Council member Cullen asked if staff could do a press release that could go out to industry that states what is allowed and not allowed in our town. Council consensus on this.

Mayor LeBarre is asking to add expansion of Social Hosting ordinance to the next agenda.

10. PUBLIC HEARINGS:

None

11. REGULAR BUSINESS:

None

12. CITY COUNCIL CLOSED SESSION

None

ADJOURNMENT:

Mayor LeBarre adjourned the meeting 7:10p.m. to closed session.

Approved Signatures:

Mayor, Michael LeBarre
City of King

City Clerk, Steven Adams
City of King



Item No. 9(B)

REPORT TO THE CITY COUNCIL

DATE: MARCH 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: MIKE HOWARD, FINANCE DIRECTOR

**RE: CONSIDERATION OF CITY OF KING CHECK REGISTER
FEBRUARY 16 THRU FEBRUARY 29, 2020**

RECOMMENDATION:

It is recommended City Council receive and file.

BACKGROUND:

At least once a month, the City Treasurer shall submit to the City Council, a copy of the invoices paid for the previous month.

DISCUSSION:

The purpose of this item is to provide the Council an opportunity to review and monitor ongoing expenditures. These documents are attached.

COST ANALYSIS:

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

ENVIRONMENTAL REVIEW:

No Environmental Review required for this item.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

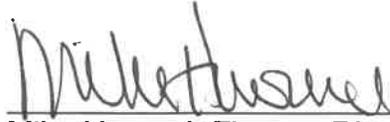
1. Receive and file the report; or
2. Provide other direction to staff regarding requests for additional information.

**CITY COUNCIL/CITY
CONSIDERATION OF CITY OF KING CHECK REGISTER FEBRUARY
16THRU FEBRUARY 29, 2020
MARCH 10, 2020
PAGE 2 OF 2**

Exhibits:

1. Check Register Report

Submitted by:



Mike Howard, Finance Director

Approved by:



Steven Adams, City Manager

Check Register Report

Feb 16 - Feb 29, 2020

Date: 02/25/2020

Time: 9:14 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
WELLS FARGO BANK Checks							
33399	02/21/2020	Printed		AT&T-GA	A T & T	Fire Dept Telephone -	9.92
33400	02/21/2020	Printed		ADAMS	ADAMS ASHBY GROUP, LLC	CDBG ADmin	2,262.50
33401	02/22/2020	Void	02/22/2020			Void Check	0.00
33402	02/21/2020	Printed		KCTVHARD	ALCANTAR HARDWARE INC	Weed Eater String	1,052.98
33403	02/21/2020	Printed		A & W	ALESHIRE & WYNDER LLP	Legal Services -	11,364.74
33404	02/21/2020	Printed		ALVAREZ	ALVAREZ TECHNOLOGY GROUP INC	Toughbook Software Installs	5,928.00
33405	02/21/2020	Printed		AM SUPPLY	AMERICAN SUPPLY CO.	Janitorial Supply	494.81
33406	02/21/2020	Printed		ESTEBANW	ARTURO ESTABAN RESENDIZ	Repair on Rototiller.	80.00
33407	02/21/2020	Printed		AT & T	AT & T	City Hall Phone -	284.16
33408	02/21/2020	Printed		AT & T	AT & T	Telephone -	216.35
33409	02/21/2020	Printed		AT & T	AT & T	Telephone -	97.03
33410	02/21/2020	Printed		CARMEL FIR	ART BLACK	Residential Fire Sprinkler	2,375.00
33411	02/21/2020	Printed		CAFIREPRO	CALIFORNIA FIRE PROTECTION INC	Fire Extinguisher for	702.00
33412	02/21/2020	Printed		CA NARC	CALIFORNIA NARCOTIC	CNOA Membership	100.00
33413	02/21/2020	Printed		CASEY PRIN	CASEY PRINTING, INC.	City Newsletter & Postage	3,325.34
33414	02/21/2020	Printed		CNAUTO	CLARK N. CLEVENGER	Tool for Weed Wacker.	43.48
33415	02/21/2020	Printed		COASTAL	COASTAL TRACTOR	Blades for Rototiller.	1,219.72
33416	02/21/2020	Printed		COASTL	COASTLINE MARKETING GROUP INC	Website Maintenance	125.00
33417	02/21/2020	Printed		COFSC	COUNTY OF SANTA CLARA	Coplink	390.35
33418	02/21/2020	Printed		CSGCON	CSG CONSULTANTS INC	Plan Review Fee	2,156.25
33419	02/21/2020	Printed		CYCLONEF	CYCLONE FENCE & IRON, INC	Repair Fence @ Fairgrounds.	3,613.70
33420	02/21/2020	Printed		DAVE'S REP	DAVE'S REPAIR SERVICE	Fuel Pump Inspection	85.00
33421	02/21/2020	Printed		DEPT ACCNT	DEPARTMENT OF JUSTICE	Fingerprints	742.00
33422	02/21/2020	Printed		GIS	GONZALES IRRIGATION SYSTEMS,	PVC Supply for C/B	100.58
33423	02/21/2020	Printed		FASHION	YSAURO GONZALES	Clean Blankets	37.60
33424	02/21/2020	Printed		GREE	GREENFIELD TURF, INC.	Sod for Creekbridge Soccer	60,061.60
33425	02/21/2020	Printed		H&SENVIR	H & S ENVIRONMENTAL, LLC	Lagoon Optimization Workshop	199.00
33426	02/21/2020	Printed		HARBIN	HARBIN CONSTRUCTION	Install New Lock @	565.74
33427	02/21/2020	Printed		HDLCO	HDL COREN & CONE	Cannabis Background	1,700.00
33428	02/21/2020	Printed		HDL	HDL SOFTWARE, LLC	Building Permit Annual	5,804.75
33429	02/21/2020	Printed		HYDRO TURF	HYDRO TURF, INC.	Repiar on Gopher Machine.	161.81
33430	02/21/2020	Printed		IACP	IACP-INTERNATIONAL ASSOCIATION	IACP Dues	190.00
33431	02/21/2020	Printed		ICMC	INTEGRATED CROP MANAGEMENT	Weed Control	553.87
33432	02/21/2020	Printed		SCOFIELD	IRMA SCOFIELD	Window - Rec Office	401.29
33433	02/21/2020	Printed		TORRESEL	JOSE G. TORRES	Troubleshoot Irrigation	300.00
33434	02/22/2020	Void	02/22/2020			Void Check	0.00
33435	02/21/2020	Printed		TIRE KING	JOSE RODRIGUEZ	Car Wash	2,804.17
33436	02/21/2020	Printed		KRKC	KING CITY COMMUNICATIONS CORP	Radio Ads Re: State of	50.00
33437	02/21/2020	Printed		KC IND	KING CITY INDUSTRIAL SUPPLY	Small Equipment for	202.95
33438	02/21/2020	Printed		LA HEARNE	L.A. HEARNE COMPANY	Soil Tested at C/B Soccer	284.00
33439	02/21/2020	Printed		XTEL	LS DE LLC	Internet Service	1,010.56
33440	02/21/2020	Printed		MCENVIRON	M3 ENVIRONMENTAL	Mold Inspection &	1,550.00
33441	02/21/2020	Printed		M BASIA	MBASIA	Liability Claim Costs.	528.50
33442	02/21/2020	Printed		MO CO EMER	MONTEREY COUNTY EMERGENCY	FY 2019-2020 Q3	3,971.88
33443	02/21/2020	Printed		OFFICE DEP	OFFICE DEPOT	Office Supplies	596.04
33444	02/21/2020	Printed		ORTIZ'S TR	ORTIZ'S TREE SERVICE	Clean Up. (Fallen Tree)	700.00
33445	02/21/2020	Printed		OWENE	OWEN EQUIPMENT COMPANY	Training for Repairs	398.00
33446	02/21/2020	Printed		PARTS & SE	PARTS & SERVICE CTR- NAPA, INC	Fuel Pump for Air	71.29
33447	02/21/2020	Printed		PETTY CASH	PETTY CASH-CITY HALL	Petty Cash Replenish	323.01
33448	02/21/2020	Printed		PAC	PG&E	Electricity - #2351260399-6	147.86
33449	02/21/2020	Printed		PURCHASE P	PURCHASE POWER*PITNEY BOWES	Postage -	207.74
33450	02/21/2020	Printed		QUILL CORP	QUILL CORPORATION	Offrice Supply	65.64
33451	02/21/2020	Printed		RED SHIFT	RED SHIFT INTERNET SERVICES	Internet	30.90

Check Register Report

Feb 16 - Feb 29, 2020

Date: 02/25/2020

Time: 9:14 am

Page: 2

NG CITY CITY HALL

BANK: WELLS FARGO BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
WELLS FARGO BANK Checks							
3452	02/21/2020	Printed		ROSSI BROS	ROSSI BROS TIRE & AUTO SERVICE	Repair Valve stem on	40.00
3453	02/21/2020	Printed		SALVALP	S & L INVESTMENT	Ballistic Vest - Bowen	977.79
3454	02/21/2020	Printed		SENTRY	SENTRY	Burglar Alarm	150.00
3455	02/21/2020	Printed		SVSCLIENT	SOCIAL VOCATIONAL SERVICES	Car Wash	1,155.00
3456	02/21/2020	Printed		STERI	STERICYCLE, INC	Stericycle Pickup	117.00
3457	02/21/2020	Printed		SURVEI	SURVEILLANCEGRID INTEGRATION	Emergency Generator for	2,540.60
3458	02/21/2020	Printed		SAL CAL	THE SALINAS CALIFORNIAN #1078	Cannabis Ord on Activities	574.65
3459	02/21/2020	Printed		SPCA	THE SPCA FOR MONTEREY COUNTY	SPCA Services	1,995.00
3460	02/21/2020	Printed		TORO	TORO PETROLEUM CORP.	Fuel - Acct #1679	3,072.39
3461	02/21/2020	Printed		TRI	TRI-COUNTY FIRE PROTECTION INC	Fire Extinguisher Maint.	114.64
3462	02/21/2020	Printed		TRITON CON	TRITON CONSTRUCTION	Repair on Airport Fuel	2,306.65
3463	02/21/2020	Printed		U.S. BANCO	U.S. BANCORP EQUIPMENT FINANCE	City Hall Copier Lease	263.07
3464	02/22/2020	Void	02/22/2020			Void Check	0.00
3465	02/21/2020	Printed		U.S. BAN	U.S. BANK CORP PAYMENT SYSTEM	Various Charges - 4772	12,666.15

Total Checks: 67 **Checks Total (excluding void checks): 145,660.05**

Total Payments: 67 **Bank Total (excluding void checks): 145,660.05**

Total Payments: 67 **Grand Total (excluding void checks): 145,660.05**



Item No. 9(C)

REPORT TO THE CITY COUNCIL

DATE: MARCH 10, 2020
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: STEVEN ADAMS, CITY MANAGER
RE: CONSIDERATION OF AMENDMENT TO MASTER FEE SCHEDULE

RECOMMENDATION:

It is recommended the City Council adopt a Resolution amending the Master Fee Schedule to establish a Cannabis Retail Storefront Dispensary Permit Pre-Application Fee.

BACKGROUND:

At the February 25, 2020 meeting, the City Council adopted an Ordinance allowing cannabis storefront retail dispensaries. A maximum of two businesses will be allowed and a pre-application process will be established in order to determine eligibility of applicants to enter a lottery process to select the two applications. The Council included in its motion to approve the Ordinance direction to establish a fee to seek full cost recovery.

DISCUSSION:

Based on the limited size of the market and number of properties available that will meet the City's regulations for a cannabis dispensary, it is projected that the City is likely to receive a maximum of two applications. Therefore, based on two applications, it is estimated that a fee of \$12,250 would result in full cost recovery. This will include both consultant and staff costs for the pre-application process, as well as the process to create the Ordinance.

COST ANALYSIS:

The only change to the Fee Schedule is the proposed Cannabis Storefront Retail Dispensary Pre-Application Process Fee. The objective is to provide cost recovery in order to result in no net impact to the City's budget.

**CITY COUNCIL
CONSIDERATION OF AMENDMENT TO MASTER FEE SCHEDULE
MARCH 10, 2020
PAGE 2 OF 2**

ENVIRONMENTAL REVIEW:

The Master Fee Schedule adjustments are not a “project” for the purposes of the California Environmental Quality Act (CEQA) as they do not have the potential for resulting in either a direct physical change to the environment or a reasonably foreseeable indirect physical change in the environment. No further action is required under CEQA for City Council action.

ALTERNATIVES:

The following alternatives are provided for City Council consideration:

1. Adopt the Resolution;
2. Modify the assumptions for full cost recovery, which would result in an adjustment to the fee;
3. Reduce the fee to address only out-of-pocket costs and not staffing costs;
4. Do not approve the proposed change;
5. Provide staff with other direction.

Prepared and Approved by:



Steven Adams, City Manager

RESOLUTION NO. 2020-
RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KING
APPROVING AN UPDATED MASTER FEE SCHEDULE

WHEREAS, the City of King maintains a Master Fee Schedule of all user fees; and

WHEREAS, the purpose of user fees is for users of services to pay the cost of providing that service; and

WHEREAS, the City reviews and updates the Master Fee Schedule on a periodic basis to ensure that fees accurately reflect changes in costs to provide services; and

WHEREAS, constraints on the City's General Fund tax revenues make it necessary to seek cost recovery of services through user fees; and

WHEREAS, the City has established a cannabis storefront retail dispensary pre-application process to determine applications eligible to be considered for a cannabis storefront retail dispensary permit; and

WHEREAS, the City Council has determined a fee necessary to recover the City's costs to administer the cannabis storefront retail dispensary pre-application process.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of King hereby approves the Master Fee Schedule attached and included herein as Exhibit A.

This resolution was passed and adopted this **10th** day of **March, 2020** by the following vote:

AYES, Council Members:

NAYS, Council Members:

ABSENT, Council Members:

ABSTAIN, Council Members:

APPROVED:

Mike LeBarre, Mayor

ATTEST:

Steven Adams, City Clerk

APPROVED AS TO FORM:

Roy Santos, City Attorney

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

	Fee	Per Unit	Fee	Minimum
Franchise Fees				
PG&E Electric Franchise Fee			2.00%	
CATV Franchise Fee			5.00%	
Refuse Franchise Fee			18.00%	
Cal Water Franchise Fee			2.00%	
City Hall Front Counter Fees				
Bicycle License	\$10.00			
Garage Sale Permit	\$15.00			
Returned Check Charge	\$40.00			
Rebilling Fee	\$5.00			
Copies - Black and White	\$.25 per page			
Copies - Color	\$1.50 per page			
Fireworks Sales Application	\$35.00	Annual		
Fireworks Stand Permit	\$375.00	Per stand per year		
Fireworks Stand Inspection outside normal business hours	\$150.00	As required		
Fireworks Sales Stand Deposit	\$1,000.00	Annual		
Vacant Building Plan	\$1,000.00	Per Plan Ordered		
Public Works Permit Fees				
Staff Time			Actual Cost Plus 5% Administrative Fee	
Encroachment Permit - General	\$375.00			
Encroachment Permit - Electric and Gas Utilities	\$5,000.00	Annual/Service Improvements		
Encroachment Permit - Water Utilities	\$7,500.00	Annual/Service Improvements		
Encroachment Permit - Utilities	Actual Cost	Major Trunkline Replacements		
Administration Services	Actual Cost			
Curb/Sidewalk/Driveway Review	Actual Cost			\$300.00
Encroachment Permit - Sidewalk Repairs Due to Tree Damage	No Charge			

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Police Department Fees			
Police Special Services		Actual Cost	
False Alarm Fee	Third false alarm in 12 months	\$200.00	
	Fourth false alarm in 12 months	\$300.00	
	Fifth false alarm in 12 months	\$400.00	
	Additional false alarms in 12 months	\$500.00	
Finger Printing		\$20.00	
Tow Provider Application		\$75.00	
Vehicle Releases		\$150.00	
Immigration Letters		\$20.00	
Citation Sign Offs		\$15.00	
Room Rental	First hour	\$25.00	
	Each additional hour	\$15.00	
Special Event Permits	Event	\$27.00	Plus actual cost
DUI Response Charges		\$256.00	
Police Reports	First three pages	\$15.00	
	Each additional page	\$2.50	
	Maximum charge per report	\$30.00	
	Initial	\$125.00	
	Renewal	\$25.00	
Concealed Weapon Permit			
	1 month to 1 year	\$10.00	
	13 months to 2 years	\$15.00	
	25 months to 3 years	\$30.00	
	Seniors over 60 up to 3 years	\$9.00	
	1 month to 1 year	\$40.00	
	13 months to 2 years	\$50.00	
	25 months to 3 years	\$60.00	
Animal Control Fees			
Licensing Fees (Spayed/Neutered)			
	1 month to 1 year	\$10.00	
	13 months to 2 years	\$15.00	
	25 months to 3 years	\$30.00	
	Seniors over 60 up to 3 years	\$9.00	
	1 month to 1 year	\$40.00	
	13 months to 2 years	\$50.00	
	25 months to 3 years	\$60.00	
Licensing Fees (Not Spayed/Neutered)			

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Animal Control Fees (Continued)			
Impound Fees (Spayed/Neutered)	First time	\$25.00	
	Second time	\$40.00	
	Third time	\$55.00	
Impound Fees (Not Spayed/Neutered)	First time	\$35.00	
	Second time	\$50.00	
	Third time	\$80.00	
		\$10.00	
Reclaiming of Impound			
Care and Feeding of Animals (Excludes medical care)			
Dog	Per day	\$10.00	
Cat	Per day	\$10.00	
Late fee for renewal license		\$20.00	
Euthanasia & Disposing of Animal		\$63.00	
	25 lbs. or less	\$71.00	
	26-50 lbs.	\$79.00	
	51 - 75 lbs.	\$86.00	
	76 - 100 lbs.	\$94.00	
	101 lbs. or more		
Adoption Charges (Does Not Include Spay/Neuter Surgery)			
Dog		\$10.00	
Cat		\$10.00	
Medical Care		Actual Cost	
Surrender Fee		\$50.00	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Community Development Department Fees			
Staff Time			
Annexation		Actual Cost Plus 5% Administrative Fee	\$8,000.00
Appeals		Actual Cost	
City Council		Actual Cost	\$250.00
Planning Commission		Actual Cost	\$250.00
Architectural Review			
New		Actual Cost	\$600.00
Amendment		Actual Cost	\$400.00
Cannabis Cultivation/Nursery/Manufacturing/Testing/Retail/Distribution/Microbusiness Permit			
Operations Permit Application	Per Application	Actual Cost	
Operations Permit Issuance and Renewal	Annual	\$15,000.00	
Conditional Operations Permit Issuance and Renewal	Annual	\$500.00	
Cannabis Storefront Retail Dispensary Pre-Application Process	Per Application	\$12,250.00	
Certificate of Compliance		Actual Cost	\$300.00
Conditional Use Permit			
Remodel/Change of Use		Actual Cost	\$1,000.00
New Construction		Actual Cost	\$3,000.00
Amendment		Actual Cost	\$650.00
Temporary Use Permit		Actual Cost	\$300.00
Mural Permit		Actual Cost	\$300.00
Condominium Conversion		Actual Cost	\$3,000.00
Development Agreement			
New		Actual Cost	\$5,000.00
Amendment		Actual Cost	\$3,000.00
Environmental Review			
Categorical Exemption		Actual Cost	\$100.00
Environmental Impact Report Admin		Actual Cost	\$500.00
Environmental Impact Report		Actual Cost	\$2,000.00
	Residential - Per Lot	Actual Cost	\$250.00
	Other - Per Lot	Actual Cost	\$250.00

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Community Development Department Fees (continued)			
Environmental Impact Report Review		Actual Cost	\$600.00
Negative Declaration Fee		Actual Cost	\$800.00
Mitigated Negative Declaration Fee		Actual Cost	\$100.00
Negative Declaration Fish & Game Filing Fee with County Clerk		Actual Cost	\$2,000.00
General Plan Amendment		Actual Cost	\$300.00
General Plan Consistency Review		Actual Cost	\$300.00
Home Occupation Permit		\$150.00	
Interpretation from City Council of Planning Commission		Actual Cost	\$300.00
Landscaping Plan Review		Actual Cost	\$300.00
Lot Line Adjustment		Actual Cost	\$500.00
Miscellaneous Items			
Fence/Wall Review		Actual Cost	\$100.00
Radius Map and Mailing (Noticing)		Actual Cost	\$250.00
Records Research Fee		Actual Cost	\$100.00
Plot Plan Review			
Major Plot Plan Review		Actual Cost	\$600.00
Minor Plot Plan Review		Actual Cost	\$300.00
Pre Application Review		Actual Cost	\$500.00
Specific Plan and Planned Development			
New		Actual Cost	\$5,000.00
Amendment		Actual Cost	\$1,000.00
Planned Development		Actual Cost	\$1,000.00
Sign Permit			
Individual Permanent Sign		Actual Cost	\$300.00
Master Sign Program		Actual Cost	\$462.00
Temporary Sign Permit		Actual Cost	\$100.00
Penalty for No Sign Permit		Actual Cost	\$300.00
Sphere of Influence Amendment		Actual Cost	\$3,200.00

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Community Development Department Fees (continued)			
Subdivision		Actual Cost	\$5,000.00
Tentative Tract Map and Parcel Maps Vesting		Actual Cost	\$2,000.00
Non-Vesting		Actual Cost	Plus \$30.00 per lot \$2,000.00
Time Extensions		Actual Cost	Plus \$50.00 per lot \$300.00
Variance		Actual Cost	\$750.00
Wireless Facilities on Public Right-Of-Way			
Individual Small Facilities		Actual Cost	\$2,000.00
2 or More Small Facilities		Actual Cost	\$4,000.00
Major Facilities			
Zoning Change Text & Map			
New		Actual Cost	\$2,000.00
Pre-Zoning Request		Actual Cost	\$600.00
Building Department Fees			
Staff Time			
Minimum Permit Fee		Actual Cost Plus 5% Administrative Fee	
Certificate of Occupancy		\$100.00	
Building Permit Fees		\$180.00	
Plan Check Fees			
Model Home Production Plan Check Fee		2018 International Code Council	
Permit Issuance Fee		2018 International Code Council	
Building Permit Training Surcharge		\$150.00	
Landscape Water Efficiency Review		Per Permit	\$100.00
Minor Building, Electrical and Plumbing Permit		Per Permit	\$15.00
		Per Review	\$130.00
		Per Permit	\$60.00

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Building Department Fees (continued)			
Solar Energy System			
Residential	Up to 15 Kilowatts	\$450.00	
	Per Additional kW Above 15	\$15.00	
Commercial	Up to 50 Kilowatts	\$1,000.00	
	Per Additional kW 51 kW to 250 kW	\$7.00	
	Per Additional kW Above 250 kW	\$5.00	
Re-Roof Fee			
Buildup, Shingle or Wood Shake		\$170.00	
Concrete Tile, Clay Tile or Metal		\$285.00	
Fence or Wall Over 6 Feet High			
Property Inquiry Fee	Per Permit Based on Valuation		2018 International Code Council
Demolition Permit	Per Inquiry	\$65.00	
Building Moving Fee		Actual Cost	\$150.00
Street Address Change		Actual Cost	\$350.00
\$50.00			
Waste Reduction and Recycling Plan Fee		\$125.00	
	Per Subdivision	\$300.00	
Fire Department Fees			
Annual Fire Inspection	Per Inspection and One Re-Inspection	\$200.00	
Fire Re-Inspection	Per Inspection After First Two	\$125.00	
Commercial Aboveground Fire Sprinkler System	Per Permit and Up to Two Inspections	\$341.25	
Commercial Underground Fire Main System	Per Permit and Up to Two Inspections	\$498.55	
Commercial Fire Alarm Systems	Per Permit and Up to Two Inspections	\$262.50	
Commercial Hood & Duct Suppression System	Per Permit and Up to Two Inspections	\$262.50	
Commercial Fire Pump Systems	Per Permit and Up to Two Inspections	\$367.50	
Residential (Household) Fire Sprinkler System	Per Permit and Up to Two Inspections	\$262.50	
Residential (Household) Fire Alarm System	Per Permit and Up to Two Inspections	\$157.50	
Fire Alarm Technology Transfer Projects	Per Permit and Up to Two Inspections	\$105.00	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Recreation Department Fees			
Aquatic Center			
Daily Entrance Fee			
8 years and under	Day	\$3.00	
8 years and under pass	10 visits	\$25.00	
9 years and older	Day	\$4.00	
9 years and older pass	10 visits	\$35.00	
Summer Swim Pass			
Individual	Season	\$100.00	
Family (immediate family up to 4)	Season	\$300.00	
Each individual family member over 4		\$25.00	
Swim Lessons			
Private	45 minutes	\$30.00	
Semi-private	45 minutes	\$20.00	
Group	45 minutes	\$50.00	
Sibling (Group Lesson)	45 minutes	\$35.00	
Late Fee - Swim Lesson Registration	Percent of registration fee	20.00%	
Summer Day Camp (5-12 year olds)	Day	\$15.00	
	Week	\$75.00	
Basketball			
Adult - Open Gym	Night	\$4.00	
Girls and Boys	Child per season	\$60.00	
	2 children per season	\$100.00	
	3 children per season	\$130.00	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Recreation Department Fees (continued)			
Facility/Amenity Rentals			
Aquatic Complex			
Wade Pool	Hour Non-Profit	\$40.00	
	Hour Private	\$52.00	
Dive Pool	Hour Non-Profit	\$80.00	
	Hour Private	\$100.00	
Lap Pool	Hour Non-Profit	\$80.00	
	Hour Private	\$100.00	
Slide Pool	Hour Non-Profit	\$100.00	
	Hour Private	\$120.00	
Additional Supervision	Hour	Actual Cost	
Concession Stands - Centennial/Arena/SAP	Day Private	\$102.00	
Equipment			
Dunk Tank	Day Non-Profit	\$50.00	
	Day Private	\$60.00	
Field Reservations			
Ballfields w/o Lights - Games/Tournaments	Hour Non-Profit	\$20.00	
	Hour Private	\$25.00	
Ballfields w/Lights - Games/Tournaments	Hour Non-Profit	\$28.00	
	Hour Private	\$30.00	
Ballfields w/o Lights - Practice	Hour Non-Profit	\$3.50	
	Hour Private	\$6.00	
Ballfields w/Lights - Practice	Hour Non-Profit	\$12.00	
	Hour Private	\$20.00	
Soccer-Multi-Sports Fields w/o Lights	Hour Non-Profit	\$20.00	
	Hour Private	\$25.00	
Soccer-Multi-Sports Fields w/Lights	Hour Non-Profit	\$25.00	
	Hour Private	\$30.00	
Use of City Park for Major Events	Day	\$160.00	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Recreation Department Fees (continued)			
Joint Facility Agreement With Other Public Agencies	Day	\$0	
Raquetball (Access up to four)	Year	\$110.00	
	Quarter	\$30.00	
	Month	\$10.00	
	Day	\$2.00	
Recreation Center	Hour Non-Profit	\$20.00	
	Hour Private	\$60.00	
Security Deposit	Event - Before 5:00 p.m. and no alcohol	\$50.00	
	Event - After 5:00 p.m. and/or alcohol	\$500.00	
Set Up Fee	Day	\$75.00	
Security Fee Per Guard	Hour	\$25.00	
Shelter/Picnic Reservations	Day Non-Profit	\$40.00	
Picnic Shelters	Day Private	\$80.00	
Park Open Spaces	Day Non-Profit	\$12.00	
	Day Private	\$125.00	
Volleyball Court	Day Non-Profit	\$6.00	
	Day Private	\$30.00	
Softball - Girls	Child per season	\$60.00	
	2 children per season	\$100.00	
	3 children per season	\$130.00	
Miscellaneous Fees			
Personnel	Hour	Actual Cost Plus 5% Administrative Fee	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Airport Fees			
T-Hanger	Monthly	\$130.00	
Tie Down	Monthly	\$42.00	
Office Space	Monthly	\$54.00	
Commercial Operators	Monthly	\$54.00	
	Each additional aircraft	\$42.00	
Crop Dusting	Monthly	\$68.00	
	Daily	\$12.00	
Crop Dusting Storage Area	Monthly	\$54.00	
Airplane/Helicopter Transit Fee	Daily	\$8.00	
Vehicle Transit Fee	Monthly	\$22.00	
Major Temporary Staging Operation	Daily	\$200.00	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested as of August 21, 2010			
Law Enforcement Facilities			
Single Family Dwelling	Unit	\$881.22	
Multiple Family Dwelling	Unit	\$249.16	
Mobile Home Dwelling	Unit	\$251.45	
Commercial Lodging Unit	Unit	\$2,130.47	
Commercial	Square foot	\$0.40	
Industrial	Square foot	\$0.01	
Fire Protection Facilities			
Single Family Dwelling	Unit	\$865.22	
Multiple Family Dwelling	Unit	\$692.64	
Mobile Home Dwelling	Unit	\$692.64	
Commercial Lodging Unit	Unit	\$376.03	
Commercial	Square foot	\$0.57	
Industrial	Square foot	\$0.16	
Bridges Signals and Thoroughfares			
Single Family Dwelling	Unit	\$2,181.91	
Multiple Family Dwelling	Unit	\$1,385.26	
Mobile Home Dwelling	Unit	\$1,098.38	
Commercial Lodging Unit	Unit	\$1,160.10	
Commercial	Square foot	\$5.30	
Industrial	Square foot	\$0.87	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested as of August 21, 2010 (continued)			
Storm Drainage Facilities			
Single Family Dwelling	Unit	\$521.29	
Multiple Family Dwelling	Unit	\$246.92	
Mobile Home Dwelling	Unit	\$289.22	
Commercial Lodging Unit	Unit	\$181.77	
Commercial	Square foot	\$0.30	
Industrial	Square foot	\$0.25	
General Government Facilities			
Single Family Dwelling	Unit	\$757.79	
Multiple Family Dwelling	Unit	\$757.79	
Mobile Home Dwelling	Unit	\$757.79	
Commercial Lodging Unit	Unit	\$757.79	
Commercial	Square foot	\$0.32	
Industrial	Square foot	\$0.32	
Library Expansion Facilities			
Single Family Dwelling	Unit	\$500.61	
Multiple Family Dwelling	Unit	\$533.76	
Mobile Home Dwelling	Unit	\$494.90	
Commercial Lodging Unit	Unit	-	
Commercial	Square foot	-	
Industrial	Square foot	-	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested as of August 21, 2010 (continued)			
Public Meeting Facilities			
Single Family Dwelling	Unit	\$705.21	
Multiple Family Dwelling	Unit	\$754.35	
Mobile Home Dwelling	Unit	\$697.21	
Commercial Lodging Unit	Unit	-	
Commercial	Square foot	-	
Industrial	Square foot	-	
Aquatic Center Facilities			
Single Family Dwelling	Unit	\$697.21	
Multiple Family Dwelling	Unit	\$746.35	
Mobile Home Dwelling	Unit	\$690.35	
Commercial Lodging Unit	Unit	-	
Commercial	Square foot	-	
Industrial	Square foot	-	
Park and Open Space Acquisition			
Single Family Dwelling	Unit	\$3,675.75	
Multiple Family Dwelling	Unit	\$3,932.91	
Mobile Home Dwelling	Unit	\$3,639.17	
Commercial Lodging Unit	Unit	-	
Commercial	Square foot	-	
Industrial	Square foot	-	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested as of August 21, 2010 (continued)			
Total Impact Fees			
Single Family Dwelling	Unit	\$11,152.92	
Multiple Family Dwelling	Unit	\$9,615.32	
Mobile Home Dwelling	Unit	\$8,903.88	
Commercial Lodging Unit	Unit	\$4,762.77	
Commercial	Square foot	\$7.13	
Industrial	Square foot	\$1.66	
Impact Fees for Projects Vested after August 21, 2010			
Law Enforcement Facilities			
Single Family Dwelling	Unit	\$847.64	
Multiple Family Dwelling	Unit	\$134.88	
Mobile Home Dwelling	Unit	\$85.08	
Commercial Lodging Unit	Unit	\$193.50	
Seasonal Employee Housing	Bed	\$10.64	
Commercial	Square foot	\$0.373	
Industrial	Square foot	\$0.003	
Storage Units	Square foot	\$0.206	
Fire Protection Facilities			
Single Family Dwelling	Unit	\$693.57	
Multiple Family Dwelling	Unit	\$533.80	
Mobile Home Dwelling	Unit	\$351.72	
Commercial Lodging Unit	Unit	\$0.216	
Seasonal Employee Housing	Bed	\$66.73	
Commercial	Square foot	\$0.160	
Industrial	Square foot	\$0.010	
Storage Units	Square foot	\$0.010	
Buildings 3-Story and Above	Building	Fee plus \$30,000	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested after August 21, 2010 (continued)			
Bridges Signals and Thoroughfares			
Single Family Dwelling	Unit	\$3,829.42	
Multiple Family Dwelling	Unit	\$2,556.40	
Mobile Home Dwelling	Unit	\$2,003.42	
Commercial Lodging Unit	Unit	\$2,014.31	
Seasonal Employee Housing	Bed	\$159.78	
Commercial	Square foot	\$4.635	
Industrial	Square foot	\$2.502	
Storage Units	Square foot	\$1.096	
Storm Drainage Facilities			
Single Family Dwelling	Unit	\$1,321.50	
Multiple Family Dwelling	Unit	\$475.00	
Mobile Home Dwelling	Unit	\$526.00	
Commercial Lodging Unit	Unit	\$240.50	
Seasonal Employee Housing	Bed	\$59.38	
Commercial	Square foot	\$0.452	
Industrial	Square foot	\$0.365	
Storage Units	Square foot	\$0.246	
General Government Facilities			
Single Family Dwelling	Unit	\$582.50	
Multiple Family Dwelling	Unit	\$582.50	
Mobile Home Dwelling	Unit	\$582.50	
Commercial Lodging Unit	Unit	\$161.50	
Seasonal Employee Housing	Bed	\$72.81	
Commercial	Square foot	\$0.204	
Industrial	Square foot	\$0.204	
Storage Units	Square foot	\$0.204	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

	Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested after August 21, 2010 (continued)				
Wastewater Collection System				
Single Family Dwelling		Unit	\$2,463.03	
Multiple Family Dwelling		Unit	\$1,458.73	
Mobile Home Dwelling		Unit	\$1,458.73	
Commercial Lodging Unit		Unit	\$552.99	
Seasonal Employee Housing		Bed	\$182.34	
Commercial		Square foot	\$0.668	
Industrial		Square foot	\$1.002	
Storage Units		Square foot	\$0.362	
Wastewater Treatment Plant				
Single Family Dwelling		Unit	\$4,523.50	
Multiple Family Dwelling		Unit	\$2,679.86	
Mobile Home Dwelling		Unit	\$2,679.86	
Commercial Lodging Unit		Unit	\$1,014.68	
Seasonal Employee Housing		Bed	\$334.98	
Commercial		Square foot	\$1.227	
Industrial		Square foot	\$1.841	
Storage Units		Square foot	\$0.666	
Public Meeting Facilities				
Single Family Dwelling		Unit	\$946.500	
Multiple Family Dwelling		Unit	\$1,027.000	
Mobile Home Dwelling		Unit	\$980.500	
Commercial Lodging Unit		Unit	-	
Seasonal Employee Housing		Bed	-	
Commercial		Square foot	-	
Industrial		Square foot	-	
Storage Units		Square foot	-	

KING CITY MASTER FEE SCHEDULE
Effective 4/1/2020

	Fee	Per Unit	Fee	Minimum
Impact Fees for Projects Vested after August 21, 2010 (continued)				
Aquatic Center Facilities				
Single Family Dwelling		Unit	\$343.00	
Multiple Family Dwelling		Unit	\$371.00	
Mobile Home Dwelling		Unit	\$355.00	
Commercial Lodging Unit		Unit	-	
Seasonal Employee Housing		Bed	-	
Commercial		Square foot	-	
Industrial		Square foot	-	
Storage Units		Square foot	-	
Park and Open Space Acquisition				
Single Family Dwelling		Unit	\$3,323.50	
Multiple Family Dwelling		Unit	\$3,602.50	
Mobile Home Dwelling		Unit	\$3,442.00	
Commercial Lodging Unit		Unit	-	
Seasonal Employee Housing		Bed	\$450.31	
Commercial		Square foot	-	
Industrial		Square foot	-	
Storage Units		Square foot	-	
Total Impact Fees				
Single Family Dwelling		Unit	\$18,874.16	
Multiple Family Dwelling		Unit	\$13,421.67	
Mobile Home Dwelling		Unit	\$12,464.81	
Commercial Lodging Unit		Unit	\$4,177.69	
Seasonal Employee Housing		Bed	\$886.66	
Commercial		Square foot	\$7.72	
Industrial		Square foot	\$5.93	
Storage Units		Square foot	\$2.79	



Item No. 9(D)

REPORT TO THE CITY COUNCIL

DATE: MARCH 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF CANNABIS RETAIL STOREFRONT DISPENSARY PRE-APPLICATION PROCESS PACKAGE

RECOMMENDATION:

It is recommended the City Council: 1) approve the proposed cannabis retail storefront dispensary application, submittal instructions and scoring checklist; and 2) authorize the City Manager to make non-substantive changes as needed.

BACKGROUND:

At the February 25, 2020 meeting, the City Council adopted an Ordinance to allow cannabis storefront retail dispensaries. The Ordinance is scheduled to take effect on March 26th. A maximum of two permits will be issued at one time.

The proposed process for selecting those eligible for the limited number of permits included in the Ordinance is designed to be objective, while also limiting consideration to high quality proposals and experienced operators. Under the proposed process, applicants will be required to participate in a pre-application process. The top two selected will then be eligible to apply for their conditional use permit (CUP), cannabis business permit and other approvals required before allowing them to operate.

The pre-application process is based upon the following submittals:

- Proposed Dispensary Site and Neighborhood Compatibility Plan
- Business and Operations Plan
- Qualifications and Experience of Principals
- Security Plan
- Labor and Employment Plan
- Improvement Plan and Schedule

**CITY COUNCIL
CONSIDERATION OF CANNABIS RETAIL STOREFRONT DISPENSARY
PRE-APPLICATION PROCESS PACKAGE
MARCH 10, 2020
PAGE 2 OF 4**

An independent third party selected through a request for proposal (RFP) process will evaluate the proposals and score them on a scale of 600 points. Those receiving at least 500 points would be included in a lottery. The lottery will determine the ranking of all the eligible proposals.

The scoring will be based on the following criteria:

- Degree to which the site of the proposed dispensary is available, suitable for the proposed use, and potential neighborhood and community impacts are minimized through building and site orientation and improvements, (including but not limited to signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise) (100 points).
- Economic viability, capitalization of the proposed dispensary, schedule for completion and opening of the proposed dispensary, and level and quality of services to be provided at the proposed dispensary (100 points).
- Experience of owners, managers and employees in the operation of a retail cannabis business (including but not limited to prior history of positive sales, appearance and maintenance of a retail cannabis business, legal compliance, management and positive community relations) and other experience related to the operation of a commercial cannabis business (100 points).
- The operations and security plan for the proposed dispensary (including but not limited to the non-diversion of cannabis and/or cannabis products, on-site security technology, and in-house and contract security personnel) (100 points).
- Employment opportunities for City of King residents (including but not limited to estimated job creation, pay rates, and actions proposed to hire and train local employees) (100 points).
- Investment and improvements in the interior and exterior of the structure and property of the proposed dispensary (100 points).

DISCUSSION:

The projected tentative schedule is as follows:

Adoption of Ordinance
Ordinance Becomes Effective

February 25, 2020
March 26, 2020

**CITY COUNCIL
CONSIDERATION OF CANNABIS RETAIL STOREFRONT DISPENSARY
PRE-APPLICATION PROCESS PACKAGE
MARCH 10, 2020
PAGE 3 OF 4**

Selection of Independent Consultant	April 28, 2020
Notice of Pre-Application Process	May 11, 2020
Deadline for Accepting Applications	July 9, 2020
Completion of Independent Review	August 20, 2020
Lottery Process	September 10, 2020

Staff has prepared draft application and evaluation materials. In order to maintain a process that is as objective as possible, they include a detailed checklist of items related to the criteria that will be used by the consultant to evaluate the pre-application proposals. Since these items establish the basis for rating the applications, staff would like City Council's approval to ensure they meet the City's policy objectives.

Once the third-party consultant is contracted, they may recommend additional amendments prior to distribution. In addition, staff is recommending the City Manager be granted authority to make minor non-substantive edits that are identified as further review occurs.

COST ANALYSIS:

The application materials implement the proposed application fee of \$12,250 per City Council direction intended to seek full cost recovery.

ENVIRONMENTAL REVIEW:

The applications materials are not a "project" for the purposes of the California Environmental Quality Act (CEQA) as it does not have the potential for resulting in either a direct physical change to the environment, or a reasonably foreseeable indirect physical change in the environment. No further action is required under CEQA.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Approve the recommended materials;
2. Modify the items in the scoring sheet to reflect other items the Council would like emphasized and approve;
3. Make other modifications and approve;
4. Direct staff to modify the format and/or process; or
5. Provide other direction to staff.

**CITY COUNCIL
CONSIDERATION OF CANNABIS RETAIL STOREFRONT DISPENSARY
PRE-APPLICATION PROCESS PACKAGE
MARCH 10, 2020
PAGE 4 OF 4**

Exhibits:

1. Commercial Cannabis Business Retail Storefront Application
2. Cannabis Retail Storefront Pre-Application Process
3. Cannabis Retail Storefront Dispensary Scoring List

Prepared and Approved by: _____


Steven Adams, City Manager



COMMERCIAL CANNABIS BUSINESS RETAIL STOREFRONT APPLICATION CITY OF KING

212 S. Vanderhurst Ave.
King City, CA 93930
Ph: 831.386.5925
Email: cityhall@kingcity.com
www.kingcity.com

APPLICANT (ENTITY) INFORMATION

APPLICANT (ENTITY) NAME: _____ DBA: _____

Physical Address: _____ City: _____ State: _____ Zip: _____

PRIMARY CONTACT (Same as above? Yes No): _____

Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

HAS ANY INDIVIDUAL IN THIS APPLICATION APPLIED FOR ANY OTHER CANNABIS PERMIT IN THE CITY OF KING: Yes No

Select one or more of the following categories. For each category, indicate whether you are applying for Adult-Use ("A") or/and Medicinal ("M") or both.

Retail (Storefront) Adult Use Medical Use

Business Formation Documentation: Describe how the business is organized (attach related documents).

Sole Partnership Corporation S-Corporation Limited Liability Company Limited Partnership

PROPOSED LOCATION

PROPERTY OWNER NAME: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

Zoning Verification Letter (Please attach): Not Applicable Yes No

Assessor's Parcel Number (APN): _____

Proposed Location Square Footage: _____

APPLICATION SUBMITTAL CHECKLIST

Applications failing to submit any of the following items will be determined ineligible (unless otherwise noted by an asterisk for special deadlines) and will not move forward to Step 2 in Phase 1 of the application process:

- ✓ Complete and signed Commercial Cannabis Application not exceeding a total of 125 pages
- ✓ Application saved in PDF format on a single USB memory stick
- ✓ Proof of comprehensive general liability insurance (minimum \$1M per occurrence)*
- ✓ Proof of Ownership of the Property or a signed and notarized Rental Lease Letter of Intention
- ✓ A signed Limited Liability waiver
- ✓ A signed Indemnification form
- ✓ Business formation document and all documents filed with the California Secretary of State
- ✓ Live Scan/Background Check information for each Owner/Principal

See Appendix A for a complete list of evaluation criteria required for Phase 1 to be evaluated in Step 1 and Step 2 of the Application process.

SUPPORTING INFORMATION

List all fictitious business names the applicant is operating under including the address where each business is located:

Has the Applicant or any of its owners ever been the subject of any administrative action, including but not limited to suspension, denial, or revocation of a cannabis business license? If so, please list and explain:

Is the Applicant or any of its owners currently involved in an application process in any other jurisdiction?

APPLICATION CERTIFICATION

I hereby certify, under penalty of perjury, on behalf of myself and all owners, managers and supervisors identified in this application that the statements and information furnished in this application and the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the permit, or revocation of a permit issued.

In addition, I understand that the filing of this application grants the City of King permission to reproduce submitted materials for distribution to staff, Commission, Board and City Council Members, and other Agencies to process the application. Nothing in this consent, however, shall entitle any person to make use of the intellectual property in plans, exhibits, and photographs for any purpose unrelated to the City's consideration of this application.

Furthermore, by submitting this application, I understand and agree that any business resulting from an approval shall be maintained and operated in accordance with requirements of the City of King Municipal Code and State law.

Under penalty of perjury, I hereby declare that the information contained in within and submitted with the application is true, complete, and accurate. I understand that a misrepresentation on the facts is cause for rejection of this application, denial of a license or revocation of an issued license.

Name

Signature

Title

Date

For details about the information required as part of the application process, see the Application Procedures & Guidelines, Chapter 7.55 City of King Ordinances No. 735 and any additional requirements to complete the application process. All documents can be found online at <https://www.kingcity.com>. For questions please contact the Community Development Department at XXX.XXX.XXXX.

OWNER INFORMATION

It must be completed by all owners. Ownership percentage should equal 100%.

I declare under the penalty of perjury that the information provided on this disclosure form is true and accurate to the best of my knowledge.

Ownership % _____

Name: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Background Information Included as required? Yes No

Signature: _____ Date: _____

I declare under the penalty of perjury that the information provided on this disclosure form is true and accurate to the best of my knowledge.

Ownership % _____

Name: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Background Information Included as required? Yes No

Signature: _____ Date: _____

I declare under the penalty of perjury that the information provided on this disclosure form is true and accurate to the best of my knowledge.

Ownership % _____

Name: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Background Information Included as required? Yes No

Signature: _____ Date: _____

I declare under the penalty of perjury that the information provided on this disclosure form is true and accurate to the best of my knowledge.

Ownership % _____

Name: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Background Information Included as required? Yes No

Signature: _____ Date: _____

I declare under the penalty of perjury that the information provided on this disclosure form is true and accurate to the best of my knowledge.

Ownership % _____

Name: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Background Information Included as required? Yes No

Signature: _____ Date: _____

Add more pages as necessary to accommodate all Commercial Cannabis Business Owners



City of King

CANNABIS RETAIL STOREFRONT PRE-APPLICATION PROCESS

212 South Vanderhurst Avenue · King City, CA 93930 · Phone (805) 385-3281 · www.kingcity.com

The City of King Municipal Code allows a maximum of two cannabis retail storefront dispensaries. The City has adopted criteria to select eligible applicants to proceed with submitting a Use Permit and Commercial Cannabis Permit application to operate the two dispensaries. Eligible applicants are not guaranteed that a Use Permit and Commercial Cannabis Permit will be approved for the proposed cannabis retail storefront dispensary. The City will accept applications for a limited time **beginning on Wednesday, May 20, 2020**. To be considered, applications **must be submitted by 5:00 PM on Wednesday, July 1, 2020** to City Hall at 212 South Vanderhurst Avenue, King City, CA, 93433. Application materials will be available on the City's website at www.kingcity.com or at City Hall. This handout outlines the pre-application process, required submittal materials, and other information necessary to submit a Cannabis Retail Storefront Pre-application.

APPLICATION REQUIREMENTS

Applicants must submit two (2) copies of the complete Dispensary Pre-application including all submittal requirements and a flash drive with a copy of the application in pdf format **no later than 5:00 PM on Wednesday, July 1, 2020**. A complete application must consist of the following information:

- Cannabis Retail Storefront Pre-application Form;
- City Indemnification Form;
- Cannabis Retail Storefront Pre-Application fee of \$12,250 plus \$300 for the background check of each owner. If an applicant is disqualified as part of Phase 1, the application fee will be refunded less the cost to conduct the criminal background check.
- All the submittal requirements listed on pages 3 and 4.

Applicants will not be allowed to make amendments to their application or to supplement their application once submitted.

EVALUATION AND SELECTION PROCESS

The evaluation and selection process shall consist of the following three steps:

Step 1: Preliminary Zoning Determination

The purpose of this phase is to determine that the business is allowed in the proposed location based on zoning and the required distance from youth facilities.

Step 2: Independent Eligibility Evaluation

The pre-application for a commercial cannabis retail storefront dispensary permit shall be reviewed by an independent third party and provided a score between zero (0) points and six hundred (600) points. The scoring will be based upon the following criteria:

- Degree to which the site of the proposed dispensary is available, suitable for the proposed use, and potential neighborhood and community impacts are minimized through building and site orientation and improvements, (including but not limited to signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise).
- Economic viability, capitalization of the proposed dispensary, schedule for completion and opening of the proposed dispensary, and level and quality of services to be provided at the proposed dispensary.
- Experience of owners, managers and employees in the operation of a retail cannabis business (including but not limited to prior history of positive sales, appearance and maintenance of a retail cannabis business, legal compliance, management and positive community relations) and other experience related to the operation of a commercial cannabis business.

- The operations and security plan for the proposed dispensary (including but not limited to the non-diversion of cannabis and/or cannabis products, on-site security technology, and in-house and contract security personnel).
- Employment opportunities for City of King residents (including but not limited to estimated job creation, pay rates, and actions proposed to hire and train local employees).
- Investment and improvements in the interior and exterior of the structure and property of the proposed dispensary.

Applicants which receive a score of five hundred (500) points or higher during the independent review process of their pre-application shall be deemed eligible to proceed in the process. Any applicant receiving a score of four hundred ninety-nine (499) points or less shall be excluded from the process.

Phase 3: Lottery

Applicants deemed eligible to proceed in the process shall be entered into a lottery process. Each eligible applicant will be notified by mail of the lottery place, date and time, which will be conducted through a drawing at a public location. The City shall select applicant(s) during the lottery process based on the number of available commercial cannabis storefront dispensary permits. The applicant or applicants selected during the lottery process may receive a commercial cannabis storefront dispensary permit, provided each applicant individually meets all applicable requirements of the King City Municipal Code and state and obtains all other required permits and approvals. Further, each selected applicant shall submit an application for a commercial cannabis storefront permit which complies with the requirements of the King City Municipal Code.

Selected Applicants

Please note that being selected in the lottery process does not constitute approval of the Use Permit or the Commercial Cannabis Permit and does not waive or remove the requirements of applying for and receiving construction permits. It also does not guarantee that the plans submitted for the cannabis retail storefront dispensary pre-application process meet the standards or requirements of the City's Cannabis Ordinances or other permitting agencies.

SUBMITTAL REQUIREMENTS

The items listed below shall be submitted with the Cannabis Retail Storefront Pre-application and will be used as the criteria to evaluate the proposals. Please provide a response to all items even if it is not applicable to your Cannabis Retail Storefront Pre-application.

1. Proposed Cannabis Retail Storefront Dispensary Site and Neighborhood Compatibility Plan. At a minimum, the following information shall be submitted on the proposed dispensary location.
 - The address and Assessor Parcel Number.
 - Proof of property ownership or a notarized letter of the property owner's willingness to lease the property.
 - A Conceptual Site Plan that is accurate, dimensioned and to-scale (minimum scale of 1"=10') indicating at a minimum the lot dimensions, all buildings, parking, parking aisles, public entry, delivery area, waste containers, and other information relevant to the site. Also indicate if there are other non-cannabis retail storefront dispensary uses existing or proposed on the site.
 - How the cannabis retail storefront dispensary, including its exterior areas and surrounding public areas, will be managed to avoid becoming a nuisance or having impacts on adjacent properties and the surrounding neighborhood.
 - Demonstrate how odors would remain within the building and not be detectable from adjacent properties or businesses.
 - Describe how the site, location, building design, site design and improvements will minimize potential impacts to neighborhood, including signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise.

- 2. Business and Operations Plan.** At a minimum, the Business and Operations Plan shall describe in detail the following:
- How the proposed cannabis retail storefront dispensary will conform to the City's ordinances and state regulations.
 - How cannabis will be tracked and monitored to prevent diversion.
 - Description of day-to-day operations, which meet best practices for a cannabis retail storefront dispensary license and how it will maximize customer service.

The Business Plan should also include the following (this information is confidential and will not be made available to the public, and must be clearly labeled as confidential):

- A **budget** for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget shall demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.
 - **Proof of capitalization**, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.
 - A **pro forma** for at least three years of operation.
 - A description of banking practices, if applicable.
- 3. Qualifications and Experience of Owners.** The application shall provide the following:
- Resumes of all owners including experience operating cannabis retail storefront dispensaries.
 - Information regarding any special business or professional qualifications or licenses of owners that would add to the number or quality of services that the cannabis retail storefront dispensary would provide, especially in areas related to medical cannabis, such as scientific or health care fields.
- 4. Security Plan.** The application shall provide the following:
- A **preliminary floor plan** that is accurate, dimensioned and to-scale (minimum scale of 1/4"=1') indicating the proposed uses.
 - A security plan including a description and schematic of the overall facility security with details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, delivery loading/unloading security, and third party contractor security, if applicable. In particular, the plan shall address ingress and egress access, perimeter security, product security (at all hours), internal security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed.
- 5. Labor and Employment Plan.** The application should state the following:
- Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
 - Identify all positions and their responsibilities.
 - Describe compensation to and opportunities for continuing education and training for employees.
 - Describe plan, if any, to hire and train local employees.
- 6. Improvement Plan and Schedule.**
- Identify whether the proposed business will be new construction or remodel of an existing facility.
 - Description of all improvements proposed to any existing building(s), including additions, structural improvements, façade improvements, interior improvements.
 - Estimated cost of improvements.
 - A schedule including the timeline for submitting required construction plans and construction of site and building improvements.

QUESTIONS

If you have any questions, please visit the Cannabis FAQs on the City's website at www.kingcity.com. Questions can also be email to sbruce@kingcity.com.

CITY OF KING
Cannabis Retail Storefront Dispensary Scoring List

	Criteria 1. Site and Neighborhood Compatibility		
	<i>Degree to which the site of the proposed retail storefront dispensary is available, suitable for the proposed use, and potential neighborhood and community impacts are minimized through building and site orientation and improvements (including but not limited to signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise).</i>	Possible Points	Applicant Score
1.1	Degree to which site has been secured for the proposed business based on whether it is owned, leased, a lease agreement has been approved, or a letter of intent from the owner has been provided, and whether the building is currently occupied or vacant.	10	
1.2	Degree to which parking and access is addressed based on whether parking requirements are met or exceeded, the current site presents no conflicts with neighboring businesses or ingress/egress, opportunities for overflow parking exist without impacting other properties, pedestrians walking from parking to the business will not disturb neighboring properties, and whether property can be accessed by vehicles without traveling through residential areas.	10	
1.3	Degree to which odor impacts on neighboring properties will be prevented or mitigated.	10	
1.4	Degree to which noise impacts on neighboring properties will be prevented and/or mitigated.	10	
1.5	Degree to which lighting will not disturb any residential areas.	10	
1.6	Degree to which site and building location provides privacy to customers and limits visibility and access to youth.	10	
1.7	Degree to which site has adequate accessible, secure, and screened waste disposal facilities.	10	
1.9	Degree to which business will not be visible from residential properties.	10	
1.10	Degree to which no other impacts unique to the site have been identified.	10	

Criteria 2. Business and Operations			
	<i>Economic viability, capitalization of the proposed retail storefront dispensary, schedule for completion and opening of the proposed retail storefront dispensary, and level of quality of services to be provided at the proposed retail storefront dispensary.</i>	Possible Points	Applicant Score
2.1	Degree to which applicant demonstrates capacity to capitalize and start up business operations.	10	
2.2	Completeness of pro forma and degree to which it demonstrates the ability of business to sustain a profitable business, including the ability to pay all sales tax and a proposed 5% cannabis tax.	10	
2.3	Degree to which applicant demonstrates day-to-day operations will meet industry best practices for a cannabis retail storefront dispensary.	10	
2.4	Degree to which operations plan will prevent diversion.	10	
2.5	Degree to which applicant demonstrates that operations will meet all State and local regulations.	10	
2.6	Degree to which business plan demonstrates the ability of the applicant to meet all deadlines as established in the King City Municipal Code.	10	
2.7	Degree to which operations plan addresses the ability to provide a high quality of customer service	10	
2.8	Degree to which application demonstrates appropriate banking practices will be utilized.	10	
2.9	Degree to which no discrepancies are identified in the proposed budget and all normal projected expenses are accurately identified.	10	
2.10	Degree to which no other issues are identified that would question the reliability, accuracy and completeness of the business plan and operations plan.	10	

	Criteria 3. Qualifications and Experience		
	<i>Experience of owners and any managers or employees already hired in the operation of a retail cannabis business (including but not limited to prior history of positive sales, appearance and maintenance of a retail cannabis business, legal compliance, management and positive community relations) and other experience related to the operation of a commercial cannabis business.</i>	Possible Points	Applicant Score
3.1	Level of prior experience with cannabis retail businesses by owners, managers and any specific proposed employees.	20	
3.2	Overall retail business experience of owners and managers.	20	
3.3	Overall cannabis business experience of owners and managers.	20	
3.4	Degree to which applicant is able to demonstrate a track record of successful business operations by owners, managers and employees.	20	
3.5	Absence of any history of violations of any State or local business related regulations in the operation of past businesses by owner, manager or employees.	20	

	Criteria 4. Security		
	<i>The security plan for the proposed retail storefront dispensary (including but not limited to the non-diversion of cannabis and/or cannabis products, on-site security technology, and in-house and contract security personnel).</i>	Possible Points	Applicant Score
4.1	Has the security plan been prepared by a professional security consultant.	10	
4.2	Degree to which schematic site plan addresses security risks.	10	
4.3	Degree to which employee security is addressed.	10	
4.4	Degree to which visitor security, ingress/egress, delivery, and perimeter security is addressed.	10	
4.5	Degree to which security plan addresses diversion.	10	
4.6	Sufficiency of security personnel proposed in the security plan.	10	
4.7	Quality of security technology proposed for the business	10	
4.8	Degree to which product security is addressed.	10	
4.9	Degree to which security policies and procedures address operational security needs, including cash handling and inventory control.	10	
4.10	Sufficiency of employee security training proposed.	10	

Criteria 5. Employment			
	<i>Employment opportunities for King City residents (including but not limited to estimated job creation, pay rates, and actions proposed to hire and train local employees).</i>	Possible Points	Applicant Score
5.1	Number of new jobs created by proposed business.	20	
5.2	Degree to which hiring will be focused on local residents through outreach, hiring practices and training opportunities.	20	
5.3	Amount paid above minimum wage for entry and mid-level positions.	20	
5.4	Number of jobs that will be paid above minimum wage.	20	
5.5	Continuing education provided and other measures to promote advancement of local employees hire.	20	

Criteria 6. Investment and Improvements			
	<i>Investment and improvements in the interior and exterior of the structure and property of the proposed dispensary.</i>	Possible Points	Applicant Score
6.1	Proposed financial investment to enhancements to façade of the building, building expansion, new construction, removal of visual blight, and site improvements.	20	
6.2	Proposed financial investment to interior remodel of the facility.	20	
6.3	Degree to which financial investment will result in a timely completion of improvements and commencement of operations.	20	
6.4	Degree to which entire exterior of the building and site visible to the public and customers, including parking, landscaping, and sidewalks, will result in new materials, surfaces, and amenities.	20	
6.5	Degree to which entire interior of the building visible to the public and customers will result in new materials, surfaces, and amenities.	20	



Item No. 9(E)

STAFF REPORT

DATE: MARCH 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: OCTAVIO HURTADO, CITY ENGINEER

RE: CONSIDERATION OF AWARD OF BID FOR THE KING CITY POLICE STATION REMODEL PROJECT INCLUDING ADOPTING FINDING OF A CATEGORICAL EXEMPTION, PURSUANT TO SECTION 15301 OF THE CEQA GUIDELINES

RECOMMENDATION:

It is recommended City Council: 1) award the base bid for the King City Police Station Remodel Project as proposed by low bidder, Two Team Construction Inc., in the amount of \$68,000.00; 2) authorize the City Manager to approve change orders up to 10%; and 3) adopt a finding of a Categorical Exemption, pursuant to Section 15301 of the CEQA Guidelines.

BACKGROUND:

The Police and Public Works Departments have coordinated in designing proposed improvements to the lobby area of the Police Station. The project is designed to improve safety, add meeting space more easily accessible to the public, improve ADA compliance, and increase storage space. It is being coordinated with repairs currently necessary to the walls and ceiling.

Bids were recently solicited for the project. The base bid consists of making improvements to the lobby windows and existing walls, adding new bullet proof materials, installing new cabinets in the office area, air duct work to split return air at lobby and conference room, revising existing lighting, and installing new interior walls, doors and flooring at front office and lobby. Bid alternate 1 consists of remodeling the locker room and restrooms.

**CITY COUNCIL
CONSIDERATION OF AWARD OF BID FOR THE KING CITY POLICE
STATION REMODEL PROJECT INCLUDING ADOPTING FINDING OF A
CATEGORICAL EXEMPTION, PURSUANT TO SECTION 15301 OF THE
CEQA GUIDELINES
MARCH 10, 2020
PAGE 2 OF 3**

DISCUSSION:

The City received the following bids:

<u>Contractor</u>	<u>Bid</u>	<u>Alt 1</u>	<u>Total</u>
Two Team Construction	\$68,000	\$69,000	\$137,000

Per the specifications, the basis of award is the lowest responsive responsible bid for the base bid plus Bid Alternate 1. Available funding for this project was originally allocated for the lobby improvements only. The improvement plans included the locker rooms in order to have shelf ready improvement plans when funding is available. Therefore, it is not recommended to award the bid alternate at this time.

Although only one bid was received, the base bid project came in within budget and was submitted by a local contractor who has previous bid and work experience on City projects.

COST ANALYSIS:

Funds have been allocated for the project from Supplemental Law Enforcement Fund (\$68,000) and the City's Civic Center Capital Outlay Improvement Fund (\$10,000). The total proposed appropriation with construction management and contingencies is \$78,000, which is within the amount allocated. Therefore, there will be no impact on the General Fund.

ENVIRONMENTAL REVIEW:

Staff has performed a preliminary environmental assessment of this project and has determined that if it falls within the Categorical Exemption set forth in Section 15301 of the CEQA guidelines because the contract is for the maintenance and repair of existing streets, which will not result in the expansion of capacity of these streets. Furthermore, staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

**CITY COUNCIL
CONSIDERATION OF AWARD OF BID FOR THE KING CITY POLICE
STATION REMODEL PROJECT INCLUDING ADOPTING FINDING OF A
CATEGORICAL EXEMPTION, PURSUANT TO SECTION 15301 OF THE
CEQA GUIDELINES
MARCH 10, 2020
PAGE 3 OF 3**

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Award the Base Bid of the King City Police Station Remodel Project as proposed by low bidder to Two Team Construction Inc. in the proposed amount of \$68,000.00;
2. Appropriate additional funds and award the base and alternate bid items;
3. Reject bids and solicit new bids;
4. Do not award the King City Police Station Remodel Project; or
5. Provide other direction to staff.

Exhibits:

1. Bid Summary

Submitted by: _____


Octavio Hurtado, City Engineer

Approved by: _____


Steven Adams, City Manager

**KING CITY POLICE DEPARTMENT REMODEL PROJECT
UNIT PRICE/LUMP SUM BID**

ITEM NO.	APPROXIMATE QUANTITY	ITEM WITH UNIT PRICES WRITTEN IN WORDS	AMOUNT
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PROPOSAL - BASE BID
Front Lobby

1	1	JOB	<p>Police Department Lobby remodel per attached Construction Drawings, remodel lobby windows and existing wall, add new bullet proof wall material as per plan I install new cabinets in office area, remodel existing air ducts, split return air at lobby and conference room. Revise existing lightings witching as per plan install new interior walls as per plan, install new interior doors as per plan and add new floor finish at office space and lobby, complete in place at</p> <p><u>Sixty eight Thousand Dollars</u> per Job <u>\$68,000.⁰⁰</u></p>
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PROPOSAL - BID ALTERNATE 1
Locker Room

2	1	JOB	<p>Police Department Locker Room remodel per attached Construction Drawings, remodel existing locker room and remove non- bearing walls, revise restroom to allow toilet stall as per plan. Remove existing door, fill in with wall as per plan. Retile floor, revise sink counter as per plan and install new lockers, complete in place at</p> <p><u>Sixty nine Thousand Dollars</u> per Job <u>\$69,000.-</u></p>
---	---	-----	---

SUBTOTAL OF EXTENDED UNIT PRICE, Bid item 1 LISTED IN <u>BASE BID</u> PROPOSAL	\$ <u>68,000.-</u>
SUBTOTAL OF EXTENDED UNIT PRICE, Bid item 2 LISTED IN <u>BID ALTERNATE 1</u> PROPOSAL	\$ <u>69,000.-</u>
SUBTOTAL OF EXTENDED UNIT PRICE, Bid item 1-2 LISTED IN <u>BASE BID+BID ALT 1</u> PROPOSAL	\$ <u>137,000.⁰⁰</u>



Item No. 10(A)

REPORT TO THE CITY COUNCIL

DATE: MARCH 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DOREEN LIBERTO, AICP, COMMUNITY DEVELOPMENT DIRECTOR

RE: CONSIDERATION OF DOWNTOWN ADDITION SPECIFIC PLAN AMENDMENT AND ZONING AMENDMENT (JERRY RAVA II, FRESH FOOD INC.)

RECOMMENDATION

It is recommended that the City Council open the public hearing, consider public testimony, adopt a Resolution which certifies the Supplemental Environmental Impact Report and approves the Mitigation Monitoring Report, and introduce and conduct the first reading of an Ordinance approving the Specific Plan Amendment and Zoning Amendment, by title only, and set the second reading and adoption for the next regularly scheduled Council meeting of March 24, 2020.

BACKGROUND

The City has been working with applicants on affordable housing and employee housing projects over the last several years in accordance with the City's Housing Element of the General Plan. The State of California has also mandated that local jurisdictions approve more housing units. One project that the City has worked on with Jerry Rava II and his team is to build employee housing within the Downtown Addition Specific Plan. In 2019, Jerry Rava II ("**Applicant**") submitted a number of applications, including a Downtown Addition Specific Plan Amendment ("**SPA**"), Zoning Amendment ("**ZA**"), Conditional Use Permit ("**CUP**"), Architectural Review ("**AR**") and a Tentative Parcel Map ("**TPM**"). The applications propose to build 118 employee housing units on the Bitterwater Road/Chestnut Avenue site, remove the Jayne Street Block from the DTA-SP (and eventually construct an H-2A employee housing project on a portion of the Jayne Street Block), and make numerous changes to the DTA-SP, including increasing the number of units from 650 to 710, reduce the commercial square footage from 190,060 square feet to

148,060 square feet, and allow three (3) stories as part of the employee housing project. (**Reference Exhibit 1.**)

Pursuant to the Municipal Code, the Planning Commission makes decisions on CUPs, AR and TPMs, and makes recommendations on SPAs and ZAs. On **March 3, 2020**, the Planning Commission adopted: (1) Resolution No. 2020-276 which recommends the City Council certify the Supplemental Environmental Impact Report ("**S-EIR**") and approve the Mitigation Monitoring Report; and (2) Resolution No. 2020-275 which recommends the City Council approve SPA Case No. 2019-002 and ZA Case No. 2019-002. The Planning Commission also approved CUP No. 190-254, AR Case No. 2019-004, and TPM Case No. 2019-002 subject to the City Council's affirmative actions. The Planning Commission did not have any major concerns with the project and did not request any design modifications.

On **May 24, 2011**, the City Council certified a Full-Environmental Impact Report ("**F-EIR**") (State Clearinghouse No. 2006041150), adopted Statements of Overriding Consideration, approved a Mitigation Monitoring Program (Resolution No. 2011-4355), and conducted first reading of the ordinance approving the DTA-SP. On **June 14, 2011** the City Council conducted the second reading of the ordinance approving the DTA-SP (Ordinance No. 2011-697), submitted by Smith-Monterey KC, LLC. The area was expanded to include property along Jayne Street ("**Jayne Street Block**").

The DTA-SP, including associated entitlements, authorized the phased construction, use, occupancy and habitation of: (1) up to 650 dwelling units in various configurations of attached and detached forms; (2) up to 190,060 square feet of commercial space; (3) 23.99 acres of open space and parks; and (4) associated public improvements and infrastructure. The entire DTA-SP area is approximately 110 acres and is located at the eastern edge of the existing historic downtown area.

In **May of 2013**, New Urban Reality Advisors (on behalf of Smith-Monterey) submitted a Vesting Tentative Map ("**VTM**") for four-hundred and seventeen (417) lots. The number of lots was eventually reduced to three-hundred and seventy-six (376) lots on approximately one-hundred acres (100). In **September 2013**, an SPA application was submitted to address details identified during processing the VTM, and ensure the VTM was consistent with the Specific Plan. On **December 10, 2013**, the City Council found that CEQA guidelines Section 15162 was applicable to the application (Resolution No. 2013-4428).

On **January 28, 2014**, the City Council amended the DTA-SP. On **February 19, 2014** the City Council approved the VTM allowing 376 lots. An initial study was prepared to determine whether the 2014 amendment required a subsequent or S-EIR, and the City determined that none of the findings had occurred that would require preparation of a subsequent or S-EIR.

The current proposed project includes:

1. SPA to accommodate a 118-apartment-style employee housing project near Bitterwater Road/Chestnut Avenue, allow three (3) stories within certain areas of the DTA-SP, increase the total number of DTA-SP dwelling units from 640 to 710, decrease the commercial square footage from 190,060 to 148,060, remove the Jayne Street Site from the DTA-SP, and various other changes. **(Reference Exhibits 8 and 9.)**
2. Zoning District Amendment to change the zoning of the area removed from the DTA-SP. Proposed zoning is primarily Multiple Family Residential and Professional Offices District ("**R-4**") with a Seasonal Employee Housing overlay. A small portion (lot with existing auto repair show) will be rezoned to General Commercial District ("**C-2**"). CUP and AR applications will be required when a specific project is proposed on the Jayne Street site. **(Reference Exhibit 10.)**
3. CUP to allow 118 employee housing units in the NC Zone on the Bitterwater Road/Chestnut Avenue site (approximately 5.2 acres). The density is 22.7 dwelling units/acre. The DTA-SP allows residential uses in the NC zone if a CUP is approved. **(Reference DTA-SP Figure 3-1 Downtown Addition Regulating Plan.) (Reference Exhibit 5.)**
4. AR to determine proposed structures to accommodate 118 residential units on the Bitterwater Road/Chestnut Avenue Site meet the DTA-SP site and building design standards. **(Reference Exhibit 6.)**
5. TPM to merge 18 lots into two (2) lots on the Bitterwater Road/Chestnut Avenue site. **(Reference Exhibit 7.)**

An S-EIR has been prepared which was received by the State Clearinghouse on November 20, 2019. (State Clearinghouse No. 2006041150.) The public review period was from **November 20, 2019 to January 3, 2020**. Comments were received from the following interested parties:

- County of Monterey Health Department
- Monterey Bay Air Resources District (MBARD)
- Transportation Agency for Monterey County (TAMC)
- Central Coast Regional Water Quality Control Board

The comments have been addressed in the Final S-EIR. **(Reference Exhibit 11.)**

The proposed Project was brought before the King City Airport Advisory Committee ("**Committee**") on **December 9, 2019**. The Committee had no notable

concerns and granted their approval of the project. The Project was also brought before the Monterey County Airport Land Use Commission ("**ALUC**") on **December 16, 2019**. The ALUC found that the project was consistent with the Comprehensive Land Use Plan for the Mesa del Rey Airport. The ALUC imposed two standard conditions (ALUC-1 and ALUC-6) on the project, which are incorporated in the recommended COA for the Bitterwater Road/Chestnut Avenue project and eventual Jayne Street project.

The DTA-SP area is adjacent to the eastern edge of the existing historic downtown area and is separated from it by First Street and the Union Pacific ("**UPRR**") railroad tracks. The site boundaries are roughly Bitterwater Road to the north, the UPRR right-of-way to the west, a portion of San Lorenzo Creek to the south and southeast, and the City's municipal boundary to the east. The DTA-SP included property owned by other property owners in addition to Smith-Monterey KC, LLC. All property owners were contacted to gain their consent to be part of the DTA-SP prior to its adoption. No property owner contested being part of the DTA-SP.

The Bitterwater Road/Chestnut Avenue Employee Housing project site is in the northwest corner of the DTA-SP area. The site is bounded by Bitterwater Road to the north, and the UPRR railroad tracks to the west.

The Jayne Street site that is expected to support a future farmworker housing project (e.g., H2-A Housing) is located in the southwest corner of the DTA-SP area. The proposal is to remove this site from the DTA-SP. (**Reference Exhibit 1.**)

Table 1 General Plan Designation/Zoning/Land Uses		
	Bitterwater Road/Chestnut Avenue Site:	Jayne Street Block:
Existing General Plan Designation	Planned Development (PD)	Planned Development (PD)
Proposed General Plan Designation	No Change	No Change
Existing Zoning	PD/SP 2010-001 (Base Zone) NC (DTA-SP Zone)	PD/SP 2010-001 (Base Zone) NG-3 & NC (DTA-SP Zone)
Proposed Zoning	No Change	R-4 with Employee Housing Overlay (remove DTA-SP Zones) and C-2 where the auto repair shop is located
Existing Land Use	Warehouses, houses and vacant lands	Primarily vacant lands with auto repair shop

Proposed Land Use	118-unit employee housing units	No changes at this time, but plans for future farmworker housing
--------------------------	---------------------------------	--

** R-4 = Multiple Family Residential and Professional Offices District; C-2 = General Commercial District; NC = Neighborhood Commercial; NG-3 = Neighborhood General 3

DISCUSSION

The Applicant proposes an SPA and ZA to facilitate development of the Bitterwater Road/Chestnut Avenue site and to prepare the Jayne Street site for a future H2-A farmworker housing project.

Analysis: 2020 DTA-SP Amendment

The Applicant determined that amendments to the DTA-SP were necessary in order to accommodate the development of an employee housing project on the Bitterwater Road/Chestnut Avenue site. **Table 2** below summarizes some of the notable proposed amendments. More minor proposed amendments are not summarized in the table, but are detailed in the “Summary of Changes” included as **Exhibit 8. (Reference Exhibit 3 for proposed COA/MM.)**

Table 2 Summary of Notable DTA-SP Changes		
Feature	Current	Proposed
No. of Dwelling Units	650	710
Max. SF Commercial Space	190,060	148,060
Total Area (acres)	110.18	101.1
Area of Street ROW (acres)	30.70	29.72
Street Connection	Includes Metz – Ellis Extension	Removes Metz – Ellis Extension
Building Height	Two Stories Max (41')	Three Stories Max (51')
Project Fiscal Neutrality	Required	Not Required
Jayne Street Site	Within DASP	Removed from DASP
Sound Attenuation Wall	Not explicitly permitted	Permitted on properties adjacent to railroad
Implementation Schedule	Specific time periods	Conceptual, according to market demand

Building Height. The existing DTA-SP allows a building height of forty-one (41') feet in the NC zone. The allowed maximum height of a building is based on the architectural style of the building. The amendment proposes an increase to the maximum height in the NC zone to fifty-one (51') feet.

The proposed amendments would allow three (3) story buildings where buildings are currently limited to two (2) stories (however the existing DTA-SP allowed for three (3) story “architectural elements”). The purpose of allowing three (3) story

buildings is to help promote construction of both affordable and market rate housing within the DTA-SP (this is the first development project proposed since adoption of the DTA-SP in 2011). It will also increase design flexibility and economic feasibility of mixed-use and commercial projects in the future.

The primary reason for the current limit of two stories city-wide was the potential impact on the City's Fire ISO rating due to the absence of a ladder apparatus. The City Council recently approved a development impact fee on any buildings higher than two-story, which will help fund the differential cost required to add a ladder attachment when the Fire Department replaces its next engine. Therefore, a strategy is in place to mitigate the cause for this restriction. Staff is currently assessing where else in the City three (3) story buildings may be appropriate. At this time, it is recommended to limit them only to hotels, and within the DTA-SP as part of this proposed amendment. On **May 14, 2019**, the City Council adopted a fire truck fee (Ordinance No. 2019-774). A COA is included which requires the Applicant to pay the fee.

Increase in Total DTA-SP Residential Units. Due to the fact the proposed Bitterwater Road/Chestnut Avenue housing project is located in a zone that originally contemplated a mix of commercial and residential development, the implementation of this project alters the overall residential projections for the entire DTA-SP from 650 to 710 units. In turn, this reduces the projected commercial square footage from 190,060 SF to 148,060 SF. The State of California has been encouraging local jurisdictions to increase the number of units to address the housing crisis. An increase in the number of units is in alignment with State direction regarding providing more housing.

Staff finds that this change is consistent with the purpose and goals of the DTA-SP. In fact, bringing additional residents into the neighborhood will work to stimulate commercial growth in the DTA-SP. Creating dwelling units on the site, which is close to the existing downtown core, will also benefit the economic health of the downtown.

Fiscal Neutrality. The Applicant has requested elimination of a requirement requiring evidence that all projects within the DTA-SP area will be fiscally neutral.. The City understands that this requirement may create an undue barrier to development within the DTA-SP area. In an effort to support the current proposed Bitterwater Road/Chestnut Avenue Employee Housing project, and incentivize other future projects within the DTA-SP, staff supports the removal of the requirement for fiscal neutrality. Accordingly, COA No. 28, which was readopted in 2014, will be removed. It is important to know that it is very difficult to accurately project fiscal neutrality given constantly changing economic conditions. Therefore, such a requirement is costly and provides little benefit.

Development Agreement. On **August 8, 2014**, the City entered into a Development Agreement with Smith-Monterey, KC, LLC. on portions of the area included in the DTA-SP. Cal Government Code §65864 *et. seq.* allows a local jurisdiction and developer to enter into an agreement whereby the developer is insulated from future land use actions by the city that might otherwise prevent the developer from completing the approval. The Project has no impact on the Development Agreement.

Inclusionary Housing. The DTA-SP was conditioned to provide ninety-eight (98) affordable housing units, or pay an in-lieu fee, based on the Inclusionary Housing Ordinance in place at the time. (The increase in the total number of units from 640 to 710 will proportionately increase the number of inclusionary housing units.)

The proposed Project has an independent requirement to provide inclusionary housing. Since the adoption of the DTA-SP in 2011, the City updated the Inclusionary Housing Ordinance. Municipal Code Chapter 17.19 (Inclusionary Housing) now requires private developers of housing of twenty or more units, including division of property for residential purposes, to contribute to the City's housing goal by constructing housing for very low income and low-income households. Alternatively, developers can pay a fee in-lieu of developing all or some of the required affordable units. (COA No. 8 requires the Applicant to meet the inclusionary housing requirement prior to finalizing the first occupancy permit.)

Development Impact Fees. The project has been conditioned to pay development impact fees, including a fire truck fee. On **May 14, 2019**, the City Council adopted a fire truck development impact fee on any buildings higher than two-story, which will help fund the differential cost required to add a ladder attachment when the Fire Department replaces its next engine (Ordinance No. 2019-774). The applicant has also requested that impact fees be deferred until occupancy, which is allowed under with Council approval under a recent ordinance adopted by Council. Staff will present an agreement regarding fee deferral recommendations for consideration at the next meeting.

Zoning District Amendment – Jayne Street Site. No zoning change is proposed on the Bitterwater Road/Chestnut Avenue site. However, a zone change is proposed on the Jayne Street Block. As indicated in **Table 1** above, the existing zoning consists of PD/SP 2010-001 (Base Zone) and NG-3 & NC (DTA-SP Zone). The proposed zoning is R-4 with Employee Housing Overlay (remove DTA-SP Zones).

The following General Plan sections detail the purpose of the proposed High Density Residential and General Commercial Zones.

- **High Density Residential:** *The high-density residential designation applies to a mixture of uses. Residential uses range from single-family residential units to*

multiple-family dwellings, including boarding houses. Certain commercial uses are permitted, including professional offices, hotel services, convalescent hospitals, and child nurseries. The land use density for this designation is ≤ 24 du/gross acre.

- **General Commercial:** *The General Commercial designation applies to low-scale commercial, service, and office uses located along the City's arterials and collector streets. Some of these areas were developed as auto-oriented "strip" shopping centers while others are freestanding offices, commercial uses, or clusters of businesses meeting the day-to-day needs of the city's residents. Multiple zoning designations apply within this category to distinguish their different physical characteristics and uses. Typical retail commercial uses might include supermarkets, drug stores, restaurants, and miscellaneous small local-serving stores and services. Typical office commercial uses might include banks, finance, real estate, medical and dental offices, and professional services. Typical service commercial uses might include hotels, gas stations, fast food restaurants, used car sales, and minor auto repair businesses. In some zones, mixed uses are allowed, along with agricultural employee housing and affordable housing.*

(LUE, Chapter 7)

The Land Use Element also includes an Objective related to the dual land use designation for employee housing. The Objective is as follows:

- *Objective/Dual Land Use Designation: Allow employee housing construction along portions of First Street to help support the needs of the agricultural community.*

Policy 7.1.1 supports this Objective:

- *The City shall allow a broad range of housing types for seasonal employee housing, including group living quarters, such as barracks and bunkhouses, multiply family units, such as apartments and multi-generational housing, and single-family units, that are the same architectural and design standards as for regular housing projects.*

The proposal to remove the Jayne Street Area from the DTA-SP and rezone the properties in preparation for a seasonal employee housing project is consistent with the above General Plan objective and policy. In summary, the current proposal will work to promote development of needed farmworker/employee housing within King City in an area that is close to existing schools, shops, and transportation options.

Advantages

The proposed SPA would be beneficial to the City for a number of reasons. First, the revisions facilitate the proposed employee housing on the Bitterwater Road/Chestnut Avenue Site. This will help address an important seasonal employee housing need and reduce the impact of that need on other housing stock in the community. The City has established addressing housing needs as one of its major priorities. The current housing shortage results in overcrowding, substandard housing conditions, and has negative economic impacts due to the difficulty it creates for local business and organizations to hire needed employees. Second, following construction, the nearby downtown businesses would benefit having new residential units within walking distance and the building and open space areas will enhance the area aesthetically through its design and landscaping. Third, the proposal to remove the Jayne Street Site from the DTA-SP and rezoning it will also be beneficial for similar reasons because it will facilitate development of additional housing units near the downtown core. Fourth, staff believes the project is well designed and will improve the appearance of what was formerly a blighted property.

Disadvantages

The project will reduce land currently available for potential commercial project. However, staff believes the remainder of the DTA – SP maintains sufficient area to meet future retail needs. It also establishes a need for the City to upgrade its Fire apparatus.

Project Review Committee (“PRC”) Comments and Review by Agencies

Since the project was proposed, the PRC has been meeting on a regular basis to provide comments. PRC reviewed the COA and MM from the previous 2011 and 2014 DTA-SP amendments. These COA and MM continue to apply to the current proposal. However, some are being revised as appropriate to accommodate the proposed DTA-SP amendments and to facilitate development of the Bitterwater Road/Chestnut Avenue site. All previously approved COA and MM and related applications are applicable unless otherwise modified.

Public Notice and Input

Public notice was published in the local newspaper on **January 22, 2020**. Public notice was mailed to property owners within three-hundred (300') feet on **January 17, 2020**. One comment letter in support of the project from Smith Monterey KC, LLC was received.

Notice for the **March 10, 2020** meeting was published in the local newspaper on **February 26, 2020**. Public notice was mailed to property owners within three-hundred (300') feet on **February 20, 2020**.

COST ANALYSIS

The Applicant pays for the cost to process the project applications.

ENVIRONMENTAL REVIEW

A Full Environmental Impact Report ("**F-EIR**") prepared in accordance with the California Environmental Quality Act ("**CEQA**") was certified by the City Council on **May 24, 2011**. The F-EIR analyzed several aspects of the project, including submittal of a VTM. The City Council adopted Statements of Overriding Considerations, which acknowledged that although adverse impacts may result, specific project benefits outweighed the project's unavoidable adverse environmental impacts on agriculture (conversion of Prime Farmland), noise, and traffic.

In 2013, an application for an amendment to the specific plan was filed with the City of King that affected approximately 100 acres of the specific plan area. Staff prepared an initial study on the amended DTA-SP and VTM and determined they would not have potential significant adverse environmental impacts. Therefore, the issues associated with the amended VTM were adequately addressed in the 2011 certified EIR. On **December 10, 2013** the City Council found that CEQA guidelines Section 15162 was applicable to the application (Resolution No. 2013-4428).

In 2019, the current project to amend the DTA-SP and construct a housing project on the Bitterwater Road/Chestnut Avenue Site was proposed. The City determined that the Project could result in significant adverse environmental impacts. An S-EIR was prepared, pursuant to the CEQA Guidelines Section 15163. According to CEQA, an S-EIR should be prepared to evaluate these potential significant adverse environmental impacts if conditions would require the preparation of an S-EIR and if only minor additions or changes would be necessary to make the previous EIR adequate.

EMC Planning Group Inc. prepared the S-EIR and worked with the City to accomplish the noticing requirements. The S-EIR finds that while there are existing significant impacts identified in the 2011 EIR, the proposed DTA-SP amendments and the proposed housing projects will not create new significant impacts (after mitigation). The S-EIR also proposes revisions to some of the existing mitigation measures to ensure they can be appropriately applied to the Bitterwater Road/Chestnut Avenue Employee Housing Project. (NOTE: since Statements of Overriding Consideration were made on the 2011 approval, they do not need to be made on subsequent approvals).

One significant "Hydrology and Water Quality" impact related to the Jayne Street site was identified. However, with a mitigation measure this impact can be reduced

to a less than significant level. When a specific project is proposed on the Jayne Street site, the City will analyze the project to determine the appropriate environmental review process. Mitigation measures included in the S-EIR are attached to the COA.

ALTERNATIVES

The following alternatives are provided for City Council consideration:

1. Certify the S-EIR and Approve Specific Plan Amendment Case No. 2019-002 and Zoning Amendment Case No. 2019-002.
2. Certify the S-EIR and Approve Specific Plan Amendment Case No. 2019-002 and Zoning Amendment Case No. 2019-002 with specific modifications.
3. Do Not Certify the S-EIR Deny Specific Plan Amendment Case No. 2019-002 and Zoning Amendment Case No. 2019-002.
4. Provide other direction to staff.

Exhibits:

- Exhibit 1 – Site Location Map
- Exhibit 2 – Comment Letter from Smith-Monterey KC, LLC
- Exhibit 3 – 2020 Amended Conditions of Approval/Mitigation Measures
- Exhibit 4 – 2011 and 2014 Conditions of Approval/Mitigation Measures
- Exhibit 5 – CUP Site Plans and Elevations
- Exhibit 6 – Architectural Site Plan and Detail Sheets
- Exhibit 7 – Tentative Parcel Map
- Exhibit 8 – Proposed Summary of DTA-SP Amendments
- Exhibit 9 – Proposed Amended DTA-SP
- Exhibit 10 – Proposed Zoning Amendment Map
- Exhibit 11 – Public Review S-EIR, Appendices, and Final S-EIR
- Exhibit 12 – Ordinance: Approval of Specific Plan Amendment and Zoning Amendment Applications
- Exhibit 13 – Resolution: Certification of S-EIR and Mitigation/Monitoring Plan

MARCH 10, 2020
CITY COUNCIL
S-EIR, DTA SPA, ZA
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Submitted by: _____


Doreen Liberto, AICP, Community Development Director

Approved by: _____


Steven Adams, City Manager



Item No. 11(A)

REPORT TO THE CITY COUNCIL

DATE: MARCH 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: MIKE HOWARD, FINANCE DIRECTOR

RE: CONSIDERATION OF ACCEPTANCE OF THE CITY AND CDA SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2018-2019

RECOMMENDATION:

It is recommended that the City Council and the Board of Directors of the King City CDA Successor Agency accept the City and Community Development Agency ("CDA") Successor Agency's Audited Financial Statements for Fiscal Year Ended June 30, 2019.

BACKGROUND:

The State of California Government Code (sections 25250 & 25253) requires all general-purpose local governments to issue an annual report on the financial position and activities of that government. The report must be presented in conformance with generally accepted accounting principles (GAAP) and must be audited by an independent firm of certified public accountants (CPA) in conformance with generally accepted auditing standards (GAGAS). The goal of the audit by an independent firm is to provide reasonable assurance that the accounting transactions, practices, and procedures result in fair presentation of the financial position of the organization. In addition, the audit provides the same type of assurance about management's assertions about the adequacy of internal accounting controls to safeguard the assets of the entities. The independent audit was prepared by Bryant L. Jolley Certified Accountants.

DISCUSSION:

The independent auditor has rendered an unqualified audit opinion indicating that the City and Successor Agency are materially in compliance and has accounting records that properly reflect the financial position of those entities.

The final numbers for FY 2018-19 demonstrate positive movement for the City, particularly in the General Fund. The General Fund ended the year with a

**CITY COUNCIL
CONSIDERATION OF ACCEPTANCE OF THE CITY AND CDA SUCCESSOR
AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR
2018-2019
MARCH 10, 2020
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negative net change of approximately (\$245,920), for the year versus the original budgeted negative change in the amount of (\$457,361), thus ending the fiscal year better than budget by \$211,441. This was due to better than budgeted sales tax and transient occupancy tax revenues, which helped to offset revenues that did not meet original budget projections, such as property tax, cultivation tax, and cannabis operating permits. In addition, expenditures were below budgeted amounts.

The City's current Fund Balance for the General Fund is \$(884,981) versus prior year of \$(1,142,719). This represents the difference between total assets and total liabilities. Current outstanding balance on the loan from the Sewer Fund is \$1,531,586. This represents the total General Fund debt, which is owed to the Sewer Fund. As a result, the City remains on target to reduce the overall General Fund debt to \$600,000 by the end of the current two-year budget. Other funds are performing as expected.

COST ANALYSIS:

There is no financial impact to this item.

ENVIRONMENTAL REVIEW:

The acceptance of the Audited Financial Statements is not considered a project for the purposes of CEQA and has no potential for resulting in either a direct or indirect impact to the environment.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Receive and file the audited financial statements for FY 2018-19.
2. Postpone the acceptance of the audited report pending clarification if any; or
3. Provide other direction to staff.

Exhibits:

1. City of King Independent Auditor's Report and Financial Statements FY 2018-19.
2. City of King Management Report FY 2018-19.

**CITY COUNCIL
CONSIDERATION OF ACCEPTANCE OF THE CITY AND CDA SUCCESSOR
AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR
2018-2019
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Submitted by: 
Mike Howard, Finance Director

Approved by: 
Steven Adams, City Manager

CITY OF KING CITY

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2019**

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 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

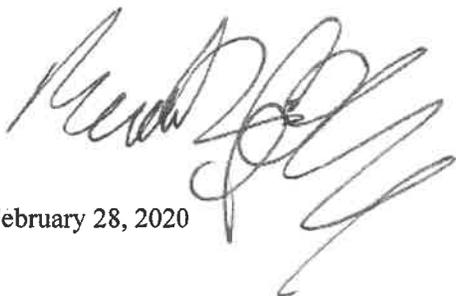
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 February 28, 2020, 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.

February 28, 2020

A handwritten signature in black ink, appearing to be "Kendall J. [unclear]", written over a horizontal line.

CITY OF KING CITY

STATEMENT OF NET POSITION JUNE 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 2,350,752	\$ 7,223,149	\$ 9,573,901
Restricted cash and investments	-	112	112
Accounts receivable	79,903	170,914	250,817
Due from other governments	980,533	-	980,533
Interest receivable	574,243	10,750	584,993
Notes receivable	3,000,000	-	3,000,000
Internal balances	(1,531,586)	1,531,586	-
Deferred charges	-	192,457	192,457
Capital assets (net of allowance for depreciation)	13,595,003	9,909,730	23,504,733
Total assets	<u>19,048,848</u>	<u>19,038,698</u>	<u>38,087,546</u>
DEFERRED OUTFLOW OF RESOURCES			
	<u>1,556,913</u>	<u>27,262</u>	<u>1,584,175</u>
LIABILITIES			
Accounts payable and accrued expense	671,561	110,324	781,885
Accrued interest	-	69,212	69,212
Deposits	108,357	-	108,357
Unearned revenues	10,945	-	10,945
Compensated absences	490,994	-	490,994
Noncurrent liabilities			
Due within one year	141,784	490,380	632,164
Due in more than one year	1,053,921	5,339,425	6,393,346
Net pension liability	5,584,012	102,315	5,686,327
Total liabilities	<u>8,061,574</u>	<u>6,111,656</u>	<u>14,173,230</u>
DEFERRED INFLOW OF RESOURCES			
	<u>410,598</u>	<u>9,555</u>	<u>420,153</u>
NET POSITION			
Net investment in capital assets	12,399,298	4,464,526	16,863,824
Restricted for debt service	-	112	112
Restricted for capital projects	1,831,296	-	1,831,296
Restricted for long-term notes receivable	3,000,000	-	3,000,000
Restricted for specific projects and programs	244,925	-	244,925
Unrestricted (deficit)	(5,341,930)	8,480,111	3,138,181
Total net position	<u>\$ 12,133,589</u>	<u>\$ 12,944,749</u>	<u>\$ 25,078,338</u>

CITY OF KING CITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue				Net Revenue/(Expense) and Changes in Net Position		
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 1,073,390	\$ 63,809	\$ 67,633	\$ -	\$ (941,948)	\$ -	\$ (941,948)
Public safety	4,159,299	183,141	186,117	-	(3,790,041)	-	(3,790,041)
Public works	2,640,430	550,221	344,536	272,872	(1,472,801)	-	(1,472,801)
Culture and recreation	587,398	186,832	3,920	-	(396,646)	-	(396,646)
Community development	1,699,977	578,775	-	-	(1,121,202)	-	(1,121,202)
Debt service							
Interest expense	19,840	-	-	-	(19,840)	-	(19,840)
Total governmental activities	10,180,334	1,562,778	602,206	272,872	(7,742,478)	-	(7,742,478)
Business-type activities							
Sewer	1,889,836	2,556,965	-	201,158	-	868,287	868,287
Power	2,345,040	2,084,050	-	-	-	(260,990)	(260,990)
Total business-type activities	4,234,876	4,641,015	-	201,158	-	607,297	607,297
Total primary government	\$ 14,415,210	\$ 6,203,793	\$ 602,206	\$ 474,030	(7,742,478)	607,297	(7,135,181)
General Revenue							
Property taxes					1,081,856	-	1,081,856
Franchise taxes					774,331	-	774,331
Sales taxes					3,115,428	-	3,115,428
Transient occupancy taxes					525,677	-	525,677
Utility users tax					280,576	-	280,576
Business licenses					172,198	-	172,198
Motor vehicle in-lieu					923,184	-	923,184
Investment income					108,705	46,667	155,372
Gain on sale of property					1,587	-	1,587
Other revenues					38,746	-	38,746
Transfers					350,000	(350,000)	-
Total general revenue and transfers					7,372,288	(303,333)	7,068,955
Change in Net Position					(370,190)	303,964	(66,226)
Net Position							
Beginning of year					12,503,779	12,640,785	25,144,564
End of year					\$ 12,133,589	\$ 12,944,749	\$ 25,078,338

See accompanying notes.

CITY OF KING CITY

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General	HOME Grant	Development Impact Fees	Measure X	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 339,548	\$ -	\$ 1,631,905	\$ 16,786	\$ 362,513	\$ 2,350,752
Accounts receivable	79,903	-	-	-	-	79,903
Due from other governments	793,270	-	-	106,703	80,560	980,533
Interest receivable	477	570,000	2,755	27	984	574,243
Due from other funds	113,971	-	-	-	-	113,971
Notes receivable	-	3,000,000	-	-	-	3,000,000
Total assets	\$ 1,327,169	\$ 3,570,000	\$ 1,634,660	\$ 123,516	\$ 444,057	\$ 7,099,402
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Accounts payable and accrued expense	\$ 561,262	\$ -	\$ 9,490	\$ -	\$ 100,809	\$ 671,561
Deposits	108,357	-	-	-	-	108,357
Unearned revenues	10,945	-	-	-	-	10,945
Due to other funds	-	-	38,195	-	75,776	113,971
Advance from other funds	1,531,586	-	-	-	-	1,531,586
Total liabilities	2,212,150	-	47,685	-	176,585	2,436,420
Deferred inflows of resources						
Deferred loans	-	3,570,000	-	-	-	3,570,000
Total deferred inflows of resources	-	3,570,000	-	-	-	3,570,000
FUND BALANCE						
Restricted						
Circulation improvements	-	-	-	-	3,626	3,626
Capital improvement projects	-	-	1,586,975	123,516	117,179	1,827,670
Public safety	-	-	-	-	206,403	206,403
Landscape maintenance	-	-	-	-	38,522	38,522
Unassigned	(884,981)	-	-	-	(98,258)	(983,239)
Total fund balance	(884,981)	-	1,586,975	123,516	267,472	1,092,982
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,327,169	\$ 3,570,000	\$ 1,634,660	\$ 123,516	\$ 444,057	\$ 7,099,402

See accompanying notes.

CITY OF KING CITY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2019

Total governmental fund balances \$ 1,092,982

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 13,595,003

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 3,570,000

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 (5,584,012)

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 1,146,315

Governmental long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds (1,195,705)

Compensated absences are not due and payable in the current period
and, therefore, are not reported in the Governmental Funds (490,994)

Net position of governmental activities \$ 12,133,589

CITY OF KING CITY

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General	HOME Grant	Development Impact Fees	Measure X	Other Governmental Funds	Total Governmental Funds
Revenue						
Taxes	\$ 5,944,438	\$ -	\$ -	\$ 424,371	\$ 574,850	\$ 6,943,659
Intergovernmental	93,251	-	-	-	463,549	556,800
Charges for services	20,086	-	41,255	-	104,230	165,571
Licenses, permits and impact fees	959,113	-	614,602	-	-	1,573,715
Fines and forfeitures	33,629	-	-	-	4	33,633
Interest and rent	48,066	-	10,282	102	3,681	62,131
Other	33,049	-	-	-	-	33,049
Total revenue	7,131,632	-	666,139	424,473	1,146,314	9,368,558
Expenditures						
Current						
General government	1,011,870	-	-	-	-	1,011,870
Public safety	3,750,811	-	-	-	38,553	3,789,364
Public works	666,824	-	93,151	507,612	853,150	2,120,737
Culture and recreation	365,957	-	-	-	3,359	369,316
Community development	1,580,164	-	70,025	-	51,012	1,701,201
Capital outlay	230,849	-	-	-	171,774	402,623
Debt Service						
Principal	42,167	-	-	-	53,073	95,240
Interest and fiscal charges	9,738	-	-	-	10,102	19,840
Total expenditures	7,658,380	-	163,176	507,612	1,181,023	9,510,191
Revenue over/(under) expenditures	(526,748)	-	502,963	(83,139)	(34,709)	(141,633)
Other Financing Sources/(Uses)						
Sale of property	1,587	-	-	-	-	1,587
Loan proceeds	230,849	-	-	-	-	230,849
Transfers in/(out) - net	552,050	-	-	-	(202,050)	350,000
Total other financing sources/(uses)	784,486	-	-	-	(202,050)	582,436
Change in Fund Balance	257,738	-	502,963	(83,139)	(236,759)	440,803
Fund Balance						
Beginning of year	(1,142,719)	-	1,084,012	206,655	504,231	652,179
End of year	(884,981)	\$ -	1,586,975	123,516	267,472	1,092,982

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, 2019

Net change in fund balance - total governmental funds	\$ 440,803
Amounts reported for governmental activities in the statement of activities are different because:	
Issuance of long-term debt is an other financing source in the Governmental Funds, but a long-term liability in the Statement of Net Position	(230,849)
Repayment of long-term debt is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position	95,240
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	90,000
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	402,623
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	(65,571)
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	(64,852)
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 recorded as expenditures in Governmental Funds	<u>(1,037,584)</u>
Change in net position of governmental activities	<u>\$ (370,190)</u>

CITY OF KING CITY

**STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2019**

	Business-Type Activities - Enterprise Fund		
	Sewer	Community Power	Total
ASSETS			
Current assets			
Cash and investments	\$ 7,036,765	\$ 186,384	\$ 7,223,149
Restricted cash and investments	112	-	112
Accounts receivable	170,914	-	170,914
Interest receivable	10,750	-	10,750
Total current assets	7,218,541	186,384	7,404,925
Non-current assets			
Deferred charges	192,457	-	192,457
Advance to other funds	1,531,586	-	1,531,586
Property, plant and equipment (net of allowance for depreciation)	9,909,730	-	9,909,730
Total noncurrent assets	11,633,773	-	11,633,773
Total assets	18,852,314	186,384	19,038,698
DEFERRED OUTFLOW OF RESOURCES			
	27,262	-	27,262
LIABILITIES			
Current liabilities			
Accounts payable and accrued expense	51,963	58,361	110,324
Accrued interest	64,800	4,412	69,212
Current portion of long-term debt	490,380	-	490,380
Total current liabilities	607,143	62,773	669,916
Noncurrent Liabilities			
Long-term debt	4,954,824	384,601	5,339,425
Net pension liability	102,315	-	102,315
Total liabilities	5,664,282	447,374	6,111,656
DEFERRED INFLOW OF RESOURCES			
	9,555	-	9,555
NET POSITION			
Net investment in capital assets	4,464,526	-	4,464,526
Restricted for debt service	112	-	112
Unrestricted	8,741,101	(260,990)	8,480,111
Total net position	\$ 13,205,739	\$ (260,990)	\$ 12,944,749

CITY OF KING CITY

**STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET POSITION –
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Fund		
	Sewer	Community Power	Total
Operating Revenue			
Charges for services	\$ 2,556,965	\$ 2,084,050	\$ 4,641,015
Total operating revenue	<u>2,556,965</u>	<u>2,084,050</u>	<u>4,641,015</u>
Operating Expense			
Contractual services and utilities	737,650	2,279,903	3,017,553
Personnel	411,755	-	411,755
Supplies and materials	193,221	-	193,221
Depreciation	318,493	-	318,493
Total operating expense	<u>1,661,119</u>	<u>2,279,903</u>	<u>3,941,022</u>
Operating income/(loss)	<u>895,846</u>	<u>(195,853)</u>	<u>699,993</u>
Nonoperating Revenue/(Expense)			
Interest income	46,667	-	46,667
Development impact fees	201,158	-	201,158
Interest expense	(217,378)	(65,137)	(282,515)
Amortization expense	(11,339)	-	(11,339)
Total nonoperating revenue/(expense)	<u>19,108</u>	<u>(65,137)</u>	<u>(46,029)</u>
Net income/(loss) before transfers	914,954	(260,990)	653,964
Operating Transfers In/(Out)	<u>(350,000)</u>	<u>-</u>	<u>(350,000)</u>
Change in Net Position	<u>564,954</u>	<u>(260,990)</u>	<u>303,964</u>
Net Position			
Beginning of year	12,640,785	-	12,640,785
End of year	<u>\$ 13,205,739</u>	<u>\$ (260,990)</u>	<u>\$ 12,944,749</u>

CITY OF KING CITY

STATEMENT OF CASH FLOW - PROPRIETARY FUND YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund		
	Sewer	Community Power	Total
Operating Activities			
Receipts from customers and users	\$ 2,590,415	\$ 2,084,050	\$ 4,674,465
Payments for contractual services and utilities	(742,874)	(2,221,542)	(2,964,416)
Payments to employees	(406,521)	-	(406,521)
Payments to suppliers	(193,221)	-	(193,221)
Net cash provided by (used in) operating activities	1,247,799	(137,492)	1,110,307
Non-capital Financial Activities			
Cash received from (paid to) other funds	144,428	-	144,428
Net cash provided by (used in) noncapital financing activities	144,428	-	144,428
Capital and Related Financing Activities			
Purchase of property, plant, and equipment	201,158	-	201,158
Loan proceeds	-	599,461	599,461
Principal paid on long-term debt	(239,436)	(214,860)	(454,296)
Interest paid on long-term debt	(354,470)	(60,725)	(415,195)
Net cash provided by (used in) capital and related financing activities	(392,748)	323,876	(68,872)
Investing Activities			
Interest received	42,640	-	42,640
Net cash provided by (used in) investing activities	42,640	-	42,640
Net Increase in Cash	1,042,119	186,384	1,228,503
Cash			
Beginning of year	5,994,758	-	5,994,758
End of year	\$ 7,036,877	\$ 186,384	\$ 7,223,261

CITY OF KING CITY

STATEMENT OF CASH FLOW - PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund		
	Sewer	Community Power	Total
Reconciliation of Cash to Financial Statements			
Cash and investments	\$ 7,036,765	\$ 186,384	\$ 7,223,149
Restricted cash and investments	112	-	112
Total cash and investments	<u>\$ 7,036,877</u>	<u>\$ 186,384</u>	<u>\$ 7,223,261</u>
Cash Flows from Operating Activities			
Operating income (loss)	\$ 895,846	\$ (195,853)	\$ 699,993
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	318,493	-	318,493
(Increase) Decrease in Deferred Outflow of Resources	6,890	-	6,890
(Increase) Decrease in Accounts Receivable	33,450	-	33,450
Increase (Decrease) in Deferred Inflows of Resources	3,118	-	3,118
Increase (Decrease) in Net Pension Liability	(4,774)	-	(4,774)
Increase (Decrease) in Accounts Payable and Accrued Expense	(5,224)	58,361	53,137
Net Cash Provided by Operating Activities	<u>\$ 1,247,799</u>	<u>\$ (137,492)</u>	<u>\$ 1,110,307</u>
Noncash Investing, Capital, and Financing Activities			
Amortization of bond discount	<u>\$ 11,339</u>	<u>\$ -</u>	<u>\$ 11,339</u>

CITY OF KING CITY

STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2019

Assets

Cash and investments	
Cash and investments	\$ 283,973
Cash and investments with fiscal agent	6,242,743
Land held for resale	<u>620,000</u>
Total assets	<u>7,147,916</u>

Liabilities

Accounts payable and accrued liabilities	8,157
Interest payable	106,457
Long-term debt	
Due within one year	575,197
Due in more than one year	<u>11,791,367</u>
Total liabilities	<u>12,481,178</u>

Net Position

Held in trust for other governments	<u>\$ (5,333,262)</u>
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CITY OF KING CITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2019

Additions

Property taxes	\$	728,931
Investment earnings and other		65,418
Total additions		<u>794,349</u>

Deductions

Administrative costs		135,087
Program expenses of former redevelopment agency		9,938
Interest and fiscal agency expenses of former redevelopment agency		598,384
Total deductions		<u>743,409</u>

Change In Net Position

50,940

Net Position

Beginning of year		<u>(5,384,202)</u>
End of year	\$	<u>(5,333,262)</u>

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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. In June 2010, the voters of the City approved a Charter, which gives the City Council greater self-rule. 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, 2019

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.

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.

Measure X Fund – The fund is used to account for the City’s Transportation Safety and Investment Plan activities, which include transportation safety and mobility projects such as the Bishop Street project and the slurry application project.

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.

Community Power Fund – The fund provides electricity and special programs with the common goal of utilizing cleaner energy and lower rates to the City.

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, 2019

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 and certificates of deposit. Investments are recorded at amortized cost or fair value. Fair value is based upon quoted market prices.

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, 2019, 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.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 are 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 is included as part of the capitalized value of the assets constructed.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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. 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, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Position/Fund Balance - 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 Balance – 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, 2019

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.

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.

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.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 9,573,901
Restricted Cash and Investments	112
Fiduciary Funds:	
Cash and Investments	283,973
Cash and Investments with fiscal agent	6,242,743
Total Cash and Investments	<u>\$ 16,100,729</u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 1,172
Deposits with Financial Institutions	7,510,329
Local Agency Investment Fund	2,346,372
Held by Fiscal Agent:	
Money Market Mutual Funds	1,161,876
US Government Issues	5,080,980
Total Cash and Investments	<u>\$ 16,100,729</u>

Fair Value Measurements

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

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

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

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

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

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

The City had the following recurring fair value measurements as of June 30, 2019:

	Level 1	Level 2	Level 3	June 30, 2019 Balance
Investments by fair value level:				
Debt Securities:				
U.S. Treasury Obligations	\$ -	\$ 5,080,980	\$ -	\$ 5,080,980
Total Debt Securities	-	5,080,980	-	5,080,980
Equity Securities:				
LAIF	-	2,346,372	-	2,346,372
Total Equity Securities	-	2,346,372	-	2,346,372
Cash and cash equivalents carried at amortized cost:				
Deposits				7,511,501
Money Market Mutual Funds				1,161,876
Total Investments amortized at cost				8,673,377
Total Cash and Investments				\$ 16,100,729

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.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	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%

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

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, 2019 the City had the following investments:

Investment Type	12 Months or less	13 to 24 Months	25 to 84 Months	Total
LAIF	\$ 2,346,372	\$ -	\$ -	\$ 2,346,372
Money Market Mutual Funds	1,161,876	-	-	1,161,876
US Government Issues	414,520	417,002	4,249,458	5,080,980
Total Investments	\$ 3,922,768	\$ 417,002	\$ 4,249,458	8,589,228
Cash in bank and on hand				7,511,501
Total Cash and Investments				\$ 16,100,729

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.

	Rating as of Year-End			Total
	AAA	A	Ba	
Investments				
Money Market Mutual Funds	\$ 1,161,876	\$ -	\$ -	\$ 1,161,876
Total Investments	\$ 1,161,876	\$ -	\$ -	1,161,876
Not rated:				
LAIF				2,346,372
US Government Issues				5,080,980
Cash in bank and on hand				7,511,501
Total Cash and Investments				\$ 16,100,729

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.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 3 – Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a 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).

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, 2019, 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	\$ 1,161,876
US Government Issues	5,080,980

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, 2019

Note 4 – Advances To and From, Interfund Receivables and Payables, and Transfers

Advances To and From

Advances to and from consist of long-term loans between funds. On February 9, 2016, the Sewer Fund loaned the General Fund \$5,000,000 at .275% to be repaid back in 7 years.

Advances to and from balances as of June 30, 2019 are as follows:

	<u>Advance To</u>	<u>Advance From</u>
Sewer Fund	\$ 1,531,586	\$ -
General Fund	-	1,531,586
	<u>\$ 1,531,586</u>	<u>\$ 1,531,586</u>

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, 2019 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 113,971	\$ -
SB 1 Road Maintenance	-	48,700
Development Impact Fees Fund	-	38,195
CDBG Multimodal Station	-	4,235
Airport Operations Fund	-	22,841
	<u>\$ 113,971</u>	<u>\$ 113,971</u>

The interfund payable balance due to the General Fund, SB 1 Road Maintenance, CDBG Station, Airport Operations, and Development Impact Fees 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.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 4 – Advances To and From, Interfund Receivables and Payables, and Transfers (Continued)

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>
Major Governmental Funds:		
General Fund	\$ 552,050	\$ -
Enterprise Funds:		
Sewer Fund	-	(350,000)
Nonmajor Governmental Funds:		
Airport Operations Fund	55,000	-
UUT-Public Safety Fund	-	(257,050)
	<u>\$ 607,050</u>	<u>\$ (607,050)</u>

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 5 – Capital Assets

Capital asset activities for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 653,060	\$ -	\$ -	\$ 653,060
Total capital assets, not being depreciated	<u>653,060</u>	<u>-</u>	<u>-</u>	<u>653,060</u>
Capital assets, being depreciated				
Buildings and improvements	9,945,608	-	-	9,945,608
Infrastructure	15,463,395	-	-	15,463,395
Machinery and equipment	3,583,090	402,623	-	3,985,713
Total capital assets, being depreciated	<u>28,992,093</u>	<u>402,623</u>	<u>-</u>	<u>29,394,716</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,522,637)	(265,137)	-	(6,787,774)
Infrastructure	(6,230,031)	(621,947)	-	(6,851,978)
Machinery and equipment	(2,662,521)	(150,500)	-	(2,813,021)
Total accumulated depreciation	<u>(15,415,189)</u>	<u>(1,037,584)</u>	<u>-</u>	<u>(16,452,773)</u>
Total capital assets, being depreciated, net	<u>13,576,904</u>	<u>(634,961)</u>	<u>-</u>	<u>12,941,943</u>
Governmental activities capital assets, net	<u>\$ 14,229,964</u>	<u>\$ (634,961)</u>	<u>\$ -</u>	<u>\$ 13,595,003</u>
<u>Business-Type Activities</u>				
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	14,027,574	-	-	14,027,574
Plant and equipment	1,455,625	-	-	1,455,625
Total capital assets, being depreciated	<u>15,483,199</u>	<u>-</u>	<u>-</u>	<u>15,483,199</u>
Less: accumulated depreciation	<u>(6,019,069)</u>	<u>(318,493)</u>	<u>-</u>	<u>(6,337,562)</u>
Total capital assets, being depreciated, net	<u>9,464,130</u>	<u>(318,493)</u>	<u>-</u>	<u>9,145,637</u>
Business-type activities capital assets, net	<u>\$ 10,228,223</u>	<u>\$ (318,493)</u>	<u>\$ -</u>	<u>\$ 9,909,730</u>

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 5 – Capital Assets (Continued)

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

Governmental Functions:

General Government	\$	79,140
Public Safety		217,578
Public Works		521,909
Culture and Recreation		218,957
	\$	<u>1,037,584</u>

Business-Type Functions:

Sewer	\$	<u>318,493</u>
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Note 6 – Notes Receivables

Notes receivable and deferred loans consisted of the following at June 30, 2019:

King City Pacific Associates, L.P. - The HOME Investment Partnership Grant program approved \$3,000,000 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, 2019 was \$3,000,000. Accrued interest receivable at June 30, 2019 was \$570,000.

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:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
<u>Governmental Activities Long Term Debt</u>					
2016 Police Vehicles Capital Lease	\$ 24,860	\$ -	\$ (24,860)	\$ -	\$ -
2017 Police Vehicles Capital Lease	38,962	-	(19,230)	19,732	19,732
2019 Street Sweeper Capital Lease	-	230,849	(16,628)	214,221	28,767
Telephone Capital Lease	34,565	-	(10,455)	24,110	11,488
Solar Energy Capital Lease	961,709	-	(24,067)	937,642	81,797
Total Governmental Activities Long-term Debt	<u>\$ 1,060,096</u>	<u>\$ 230,849</u>	<u>\$ (95,240)</u>	<u>\$ 1,195,705</u>	<u>\$ 141,784</u>
<u>Business-Type Activities Long Term Debt</u>					
2009 Refunding Certificates of Participation	\$ 4,245,000	\$ -	\$ (4,245,000)	\$ -	\$ -
2018 Sewer Bonds	-	4,041,590	-	4,041,590	106,113
Pilot Power Note Payable	-	599,461	(214,860)	384,601	305,112
Solar Energy Capital Lease	1,439,640	-	(36,026)	1,403,614	79,155
Total Business-Type Activities Debt	<u>\$ 5,684,640</u>	<u>\$ 4,641,051</u>	<u>\$ (4,495,886)</u>	<u>\$ 5,829,805</u>	<u>\$ 490,380</u>
<u>Compensated Absences</u>					
Governmental Activities	\$ 426,142	\$ -	\$ 64,852	\$ 490,994	

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 7 – Long-Term Debt (Continued)

Long-term debt payable at June 30, 2019 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. During the fiscal year the debt was refunded with the Taxable Wastewater Refunding Revenue Bonds, Series 2018.

2016 Police Vehicles Capital Lease – On October 1, 2015, the City entered into a lease agreement for two police vehicles. As of June 30, 2019, the lease was paid off.

2017 Police Vehicles Capital Lease – On September 16, 2016, the City entered into a lease agreement for two police vehicles. The lease bears an interest rate of 2.583% and terminates on October 16, 2019.

2018 Enterprise Revenue Bonds – In September 2018, the City issued the Taxable Wastewater Refunding Revenue Bonds, Series 2018 for the principal amount of \$4,041,590. The issuance was to refund the outstanding principal balance of the 2009 Refunding Certificates of Participation described above. The City completed the refunding to reduce debt service payments by \$853,632 in aggregate and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$250,598. The bonds bear interest ranging from 3.8% to 4.10% and are payable semi-annually commencing September 2019 through September 2038. Debt service is secured by a pledge of net revenues of the City’s Sewer Systems.

2019 Street Sweeper Capital Lease – On March 26, 2019, the City entered into a lease agreement for a street sweeper. The lease bears an interest rate of 4.829% and terminates on December 1, 2025.

Telephone Capital Lease – On June 14, 2016, the City entered into 60-month phone equipment lease for a monthly payment of \$1,107 at 9.460% interest rate. Annual payments are \$13,278 and terminates on July 1, 2021.

Solar Energy Capital Lease – On July 10, 2016, the City started making payments on a solar lease arrangement. The amount financed was \$2,644,187. Annual payments are from \$94,649 to \$156,907 and terminates on January 10, 2030. Interest rate is 3.231%.

Pilot Power Note Payable – On July 1, 2018, the City borrowed \$599,461 from Pilot Power. Monthly payments are from \$26,772 to \$26,897 and terminates on October 2020. Interest rate is 6.5 – 7.25%.

CITY OF KING CITY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 7 – Long-Term Debt (Continued)

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2019 was:

Years ending June 30,	Government-Wide Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 141,784	\$ 57,543	\$ 490,380	\$ 233,251
2021	103,964	37,190	311,799	189,749
2022	98,742	33,120	246,428	180,382
2023	106,558	29,444	261,258	171,381
2024	114,810	25,493	276,830	161,861
2025-2029	568,008	68,552	1,646,220	646,440
2030-2034	61,839	2,981	1,278,101	362,104
2035-2039	-	-	1,318,789	129,021
	<u>\$ 1,195,705</u>	<u>\$ 254,323</u>	<u>\$ 5,829,805</u>	<u>\$ 2,074,189</u>

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, 2019 the outstanding balance on both COPS Series was \$5,685,624. As of June 30, 2019 the Corporation is paying interest only through a forbearance agreement through December 31, 2020.

Note 8 – Deficit Fund Balances

Fund Balance Deficits - The following is a summary of deficit fund balances as of June 30, 2019:

Governmental Funds	
General	\$ (884,981)
Airport Operations	\$ (19,317)
Enterprise Fund	
Community Power	\$ (260,990)

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

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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 2018-19 pension contributions subsequent to measurement date	\$ 651,494
Difference between expected and actual experience	176,157
Change in employer's proportion	115,147
Changes of assumptions	608,719
Net differences between projected and actual earnings on pension plan investments	<u>32,658</u>
Total deferred outflows of resources	<u>\$ 1,584,175</u>

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:

Difference between projected and actual contributions	\$ 147,062
Adjustment due to differences in proportions	108,859
Changes of assumptions	122,283
Difference between expected and actual experience	<u>41,949</u>
Total deferred inflows of resources	<u>\$ 420,153</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, deferred loans, is reported only in the governmental funds balance sheet. The City reports in the HOME Grant fund, \$3,000,000, deferred loans and accrued interest of \$570,000.

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 6.8422% - 15.719% 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 contribution requirements of plan members are 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, 2019**

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
	Prior to January 1, 2013	Prior to January 1, 2013
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 50; maximum 2% 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%	9.00%
Required Employer Contribution Rates	8.892%	15.719%
	 PEPRA	
	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
	On or after January 1, 2013	On or after January 1, 2013
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% at 62; maximum 2% COLA	2.7% at 57; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	62	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	6.25%	11.50%
Required Employer Contribution Rates	6.842%	12.141%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

For the year ended June 30, 2019, the contributions recognized as part of the pension expense is as follows:

Contributions – employer	\$ 651,494
Contributions – employee	\$ 198,253

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

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

	Proportionate Share of <u>Net Pension Liability</u>
Miscellaneous	\$3,197,346
Safety	\$2,488,981

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, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2018	0.08489%	0.04119%
Proportion - June 30, 2019	<u>0.08484%</u>	<u>0.04242%</u>
Change	-0.00005%	0.00123%

CITY OF KING CITY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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

For the year ended June 30, 2019, the City recognized pension expense of \$722,298. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 651,494	\$ -
Differences in expected and actual experience	176,157	(41,949)
Change in employer's proportion	115,147	(108,859)
Changes of assumptions	608,719	(122,283)
Differences between employer's contributions and proportionate share of contributions	-	(147,062)
Differences between projected and actual investment earnings	32,658	-
Total	\$ 1,584,175	\$ (420,153)

The \$651,494 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, 2019. 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	
2020	\$ 460,750
2021	270,525
2022	(175,696)
2023	(45,998)
Total	\$ 509,581

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

Actuarial Methods and Assumptions – The collective total pension liability for the June 30, 2018 measurement period was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership ¹ Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

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

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

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

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

The long-term expected real rates of return by asset class can be found in CalPERS’ Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

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

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

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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 (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 4,889,990	\$ 3,197,346	\$ 1,800,096
Safety	\$ 3,955,593	\$ 2,488,981	\$ 1,287,352

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, 2019, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

Note 11 – Risk Management

The City provides for workers' compensation and liability through a self-funded joint powers agency, Monterey Bay Area Self Insurance Authorities. Joint Powers Agreement (JPA) accounts are not separately maintained for each participant.

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the Monterey Bay Area Self Insurance Authority (MBASIA). MBASIA is composed of 10 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of MBASIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage.

General Liability: The City has a deductible of \$10,000 for each liability claim. Claims above \$10,000 up to \$1,000,000 are paid by MBASIA. Claims above \$1,000,000 up to \$29,000,000 are covered by insurance purchased by MBASIA.

Workers’ Compensation: The City does not retain deductible for workers’ compensation claims. Annual premiums for coverage up to statutory levels are paid to MBASIA based on a Board approved Budget methodology. A third party claims administrator is contracted by MBASIA to manage claims activity.

CITY OF KING CITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

Note 11 – Risk Management (Continued)

Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year. Audited financial statements for MBASIA can be obtained from their management at 100 Pine Street, 11th Floor, San Francisco, CA 94111.

Note 12 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through February 28, 2020, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2019 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.

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 a 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KING CITY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes	\$ 5,297,000	\$ 5,332,188	\$ 5,944,438	\$ 612,250
Intergovernmental	55,500	63,454	93,251	29,797
Charges for services	13,000	14,500	20,086	5,586
Licenses and permits	1,007,500	1,020,850	959,113	(61,737)
Fines and forfeitures	40,500	40,500	33,629	(6,871)
Interest and rents	51,000	51,000	48,066	(2,934)
Other	50,000	50,000	33,049	(16,951)
Total revenue	<u>6,514,500</u>	<u>6,572,492</u>	<u>7,131,632</u>	<u>559,140</u>
Expenditures				
Current				
General government	899,692	899,692	1,011,870	(112,178)
Public safety	4,152,510	4,196,524	3,750,811	445,713
Public works	561,603	561,203	666,824	(105,621)
Culture and recreation	417,021	414,371	365,957	48,414
Community development	1,456,627	1,524,563	1,580,164	(55,601)
Capital outlay	10,000	10,000	230,849	(220,849)
Debt service				
Principal	-	-	42,167	(42,167)
Interest and fiscal charges	-	-	9,738	(9,738)
Total expenditures	<u>7,497,453</u>	<u>7,606,353</u>	<u>7,658,380</u>	<u>(52,027)</u>
Revenue over (under) expenditures	(982,953)	(1,033,861)	(526,748)	507,113
Other Financing Sources				
Sale of property	-	-	1,587	1,587
Transfers in (out), net	<u>552,500</u>	<u>552,500</u>	<u>552,050</u>	<u>(450)</u>
Total other financing sources/(uses)	<u>552,500</u>	<u>552,500</u>	<u>784,486</u>	<u>231,986</u>
Net Change in Fund Balance	<u>\$ (430,453)</u>	<u>\$ (481,361)</u>	257,738	<u>\$ 506,663</u>
Fund Balance				
Beginning of year			(1,142,719)	
End of year			<u>\$ (884,981)</u>	

CITY OF KING CITY

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEES FUND
YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenue				
Charges for services	\$ 20,000	\$ 20,000	\$ 41,255	\$ 21,255
Licenses, permits and impact fees	179,000	455,727	614,602	158,875
Interest and rent	-	-	10,282	10,282
Total revenue	<u>199,000</u>	<u>475,727</u>	<u>666,139</u>	<u>190,412</u>
Expenditures				
Current				
Public works	10,000	10,000	93,151	(83,151)
Community development	446,500	446,500	70,025	376,475
Capital outlay	25,000	25,000	-	25,000
Total expenditures	<u>481,500</u>	<u>481,500</u>	<u>163,176</u>	<u>401,475</u>
Revenue over/(under) expenditures	<u>\$ (282,500)</u>	<u>\$ (5,773)</u>	502,963	<u>\$ 591,887</u>
Fund Balance				
Beginning of year			<u>1,084,012</u>	
End of year			<u>\$ 1,586,975</u>	

CITY OF KING CITY

BUDGETARY COMPARISON SCHEDULE

MEASURE X FUND

YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes	\$ 260,000	\$ 424,371	\$ 424,371	\$ -
Interest and rent	-	-	102	102
Total revenue	<u>260,000</u>	<u>424,371</u>	<u>424,473</u>	<u>102</u>
Expenditures				
Current				
Public works	<u>260,000</u>	<u>260,000</u>	<u>507,612</u>	<u>(247,612)</u>
Total expenditures	<u>260,000</u>	<u>260,000</u>	<u>507,612</u>	<u>(247,612)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 164,371</u>	<u>(83,139)</u>	<u>\$ (247,510)</u>
Fund Balance				
Beginning of year			<u>206,655</u>	
End of year			<u>\$ 123,516</u>	

CITY OF KING CITY

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 YEARS*
YEAR ENDED JUNE 30, 2019**

	Miscellaneous				
	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.09668%	0.08862%	0.08541%	0.08489%	0.08484%
Proportionate share of the net pension liability	\$ 2,389,457	\$ 2,431,259	\$ 2,967,126	\$ 3,346,536	\$ 3,197,346
Covered - employee payroll	\$ 834,582	\$ 936,886	\$ 978,018	\$ 1,019,404	\$ 763,963
Proportionate share of the net pension liability as a percentage of covered-employee payroll	286.31%	259.50%	303.38%	328.28%	418.52%
Plan's fiduciary net position	\$ 7,090,204	\$ 8,223,238	\$ 7,817,932	\$ 8,822,837	\$ 9,315,620
Plan's fiduciary net position as a percentage of the Total Pension Liability	77.58%	77.18%	72.49%	72.50%	74.45%
	Safety				
	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.04336%	0.04014%	0.04024%	0.04119%	0.04242%
Proportionate share of the net pension liability	\$ 1,626,559	\$ 1,653,870	\$ 2,084,204	\$ 2,461,421	\$ 2,488,981
Covered - employee payroll	\$ 1,087,897	\$ 939,684	\$ 829,185	\$ 1,262,109	\$ 1,298,268
Proportionate share of the net pension liability as a percentage of covered-employee payroll	149.51%	176.00%	251.36%	195.02%	191.72%
Plan's fiduciary net position	\$ 6,567,188	\$ 6,832,315	\$ 6,292,887	\$ 7,510,467	\$ 8,149,726
Plan's fiduciary net position as a percentage of the Total Pension Liability	80.15%	80.51%	75.12%	75.32%	76.60%

* Fiscal year 2014-15 was the first year of implementation, therefore only five years are shown.

Changes of Assumptions: In fiscal year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes of assumptions presented in the Schedule of Collective Pension Amounts represent the unamortized portion of this assumption change.

CITY OF KING CITY

SCHEDULE OF CONTRIBUTIONS

LAST 10 YEARS*

YEAR ENDED JUNE 30, 2019

	Miscellaneous				
	2015	2016	2017	2018	2019
Contractually required contribution (actuarially determined)	\$ 145,093	\$ 187,302	\$ 257,596	\$ 257,638	\$ 306,385
Contributions in relation to the actuarially determined contributions	(145,093)	(187,302)	(257,596)	(257,638)	(306,385)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 834,582	\$ 936,886	\$ 978,018	\$ 1,019,404	\$ 763,963
Contributions as a percentage of covered-employee payroll	17.39%	19.99%	26.34%	25.27%	40.10%
	Safety				
	2015	2016	2017	2018	2019
Contractually required contribution (actuarially determined)	\$ 279,368	\$ 213,094	\$ 182,185	\$ 219,036	\$ 285,131
Contributions in relation to the actuarially determined contributions	(279,368)	(213,094)	(182,185)	(219,036)	(285,131)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,087,897	\$ 939,684	\$ 829,185	\$ 1,262,109	\$ 1,298,268
Contributions as a percentage of covered-employee payroll	25.68%	22.68%	21.97%	17.35%	21.96%

* Fiscal year 2014-15 was the first year of implementation, therefore only five years are shown.

SUPPLEMENTAL ONLY INFORMATION

CITY OF KING CITY

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

Special Revenue Funds

	SLESF/COPS Grant	Asset Seizure	Riverview			SBI Road Maintenance	Traffic Safety	Gas Tax
			Gardens Landscape	Gardens Landscape	Gardens Landscape			
ASSETS								
Cash and investments	\$ 135,783	\$ 11,182	\$ 39,903	\$ -	\$ -	\$ 11,290	\$ -	
Accounts receivable	-	-	-	-	-	-	-	
Due from other governments	8,333	-	-	48,700	-	-	-	
Interest receivable	396	18	64	-	-	18	-	
Total assets	\$ 144,512	\$ 11,200	\$ 39,967	\$ 48,700	\$ 48,700	\$ 11,308	\$ -	
LIABILITIES								
Accounts payable and accrued expense	\$ -	\$ -	\$ 1,445	\$ -	\$ -	\$ 7,682	\$ 27,929	
Due to other funds	-	-	-	48,700	-	-	-	
Total liabilities	-	-	1,445	48,700	48,700	7,682	27,929	
FUND BALANCE								
Restricted								
Circulation improvements	-	-	-	-	-	3,626	-	
Public safety	144,512	11,200	-	-	-	-	-	
Landscape maintenance	-	-	38,522	-	-	-	-	
Unassigned	-	-	-	-	-	-	(27,929)	
Total fund balance	144,512	11,200	38,522	-	-	3,626	(27,929)	
Total liabilities, deferred inflows of resources, and fund balance	\$ 144,512	\$ 11,200	\$ 39,967	\$ 48,700	\$ 48,700	\$ 11,308	\$ -	

CITY OF KING CITY

**COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	CDBG Grant	CDBG Multimodal Station	CDBG Pro Youth	Airport Operations	UUT-Public Safety	Total Non-major Governmental Funds
ASSETS						
Cash and investments	\$ 118,904	\$ -	\$ -	\$ 18,331	\$ 27,120	\$ 362,513
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	23,527	80,560
Interest receivable	195	-	-	249	44	984
Total assets	\$ 119,099	\$ -	\$ -	\$ 18,580	\$ 50,691	\$ 444,057
LIABILITIES						
Accounts payable and accrued expense	\$ 1,920	\$ -	\$ 46,777	\$ 15,056	\$ -	\$ 100,809
Due to other funds	-	4,235	-	22,841	-	75,776
Total liabilities	1,920	4,235	46,777	37,897	-	176,585
FUND BALANCE						
Restricted						
Circulation improvements	-	-	-	-	-	3,626
Capital improvement projects	117,179	-	-	-	-	117,179
Public safety	-	-	-	-	50,691	206,403
Landscape maintenance	-	-	-	-	-	38,522
Unassigned	-	(4,235)	(46,777)	(19,317)	-	(98,258)
Total fund balance	117,179	(4,235)	(46,777)	(19,317)	50,691	267,472
Total liabilities, deferred inflows of resources, and fund balance	\$ 119,099	\$ -	\$ -	\$ 18,580	\$ 50,691	\$ 444,057

CITY OF KING CITY

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds						
	SLESF/COPS Grant	Asset Seizure	Riverview Gardens Landscape	SBI Road Maintenance	Traffic Safety	Gas Tax	
Revenue							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294,272
Intergovernmental	140,413	-	-	272,872	-	-	-
Fines and forfeitures	-	-	-	-	4	-	-
Interest and rent	1,483	68	241	-	68	-	-
Total revenue	<u>141,896</u>	<u>68</u>	<u>241</u>	<u>272,872</u>	<u>72</u>	<u>-</u>	<u>294,272</u>
Expenditures							
Public safety	38,553	-	-	-	-	-	-
Public works	-	-	5,977	357,914	7,682	-	321,871
Capital outlay	171,774	-	-	-	-	-	-
Debt service							
Principal	44,090	-	-	-	-	-	8,983
Interest	4,303	-	-	-	-	-	5,799
Total expenditures	<u>258,720</u>	<u>-</u>	<u>5,977</u>	<u>357,914</u>	<u>7,682</u>	<u>-</u>	<u>336,653</u>
Revenue over (under) expenditures	(116,824)	68	(5,736)	(85,042)	(7,610)		(42,381)
Other financing sources/(uses)							
Transfers in/(out), net	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Change in Fund Balance	<u>(116,824)</u>	<u>68</u>	<u>(5,736)</u>	<u>(85,042)</u>	<u>(7,610)</u>	<u>-</u>	<u>(42,381)</u>
Fund Balance							
Beginning of year	261,336	11,132	44,258	85,042	11,236		14,452
End of year	<u>\$ 144,512</u>	<u>\$ 11,200</u>	<u>\$ 38,522</u>	<u>\$ -</u>	<u>\$ 3,626</u>	<u>\$ -</u>	<u>\$ (27,929)</u>

CITY OF KING CITY

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	CDBG Grant	CDBG Multimodal Station	CDBG Youth	Airport Operations	UUT-Public Safety	Total Non-major Governmental Funds
Revenue						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 280,578	\$ 574,850
Intergovernmental	-	-	-	50,264	-	463,549
Charges for services	-	-	-	104,230	-	104,230
Fines and forfeitures	-	-	-	-	-	4
Interest and rent	728	-	-	930	163	3,681
Total revenue	728	-	-	155,424	280,741	1,146,314
Expenditures						
Public safety	-	-	-	-	-	38,553
Public works	-	-	-	159,706	-	853,150
Culture and recreation	3,359	-	-	-	-	3,359
Community development	-	4,235	46,777	-	-	51,012
Capital outlay	-	-	-	-	-	171,774
Debt service	-	-	-	-	-	53,073
Principal	-	-	-	-	-	10,102
Interest	-	-	-	-	-	1,181,023
Total expenditures	3,359	4,235	46,777	159,706	-	1,181,023
Revenue over (under) expenditures	(2,631)	(4,235)	(46,777)	(4,282)	280,741	(34,709)
Other financing sources/(uses)						
Transfers in/(out), net	-	-	-	55,000	(257,050)	(202,050)
Total other financing sources (uses)	-	-	-	55,000	(257,050)	(202,050)
Change in Fund Balance	(2,631)	(4,235)	(46,777)	50,718	23,691	(236,759)
Fund Balance						
Beginning of year	119,810	-	-	(70,035)	27,000	504,231
End of year	\$ 117,179	\$ (4,235)	\$ (46,777)	\$ (19,317)	\$ 50,691	\$ 267,472

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Luis Perez C.P.A.
Lan T. Kimoto

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, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated February 28, 2020.

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.

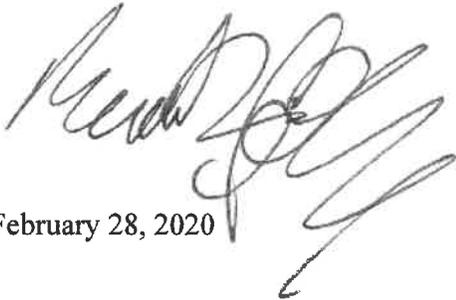
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 a material weakness.

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, appearing to be 'M. J. [unclear]', written over the date.

February 28, 2020

CITY OF KING CITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

Summary Schedule of Prior Audit Findings

2012-02 Landfill Postclosure Costs – Not Implemented. See Finding 2012-02.

CITY OF KING CITY
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Luis Perez C.P.A.
Lan T. Kimoto

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, 2019, 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 February 28, 2020, 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.



February 28, 2020

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of King City for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 4, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of King City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. 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. All significant transactions have been recognized in the financial statements in the proper period.

We noted no transactions entered into by City of King City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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 our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 28, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

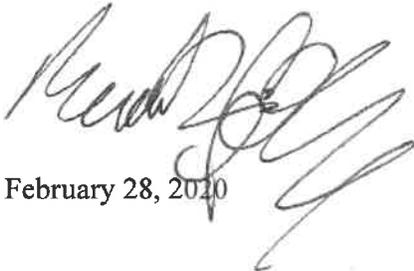
We applied certain limited procedures to the Budgetary Comparison Schedules, Proportionate Share of Net Pension Liability, and Schedule of Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management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

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

Restriction on Use

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

Very truly yours,

A handwritten signature in black ink, appearing to be "Meredith J. [unclear]", written over the date.

February 28, 2020



Item No. 11(B)

REPORT TO THE CITY COUNCIL

DATE: MARCH 10, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF EXPANSION OF SOCIAL HOST ORDINANCE TO INCLUDE CANNABIS AND ILLICIT DRUGS

RECOMMENDATION:

It is recommended the City Council provide direction to staff on whether to draft an Ordinance to expand the Social Host Ordinance to include cannabis and illicit drugs.

BACKGROUND:

At the February 25, 2020 meeting, the City Council directed staff to place on a future agenda for discussion whether to amend the City's Social Host Ordinance to include cannabis and illicit drugs. The current Ordinance prohibits individuals from hosting or allowing parties or events at their place of residence where alcoholic beverages are in the possession of or consumed by minors. It also requires a host of parties and events to take reasonable corrective action upon learning of the possession or consumption of alcoholic beverages by a minor on their premises.

DISCUSSION:

The City Attorney has reviewed the Ordinance and has identified the changes to the provisions that would be recommended if the City Council directs staff to place the Ordinance amendments on an agenda for consideration. The recommended revisions are set forth in Exhibit 1.

At the Council meeting when this was discussed, it was suggested to establish a Council Subcommittee to develop a recommendation. It is staff's recommendation that this would create an unnecessary step. Staff recommends City Council review the draft revisions and the full Council direct staff whether to proceed or to provide additional analysis.

**CITY COUNCIL
CONSIDERATION OF EXPANSION OF SOCIAL HOST ORDINANCE TO
INCLUDE CANNABIS AND ILLICIT DRUGS
MARCH 10, 2020
PAGE 2 OF 2**

COST ANALYSIS:

The cost of the legal staff work and noticing of the Ordinance is projected to be less than \$1,000.

ENVIRONMENTAL REVIEW:

The revisions to the Ordinance are not a "project" for the purposes of the California Environmental Quality Act (CEQA) as it does not have the potential for resulting in either a direct physical change to the environment, or a reasonably foreseeable indirect physical change in the environment. No further action is required under CEQA.

ALTERNATIVES:

The following alternatives are provided for Council consideration:

1. Direct staff to place the Ordinance revisions on a future City Council agenda for consideration;
2. Modify the draft revisions and direct staff to place the Ordinance revisions on a future City Council agenda for consideration;
3. Appoint a Council subcommittee to develop a recommendation;
4. Do not direct staff to place the Ordinance revisions on a future City Council agenda for consideration; or
5. Provide other direction to staff.

Exhibits:

1. Memorandum from City Attorney re: Host Ordinance

Prepared and Approved by:



Steven Adams, City Manager



**ALESHIRE &
WYNDER** LLP
ATTORNEYS AT LAW

MEMORANDUM

TO: Steven Adams, City Manager

FROM: Roy C. Santos, City Attorney

DATE: February 27, 2020

RE: City of King Social Host Ordinance – Chapter 7.09

This memorandum briefly summarizes the current social host ordinance within the City of King and our suggested edits to the ordinance in order to cover cannabis and cannabis products. In addition, we have provided some suggested edits to correct legal deficiencies we observed while reviewing the current ordinance.

The current ordinance only applies to the possession and consumption of alcoholic beverages by minors; as such, we recommend the following edits:

7.09.20 Definitions.

The following words and phrases, whenever used in this chapter, shall have the meaning and be construed as defined in this section.

- (a) “Alcoholic beverage or alcohol” shall have the meaning given to that term under state law.
- (b) “Cannabis or Cannabis Products” shall have the meaning given to those terms under King City Municipal Code and state law.
- (c) “Control” means the actual or apparent authority and ability to regulate or direct the private premises, including, but not limited to, the control exercised by tenants, lessees, and owners who have notice of underage drinking on their property.
- (d) “Controlled Substance” shall have the meaning given under state and federal law.
- (e) “Knowingly” means aware of, or having reason to be aware of party, gathering or event.
- (f) “Minor” means any person under the age of twenty-one years.
- (g) “Party, gathering, or event” means a group of five or more persons who have assembled or are assembling for a social occasion or a social activity, at least one of whom is a minor and not a blood relative.
- (h) “Person” means any person(s) who owns, rents or otherwise controls premises that knowingly hosts, permits, promotes, organizes, or allows a gathering at which they allow the possession, providing, or consumption of alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products by any minor on such premises or fails to take reasonable corrective action upon learning of the possession, providing or

consumption of alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products by any minor on such premises.

- (i) “Private premises” means any home, yard, open areas adjacent thereto, and accessory structures; apartment, condominium; hotel or motel room; or a hall or meeting room, or any other dwelling unit whether occupied on a temporary or permanent basis, whether occupied as a dwelling, for a party, or for other social function, and whether owned, leased, rented, or used with or without compensation.

7.09.030 Social Host Liability – Declaration of Public Nuisance.

- (a) **Liability.** No person(s) shall permit, allow, or host a party, gathering, or event at his or her place of residence or on other private premises under the person(s) control where alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products are being provided, in the possession of, or consumed by, any minor or fail to take reasonable corrective action upon learning of the providing, possession, or consumption of alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products by a minor on such premises. Reasonable corrective action shall include, but is not limited to:
 - (1) Verifying the age of the persons attending the social gathering by inspecting drivers’ licenses or other government-issued identification cards;
 - (2) Making a prompt demand that such minor either forfeit the alcohol, alcoholic beverages, controlled substances, cannabis or cannabis product, and refrain from the consumption of such or depart from the premises;
 - (3) If such minor does not comply with such request, either promptly reporting the providing of alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products or such underage consumption of alcohol to the local law enforcement agency or to any other person having a greater degree of authority over the conduct of such minor.
- (b) **Public Nuisance.** It is hereby declared to be a public nuisance for any person to permit, allow, or host a party, gathering, or event at his or her place of residence (or other private premises under his or her ownership or control) where alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products are provided to, in the possession of, or are being consumed by, any minor.
- (c) **Exceptions.** Nothing in this chapter should be interpreted to prohibit the consumption or possession of alcohol by a minor for legally-protected religious practices or legally protected family gatherings involving the use of alcohol beverages which occur exclusively between a minor and his or her parent or legal guardian, pursuant to Article 1, Chapter 4 of the California Constitution. Further, nothing in this chapter should be interpreted to prohibit or limit in any way an individual over the age of eighteen (18) with a lawful medical cannabis card from possessing or consuming cannabis or cannabis productions in compliance with the requirements of the King City Municipal Code and state law.

7.90.040 Violation and Penalties.

(a) Violation. Any person(s) who knowingly permits, allows, or hosts a party, gathering, or event at their place of residence (or other private property under that person(s) control) where alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products are being provided to, in the possession of, or are being consumed by, any minor on such premises, or fails to take reasonable corrective actions upon learning of the providing, possession or consumption of alcohol, alcoholic beverages, controlled substances, cannabis and/or cannabis products by any minor on such premises shall be liable and responsible for, and shall be subject to the criminal, civil and/or administrative penalties identified within this chapter.

(b) Criminal Penalties.

Violations of the provisions of this chapter for conduct that is not otherwise considered lawful under state law, shall be considered a misdemeanor and is punishable in accordance with Chapter 1.04.010 of the King City Municipal Code. Each and every day, or portion thereof, a violation exists is a new and separate offense. The city may also pursue all applicable civil and administrative remedies, including, but not limited to, injunctive relief and administrative citations.

Should a court of competent jurisdiction subsequently determine that the criminal penalty provision renders the provisions of this chapter, or the provisions of any chapter adopted by reference within the King City Municipal Code unlawful, the city intends that the misdemeanor provision be severable from the remaining penalty provisions and the city will only pursue non-criminal remedies for violations of this chapter.

(c) Civil Penalties.

- (1) Injunction. Injunctive relief.
- (2) Receivership. Receiverships pursuant to Health and Safety Code Section 17980.7.
- (3) Drug Abatement. California Drug Abatement Act set forth in Health and Safety Code Section 11570.
- (4) Any other available remedy set forth in the King City Municipal Code or state law.

(d) Administrative Penalties. The administrative citation penalty for violation of this chapter, within a rolling twelve-month period, deemed misdemeanors under the King City Municipal Code shall be as follows:

- (1) First violation five hundred dollars (\$500.00).
- (2) Second violation one thousand dollars (\$1,000.00).
- (3) All additional violations one thousand dollars (\$1,000.00).

7.90.050 Administrative Appeal.

- (a) Any person who violates the requirements of this chapter and is issued an administrative citation pursuant to section 7.09.040(d) shall be subject to the administrative appeal procedures set forth in this section.
- (b) The appellant must file a written appeal with the city clerk within fifteen (15) days of service of the administrative citation. The time requirement for filing an appeal shall be deemed jurisdictional and may not be waived. Appeals not timely filed or not setting forth the basis for the appeal are defective and shall be dismissed. The written appeal shall contain:
 - (1) A brief statement setting forth the interest the appealing party has in the matter relating to the imposition of the civil penalty;
 - (2) A brief statement of the material facts which the appellant claims support his or her contention that no administrative penalty should be imposed or that an administrative penalty of a different amount is warranted.
- (c) An appeal of an administrative penalty imposed for violations of Section 7.09.040(a) shall be heard by the City Manager or his/her designee or a hearing officer appointed by the City Manager. The appeal hearing shall be set no sooner than ten (10) days and no later than forty-five (45) days following a request for an appeal hearing. The City Manager or the Hearing Officer may extend the time for hearing the appeal based upon the needs of the city and availability of witnesses. Notice of the appeal hearing shall be mailed at least ten (10) days before the date set for the hearing. Failure to appear timely at the appeal hearing will cause the administrative penalty to become a final order or decision.
- (d) In reviewing the penalty, the City Manager or Hearing Officer shall consider all facts relating to the issuance of the administrative citation and the reasons therefor and shall uphold the penalty imposed, eliminate the penalty, or modify it. The decision of the City Manager or his/her designee or the Hearing Officer shall constitute the final administrative order or decision of the local agency within the meaning of Government Code Section 53069.4(b)(1).
- (e) The City Manager or his/her designee or the Hearing Officer shall serve a copy of their written decision on the appellant by U.S. Mail to the address provided by appellant in the written notice of appeal. The decision shall be deemed served within two (2) days after the date it was mailed to the address provided by the appellant.
- (f) The costs of the administrative hearing may be assessed to the responsible person in addition to any other fines and penalties if the citation is upheld.