



CITY COUNCIL AGENDA

City of Canyon Lake, California
Wednesday, June 10, 2026
Closed Session Meeting at 5:00 P.M.
Regular Meeting at 6:30 P.M.

City Hall Council Chambers
31516 Railroad Canyon Road
Canyon Lake, CA 92587

NOTICE OF TELECONFERENCE PARTICIPATION

Pursuant to Government Code section 54953(b), Council Member Josh Steeber will participate in this meeting by teleconference from the following publicly accessible teleconference location:

Park MGM Las Vegas – FedEx Business Center
3770 South Las Vegas Boulevard
Las Vegas, Nevada 89109

The teleconference location is open to the public. Members of the public may attend the meeting at this location and shall have the opportunity to directly address the City Council from the teleconference location in the same manner as members of the public attending the meeting at the regular meeting location. The agenda for this meeting has been posted at the teleconference location in accordance with the Brown Act.

CITY COUNCIL MEMBERS:

Mayor Jeremy Smith
Mayor Pro Tem Kasey Castillo
Council Member Joshua Steeber
Council Member Mark Terry
Council Member Dale Welty

Public Comment: Any person wishing to address the City Council on any matter within the jurisdiction of the City, whether or not it appears on this agenda, is asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. The City Council has adopted a time limit of three (3) minutes per person. Comments on specific agenda items will be heard when the item is called. Please note that if you are addressing the City Council on items NOT on the agenda, the Brown Act does not allow discussion of such items. Therefore, the City Council may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response. Electronic comments may be submitted to cityclerk@canyonlakeca.gov. Comments submitted electronically will be provided to the City Council and included in the official record but will not be read aloud during the meeting.

CEQA Notice: Unless stated otherwise on the agenda, every item on the agenda is exempt from CEQA Guidelines sections 15060(c), 15061(b)(3), 15273, 15378, 15301, 15323 and/or Public Resources Code section 21065.

Council Agendas: The designated office for inspection of records is the Office of the City Clerk, Canyon Lake City Hall, 31516 Railroad Canyon Road, Canyon Lake, CA 92587. Complete agenda packets are available for public review at City Hall during normal business hours and on the City's website at www.canyonlakeca.gov.

ADA Notice: In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting or if you need agenda documents provided in an alternate format, please contact the City Clerk's Office at (951) 244-2955 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made.

CLOSED SESSION

CALL TO ORDER

ROLL CALL

Castillo, Steeber, Terry, Welty, Smith

PUBLIC COMMENT (3 MINUTES)

Members of the public wishing to address the City Council on any matter listed on the Closed Session agenda are asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. Comments are limited to Closed Session items only. Each speaker is allowed (3) minutes to speak.

DISCUSSION ITEMS

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: Number of Cases (1)
2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Pursuant to Government Code Section 54957: Title: City Manager

REGULAR SESSION

INVOCATION

CALL TO ORDER

FLAG SALUTE

ROLL CALL

Castillo, Steeber, Terry, Welty, Smith

CLOSED SESSION REPORT

CITY COUNCIL AND COMMITTEE REPORTS / COMMENTS

CEREMONIAL MATTERS

PRESENTATIONS

Elsinore Valley Municipal Water District

Canyon Lake Property Owners Association

Canyon Lake Chamber of Commerce

Non-Profit Spotlight

PUBLIC COMMENT (3 MINUTES)

Members of the public wishing to address the City Council on any matter within the City's jurisdiction are asked to complete a speaker card and provide it to the City Clerk prior to the start of public comment. Comments on specific agenda items will be heard when the item is called. Comments on Consent Calendar items will be heard prior to the City Council's consideration of that calendar. Each speaker is allowed (3) minutes to speak.

CONSENT CALENDAR

All items listed on the Consent Calendar are considered to be routine in nature and may be enacted in one motion. Individual items may be removed by a Council Member for separate discussion immediately after the adoption of the balance of the Consent Calendar. All ordinance titles are deemed to be read in their entirety and further reading waived on any ordinance listed on the Consent Calendar.

1. Approve Claims and Demands of the City

Recommendation:

Adopt Resolution No. 2026-27 Approving Claims and Demands of the City.

2. Approval of City Council Meeting Minutes

Recommendation:

Approve the minutes of the May 13, 2026, City Council meeting.

3. Receive and File the Monthly Public Records Request Report

Recommendation:

Receive and file the monthly Public Records Request Report.

4. Receive and File the Budget in Brief for the FY 2026–27 Budget

Recommendation:

Receive and File the Budget in Brief Prepared in Accordance with the Government Finance Officers Association Distinguished Budget Presentation Award Submission Criteria for the FY 2026–27 Budget.

5. Consideration of a Resolution Calling the 2026 General Municipal Election, Requesting Consolidation with the County of Riverside and Adopting Candidate Statement Regulations

Recommendation:

Adopt Resolution No. 2026-28 calling for and giving notice of the City's November 3, 2026, General Municipal Election; requesting consolidation with the County of Riverside; requesting election administration services from the County; and adopting candidate statement regulations.

6. Consideration of a Resolution Approving the List of Projects for Fiscal Year 2026-20267 Funded by SB 1: the Road Repair and Accountability Act of 2017

Recommendation:

Adopt Resolution No. 2026-29 approving the Fiscal Year 2026-2027 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.

7. Consideration of a Resolution Adopting the Updated City Investment Policy

Recommendation:

Adopt Resolution No. 2026-30 approving the updated City Investment Policy.

8. Acceptance and Allocation of a \$75,000 Public Safety Contribution from RD Canyon Lake LLC (“Higher Ground”)

Recommendation:

(1) Accept the \$75,000 public safety contribution from RD Canyon Lake LLC (“Higher Ground”); and (2) adopt Resolution No. 2026-31 allocating the funds to the Police Department budget for public safety purposes.

9. Consideration of a Resolution Supporting S. 4505 Requiring the United States Postal Service to Designate ZIP Codes for Certain Communities Including the City of Canyon Lake

Recommendation:

Adopt Resolution No. 2026-32 supporting S. 4505 requiring the United States Postal Service to designate ZIP Codes for certain communities including the City of Canyon Lake.

10. Consideration of a Resolution in Support of Assembly Bill 1821 (Pacheco) – California Public Records Act: Agency Response Time

Recommendation:

Adopt Resolution No. 2026-33 supporting Assembly Bill 1821 (Pacheco) regarding California Public Records Act response timelines.

PULLED CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar for separate discussion will be considered at this time.

PUBLIC HEARINGS

11. Consideration of a Resolution Establishing Emergency Medical Services (EMS) Program Fees for Fiscal Year 2026/2027 and Providing for Collection Thereof on the Property Tax Roll

Recommendation:

(1) Open the public hearing and take public testimony; (2) adopt Resolution No. 2026-34 establishing EMS Program Fees for Fiscal Year 2026/2027 and providing for collection thereof on the property tax roll.

BUSINESS ITEMS

12. Consideration of an Agreement for Planning and Development Review Services with the City of Wildomar

Recommendation:

Approve the Agreement for Planning and Development Review Services with the City of Wildomar on a form approved by the City Attorney and authorize the City Manager to execute all documents necessary to effectuate the transaction.

13. Introduction and First Reading of Ordinance No. 278 Regulating Nitrous Oxide, Ordinance No. 279 Regulating Kratom Products and Ordinance No. 280 Regulating Drug Paraphernalia

Recommendation:

Waive full reading and introduce by title only the following ordinances: (1) Ordinance No. 278 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.91 to the Canyon Lake Municipal Code Regarding the Regulation of Nitrous Oxide; (2) Ordinance No. 279 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.92 to the Canyon Lake Municipal Code Regulating the Sale and Distribution of Kratom Products; and (3) Ordinance No. 280 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.93 to the Canyon Lake Municipal Code Regarding the Regulation of Drug Paraphernalia.

14. Introduction and First Reading of Ordinance No. 281 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.03 of the Canyon Lake Municipal Code Regulating the Operation of Electric Bicycles, Electric Motorcycles, and Other Regulated Mobility Devices

Recommendation:

Waive full reading and introduce by title only Ordinance No. 281 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.03 of the Canyon Lake Municipal Code Regulating the Operation of Electric Bicycles, Electric Motorcycles, and Other Regulated Mobility Devices

15. Introduction and First Reading of Ordinance No. 282 - An Ordinance of the City Council of the City of Canyon Lake, California, Repealing and Replacing Chapter 9.32 (Accessory Dwelling Units) of the Canyon Lake Municipal Code to bring the City's Accessory Dwelling Unit Ordinance into Compliance with Current State ADU Law

Recommendation:

(1) Waive full reading and introduce by title only Ordinance No. 282 - An Ordinance of the City Council of the City of Canyon Lake, California, Repealing and Replacing Chapter 9.32 (Accessory Dwelling Units) of the Canyon Lake Municipal Code to bring the City's Accessory Dwelling Unit Ordinance into Compliance with Current State ADU Law; and (2) direct staff to submit the adopted ordinance to the California Department of Housing and Community Development (HCD) for review in response to the May 11, 2026, Technical Assistance Letter.

CITY MANAGER COMMENTS

ANNOUNCEMENTS

The next regular City Council meeting will be held on August 3, 2026.

ADJOURNMENT

AFFIDAVIT OF POSTING: I, Sheryl L. Garcia, City Clerk of the City of Canyon Lake, California, do hereby declare that the foregoing agenda was posted as of the date noted below, at least seventy-two (72) hours prior to the meeting per Government Code 54954.2, and as required by Resolution 2019-42.

Sheryl L. Garcia, MMC, CPM
City Clerk
Dated: June 4, 2026



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Arron Brown, City Manager
BY: Yadira Correo, Accounting Specialist
DATE: 06/10/2026
SUBJECT: Approve Claims and Demands of the City

Recommendation:

Adopt Resolution No. 2026-27 Approving Claims and Demands of the City.

Background/Analysis:

All claims and demands are reported and summarized for review and approval by the City Council on a routine basis at each City Council meeting. The attached claims represent the paid claims and demands since the City Council meeting of May 13, 2026.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

All claims and demands are paid from appropriated funds or authorized resources of the City and have been recorded in accordance with the City's policies.

Attachments:

- 1 - Resolution
- 2 - Claims and Demands

RESOLUTION NO. 2026-27

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AS SET FORTH IN EXHIBIT A

WHEREAS, Exhibit A was presented at the regular meeting of the City Council on June 10, 2026, at which all present, were given an opportunity to comment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. Demands are approved as shown on the Demand\Warrant Register of June 10th, in the amount of \$1,162,135.95 as follows:

Payroll Earnings (Direct Deposit)	\$168,038.92	(For Month of May)
Payroll Processing Fees	\$773.06	(For Month of May)
Payroll Taxes - Employer & Employee	\$42,646.55	(For Month of May)
Payroll CS	\$795.04	(For Month of May)
On-line Retirement	\$16,750.60	(For Month of May)
On-line Health	\$35,822.67	(For Month of May)
Nationwide Deferred Comp.	\$8,183.66	(For Month of May)
General	\$889,125.45	(For Month of May)
Total	\$1,165,135.95	

Section 3. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 4. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
2 Hot Uniforms	Fire Station Uniform Shirt	94.61
	Fire Station Reserve Name Tag	16.31
ABILA	Accounting Software Accounts Receivable Cloud	27.29
Admisure Inc.	General & Auto Liability Claims Admin-Subro 26-190695	2,523.73
Aguirre	Wall-Mounted Dry Erase Board-Finance Dept.	275.00
Allstar Fire	Fire Station Boots	429.06
	Fire Station Helmet Shields	296.15
Amazon	Fire Station Supplies	58.16
	Fire Station Supplies	246.98
BIO-TOX	Blood Analysis, 3/23/26	90.00
	Blood Analysis, 3/23/2026	369.00
Brown, M	Reimbursement for Live Scan	28.00
CBSC	Permit Valuation Through March 2026	257.40
Cintas	Fire Station Weekly Mat Service, 4/21/2026	49.08
	Fire Station Weekly Mat Service, 4/28/2026	49.08
CL FIREFIGHTERS	Firefighter's Union Dues Check Date 4/24/2026	415.44
CL PROPERTY OWNERS	Firehouse Note Payment 28	9,359.57
Clark Pest	Fire Station Monthly Pest Control April 2026	134.00
	Pest Control for City Hall, 4/24/26	109.00
Concentra	Fire Station Medical Exams	1,580.00
	Fire Station Medical Exams	728.00
CTAI	Fire Station Annual Tree Trimming & Clean Up	3,810.00
	Landscape Maintenance Fee for Medians & Parkways April 26	5,014.00
Curtis	Fire Station Helmet Flashlights	149.65
	Fire Station Turnout Coat Flashlights	531.00
	Fire Station Replacement Valves for SCBA Compressor	1,092.59
	Fire Station Wildland Helmets-New FF	405.93
	Fire Station Helmet Shrouds	313.44
	Fire Station Wildland Gloves	59.37
DATA TICKET	Miscellaneous Fees on Invoices March 2026	100.00
	Monthly Parking Fees March 2026	100.00
	Code Enforcement Processing Fees March 2026	114.75
	EMS Response Fee March 2026	100.00
Delgado	Janitorial Services April 2026	1,819.20
DEPT OF CONSER	Strong Motion Instrumentation & Seismic Hazard Jan-Mar 26	772.41
DFS	Fire Station Replacement Computers	9,434.88
Edwards	Reserve Stipend for April 2026	400.00
Fire Smart	Police Dept. Promotional Products	3,089.73
Foster & Foster	Actuarial Valuation and GASB 75 Disclosure Fiscal Year 25/26	1,800.00

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Page: 1

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
HdL Coren	Contract Services Property Tax: April-June 2026	3,437.50
Hernandez, Oscar	Reserve Stipend for April 2026	200.00
ICG	CL-003 Railroad Canyon Rd HSIP Project March 2026	30,908.75
	CL-001 General Engineering Services March 2026	8,356.25
John Hancock	EE & ER Contributions Check Date 4/24/2026	7,103.82
Johnson Equipment	Fire Station Replacement Headsets E-1	452.55
	Fire Station Replacement Headsets E-1	556.77
Life-Assist	Fire Station Medical Supplies	114.30
Luke Jackson	Reserve Stipend for April 2026	200.00
MR. WINDOW	Window Cleaning Inside & Out (April 9, 2026)	170.00
	Window Cleaning Inside & Out (April 9, 2026)	135.00
Nikki's	Fire Station Flags for Engines	156.98
Ninyo & Moore	Geotech Services for HSIP Project through March 27, 2026	2,116.00
PERMA	Q4 FY2025-26 Liability Trust Account Deposit	1,600.00
	Liability Assessment Payment 5 of 5	10,165.00
Ramirez, J	Reserve Stipend for February and April 2026	400.00
RAMS	Accounting Services for February 2026	14,151.64
Red White & Blue	Commerical Quarterly Maintenance-Rental 31542 RRCR	875.00
	Commercial Quarterly Maintenance-Fire Station RRCR	150.00
	Commercial Quarterly Maintenance-Rental 31600 RRCR	275.00
	Commercial Quarterly Maintenance-City Hall & Admin	931.00
RingCentral Inc.	Annual Contract 4/18/26-4/17/27 City Hall, Fire Station & PD	13,680.45
Ronchetti	Winner of 2026 Scholarship Essay Contest	1,500.00
SDRMA	Dental and Vision Insurance June 2026	2,592.38
Sitar	Fire Station Medical Training EMS Peds Trauma	2,025.00
US Bank	See Credit Card Review, 4/6/26	726.94
VC3, Inc	IT Remote & Onsite Support April 2026	3,639.06
Willdan	Quality Water Services thru 4/3/26	3,660.00
Willdan FS	Technology User Fee Study Services through April 3, 2026	2,970.00
Report Total		159,492.20

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Adler	UUT Refund	182.97
Anderson, C	UUT Refund	83.02
Arch	UUT Refund	84.49
Arnold	UUT Refund	173.15
Barajas	UUT Refund	82.57
Basse	UUT Refund	85.81
Bernhard	UUT Refund	109.97
Bernier	UUT Refund	134.47
Bill, J	UUT Refund	94.71
Blackford	UUT Refund	84.40
Blakemore	UUT Refund	105.16
Blay	UUT Refund	76.00
Bora, D	UUT Refund	84.00
Brown, L	UUT Refund	84.69
Burkel	UUT Refund	138.51
Carlson	UUT Refund	103.87
Carter, D	UUT Refund	113.16
Chirino	UUT Refund	135.94
CLARK, L	UUT Refund	104.83
Cunningham, A	UUT Refund	92.73
Cunningham, B	UUT Refund	109.38
Dalessandro	UUT Refund	103.94
Daniel	UUT Refund	143.05
Day, D	UUT Refund	105.85
Dean	UUT Refund	112.49
DeMartino, K	UUT Refund	163.17
Economu	UUT Refund	311.27
Ford	UUT Refund	124.29
Fowler	UUT Refund	105.23
Fregosi	UUT Refund	92.00
Fry	UUT Refund	138.34
Funfar	UUT Refund	81.34
Goble	UUT Refund	93.09
	UUT Refund	27.87
Good	UUT Refund	80.00
Govetzian	UUT Refund	146.63
	UUT Refund	121.42
Graff	UUT Refund	125.78
Greek	UUT Refund	135.77
Harrold	UUT Refund	116.41

Date: 5/12/26
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Page: 1

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Hawker	UUT Refund	91.47
Heinrich, M	UUT Refund	103.28
Heinrich, P	UUT Refund	89.31
Helbock	UUT Refund	222.81
Hillenbrand	UUT Refund	102.72
Hofman	UUT Refund	115.63
Holcomb	UUT Refund	100.71
Holladay	UUT Refund	84.00
Hoonnirun	UUT Refund	75.09
Hubbard, A	UUT Refund	135.89
Hughes	UUT Refund	100.51
Ivers	UUT Refund	127.03
Karsgor, E	UUT Refund	125.54
	UUT Refund	106.97
Kazakoff	UUT Refund	96.13
Keichline	UUT Refund	84.00
Kennedy	UUT Refund	95.96
Kennedy, T	UUT Refund	109.42
Lees	UUT Refund	94.22
Lefeber	UUT Refund	106.67
Libring	UUT Refund	142.48
Loredo	UUT Refund	102.70
Luenberger	UUT Refund	117.45
Medved	UUT Refund	217.49
Nelson	UUT Refund	105.90
Nordquist	UUT Refund	90.35
O'Connor	UUT Refund	84.00
O'Malley	UUT Refund	162.70
Olszewski	UUT Refund	168.87
Ortiz	UUT Refund	12.00
Painter	UUT Refund	94.04
Paquet	UUT Refund	80.69
Patel, T	UUT Refund	102.89
Paul	UUT Refund	76.87
Pennington]	UUT Refund	102.89
Pruett	UUT Refund	84.00
Quinn, A	UUT Refund	76.00
Raffa	UUT Refund	103.88
Rasmussen	UUT Refund	126.42
Raworth	UUT Refund	103.87
Ray	UUT Refund	101.76

Date: 5/12/26
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Page: 2

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Renzo	UUT Refund	117.99
Reynolds, H	UUT Refund-	67.51
Sampson	UUT Refund	112.52
Sifter	UUT Refund	149.60
Smith, R	UUT Refund	81.17
Sperry	UUT Refund	93.20
Stepanek	UUT Refund	115.17
Stephens	UUT Refund	163.85
Stover	UUT Refund-	87.19
Sujishi	UUT Refund	122.21
Thomas, M	UUT Refund	115.15
Tibbet	UUT Refund	103.76
Tieche	UUT Refund	110.41
Way	UUT Refund	84.00
Whalen, M	UUT Refund	90.20
Wheeler, R	UUT Refund	89.36
Williams, W	UUT Refund	116.06
Wolff	UUT Refund	120.19
WoodwardP	UUT Refund	100.20
Zavosky	UUT Refund	100.44
Report Total		11,156.56

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
ALL AMERICAN ASPHALT	RRCR HSIP Safety Improvement CL-003 Progress Pymt 5	368,713.63
DFS	Replacement Laptops for City Staff	5,366.51
Enterprise Fleet	City Vehicle Maintenance Fee 5/1/26-5/31/26	36.00
Paper Recycling & Shredding	Community Clean-Up Shredding Services, 5/16/2026	1,500.00
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Contract Law 2/5/26-3/4/26	160,920.09
VC3, Inc	New Police Dept Firewall	500.00
Report Total		537,036.23

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Anthony, T	UUT Refund	130.29
Barbay	UUT Refund	81.39 voided
Birch	UUT Refund	55.06
Blade	UUT Refund	105.80
	UUT Refund	4.76
BLUE, M	UUT Refund	76.00
Boecking	UUT Refund	90.83
Boman	UUT Refund	197.24
Brown, E	UUT Refund	121.58
Burrafato	UUT Refund	101.01
Chapman	UUT Refund	128.07
Christensen	UUT Refund	26.57
Cortez	UUT Refund	84.20
Dasinger	UUT Refund	79.24
Elghazi	UUT Refund	78.49
Enriquez	UUT Refund	91.84
Fahey	UUT Refund	89.50
Gourd	UUT Refund	114.26
Granados	UUT Refund	97.67
GRANT, M	UUT Refund	84.00
Gray, R	UUT Refund	128.24
Hamaker	UUT Refund	103.43
Hempel	UUT Refund	150.17
Huske	UUT Refund	85.04
Iannarelli	UUT Refund	111.49
Isaac	UUT Refund	143.79
Johnston, D	UUT Refund	76.55
Koenen	UUT Refund	112.44
Lafferty	UUT Refund	102.30
Lancia	UUT Refund	99.66
Lane, R	UUT Refund	89.92
Leathley	UUT Refund	104.24
Lee, M	UUT Refund	82.39
Lekawa	UUT Refund	109.59
Lillie	UUT Refund	155.83
Linn	UUT Refund	80.60
Lipson	UUT Refund	71.08
Lockhart	UUT Refund	131.63
Lytle	UUT Refund	74.45
Madrid	UUT Refund	173.06
Maingot	UUT Refund	115.19
Martinez	UUT Refund	101.79
Mascorro	UUT Refund	127.35
McKnight	UUT Refund	116.66

Date: 5/14/26
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Page: 1

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Mireles	UUT Refund	121.52
Mitz	UUT Refund	120.82
Montesanto	UUT Refund	76.00
Mortaloni	UUT Refund	81.51
Nichol	UUT Refund	148.44
Norred	UUT Refund	117.48
Otte	UUT Refund	78.32
Pierce, A	UUT Refund	95.51
POA	UUT Refund-	352.52
	UUT Refund-	11.85
	UUT Refund-	1,526.28
	UUT Refund-	261.66
	UUT Refund-	529.00
	UUT Refund-	92.92
	UUT Refund-	118.60
	UUT Refund-	30.09
	UUT Refund-	1,347.88
	UUT Refund-	782.39
	UUT Refund-	134.48
	UUT Refund-	503.48
	UUT Refund-	223.09
	UUT Refund-	310.80
	UUT Refund-	136.64
	UUT Refund-	175.89
	UUT Refund-	190.70
	UUT Refund-	496.65

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
	UUT Refund-	678.92
	UUT Refund-	509.83
	UUT Refund-	972.04
	UUT Refund-	228.41
	UUT Refund-	171.84
	UUT Refund-	1,661.35
	UUT Refund-	1,945.60
	UUT Refund-	682.77
	UUT Refund-	1,269.17
	UUT Refund-	2,674.55
	UUT Refund-	62.35
	UUT Refund-	2,224.29
Poiand	UUT Refund	123.77
Rarick	UUT Refund	116.93
Richardson	UUT Refund	107.70
Robbins	UUT Refund	84.00
Robertson	UUT Refund	87.28
Schoo	UUT Refund	91.59
Schreiner	UUT Refund	127.35
Swank	UUT Refund	77.68
Tarr	UUT Refund	105.81
Tolbert	UUT Refund	90.59
Travers	UUT Refund	113.89
Troy	UUT Refund	76.00
Way, Sheryl	UUT Refund	93.90
White, R	UUT Refund	113.95
Whiteside	UUT Refund	112.37
Wicker	UUT Refund	84.00
Wifes	UUT Refund	81.51
Williams, L	UUT Refund	145.49
Williams, S	UUT Refund	66.59
Witt	UUT Refund	84.00

Date: 5/14/26
07:09:35 PM

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

<u>Vendor ID</u>	<u>Invoice Description</u>	<u>Cash Required</u>
Report Total		<u>27,614.73</u>

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
ABI	Fire Station Background for FF/PM	212.35
ABILA	Accounts Receivable Reporting Implementation	125.00
	Accounting Software 5/1/26-5/31/26	785.09
Amazon	Fire Station Training Supplies	323.24
	Fire Station Pub Ed Supplies	129.24
	Fire Station Office Supplies	75.40
AMERICAN FORENSIC	Sheriff's Blood Draw, 4/26/26	150.00
Andy's Glass & Window	Fire Station Replacement Windows-Final Pymt	4,304.20
Arroyo Background Investigations	Police Dept. Employee Background Investigation	1,650.00
Bound Tree	Fire Station Medical Supplies	37.07
Cintas	Fire Station Weekly Mat Service, 5/5/26	49.08
	Fire Station Weekly Mat Service, 5/12/26	49.08
CL FIREFIGHTERS	Firefighter's Union Dues Check Date 5/8/2026	415.44
CLAMS	Fire Station Food For Open House, 5/2/26	400.00
Clark Pest	Fire Station Monthly Pest Control May 2026	134.00
	Pest Control for Fire Station Storage Units, 5/8/26	103.00
	Pest Control for Rental-31542 RRCR May 2026	260.00
Control Pump	Landscape Monthly Monitor Report April 2026	442.37
	Trouble Calls-Landscape Booster Station Due to Irrigation	760.00
Corelogic	Database for Code Enforcement April 2026	189.94
CTAI	Landscape for Fire Station May 2026	263.00
DATA TICKET	Monthly Parking Fees April 2026	100.00
	Code Enforcement Processing Fees April 2026	100.00
	EMS Response Fee April 2026	100.00
	Miscellaneous Fees on Invoices April 2026	100.00
DOJ	Fingerprints for March 2026	337.00
EASE	Partial Refund for Canceled Permit #20260095	64.00
FRIDAY FLYER	Public Hearing Notice-Tech User Fee	66.25
	Ordinance No. 274 Second Reading	61.25
	Ordinance No. 275 Second Reading	48.75
	Ordinance No. 277 Second Reading	47.50
	Public Hearing Notice-Police Fees	66.25
GOLDING	Logo Window Envelopes for City Hall & Admin	791.96
GREENHALGH	Retiree Health Insurance June 2026	319.29
HINDERLITER	Contract Services-Sales Tax (April-June 2026)	1,425.26
ICG	CL-003 Railroad Canyon Road -HSIP Project April 2026	1,222.50
	CL-001 General Engineering Services April 2026	2,323.75
Inland Fleet	Fire Station Biannual Service/Repairs for Engine 1	13,443.95
John Hancock	EE & ER Contributions Check Date 5/8/2026	7,103.82
Johnson Equipment	Fire Station Replacement Headsets E-1	125.00

Date: 5/20/26
12:58:56 PM

Page: 1

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
LaTendresse	Fire Station Per Diem & Mileage Reimbursement for FDIC	312.84 <i>Voided</i>
Moore R	Fire Station Per Diem for CFED Conference	215.00
Morningstar	Council Meeting Taping, April 14, 2026	350.00
OTIS	Fuel and Logistics Increase Charge	175.00
Pacific Commercial Property	Installation of Engineer-Grade Reflective Signs on RRCR	895.00
	Urgent Repair-Pothole Located Eastbound on RRCR	1,475.00
PARS	Monthly Administrative Fees Ending March 2026	400.00
RCA	MSHCP Fees Collected for April 2026	4,486.00
Riv Co Sheriff Dept Lake Elsinore	Sheriff's Contract Law Facility FY25/26	27,622.27
Saxe-Clifford	Police Candidate Psychological Evaluation	450.00
Sco	2025 Offset Program-3 Names Submitted	11.52
Soto, Yvette	Fire Station Reimbursement for Coursera Annual Subscription	399.00
STAPLES	City Hall & Rental Office Supplies	648.51
	City Hall & Rental Office Supplies	69.41
The Code	Plan Check Services 4/1/26-4/30/26	2,790.84
	Staffing Services for Building Official 3/1/26-3/28/26	3,480.00
Van Scoyoc	Lobbyist Services for April 2026	1,000.00
Report Total		<u>83,484.42</u>

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
Atwood	UUT Refund	111.86
Barbay	UUT Refund	81.39
Cherney	UUT Refund	96.18
Derse	UUT Refund	207.65
Doherty	UUT Refund	160.18
Duarte, C	UUT Refund	219.82
Garcia, P	UUT Refund	111.96
Hackett, S	UUT Refund	105.59
Harrold, L	UUT Refund	99.86
Hieter	UUT Refund	286.02
Hopkins	UUT Refund	129.13
Issacson	UUT Refund	131.07
Kamashian, L	UUT Refund	177.69
Kite	UUT Refund	84.00
Lafleur	UUT Refund	111.58
LaFontaine	UUT Refund	128.48
LaFontaine, K	UUT Refund	94.26
LaFontaine, R	UUT Refund	72.96
Longoria	UUT Refund	81.61
Manzanares	UUT Refund	72.16
Mar	UUT Refund	84.00
May, K	UUT Refund	116.15
Miller, J	UUT Refund	150.13
Overmyer	UUT Refund	78.16
Perkins Gamill	UUT Refund	117.83
Perry, S	UUT Refund	98.82
Peterson, D	UUT Refund	100.98
POA	UUT Refund-	1,183.63
	UUT Refund-	89.42
	UUT Refund-	139.34
	UUT Refund-	506.04
	UUT Refund-	57.11
	UUT Refund-	400.58
	UUT Refund-	653.18
	UUT Refund-	178.32

City of Canyon Lake
Invoices Selected for Payment - COUNCIL CHECK REPORT

Vendor ID	Invoice Description	Cash Required
	UUT Refund-	177.66
	UUT Refund-	3,268.03
	UUT Refund-	86.59
	UUT Refund-	6,588.40
	UUT Refund-	24.82
	UUT Refund-	1,141.12
	UUT Refund-	139.65
	UUT Refund-	833.53
	UUT Refund-	1,192.95
	UUT Refund-	114.88
	UUT Refund-	575.40
	UUT Refund-	95.87
	UUT Refund-	169.04
	UUT Refund-	19,260.15
Schloss	UUT Refund	11.35
Solano MartinezB	UUT Refund	115.90
Steele	UUT Refund	89.40
Stone	UUT Refund	149.83
Stovall, R	UUT Refund	87.10
Watkins	UUT Refund	110.38
Whitt	UUT Refund	83.58
WilderP	UUT Refund	78.80
Williams, A	UUT Refund	12.00
woempner	UUT Refund	23.63
Woempner, J	UUT Refund	108.08
Report Total		41,055.28

City of Canyon Lake
 Check/Voucher Register - Checks Prior Month
 From 5/1/2026 Through 5/31/2026

Check Number	Vendor Name	Effective Date	Check Amount
EFT 1863	Aflac	5/4/2026	648.22
EFT 1864	Charter Communications	5/4/2026	294.47
EFT 1865	Standard Insurance Company	5/4/2026	147.60
EFT 1866	Standard Insurance Company	5/4/2026	31.89
EFT 1867	Standard Insurance Company	5/4/2026	160.43
EFT 1868	Standard Insurance Company	5/4/2026	9.30
EFT 1869	Standard Insurance Company	5/4/2026	27.90
EFT 1870	Standard Insurance Company	5/4/2026	139.31
EFT 1871	Standard Insurance Company	5/4/2026	311.10
EFT 1872	Standard Insurance Company	5/4/2026	9.30
EFT 1873	SOUTHERN CALIFORNIA EDISON	5/4/2026	1,589.57
EFT 1874	SOUTHERN CALIFORNIA EDISON	5/4/2026	620.53
EFT 1875	SOUTHERN CALIFORNIA EDISON	5/4/2026	295.37
EFT 1876	SOUTHERN CALIFORNIA EDISON	5/4/2026	275.44
EFT 1877	SOUTHERN CALIFORNIA EDISON	5/4/2026	17.33
EFT 1878	SOUTHERN CALIFORNIA EDISON	5/4/2026	695.48
EFT 1879	SOUTHERN CALIFORNIA EDISON	5/4/2026	135.95
EFT 1880	Cintas	5/4/2026	57.37
EFT 1881	Cintas	5/7/2026	57.37
EFT 1882	Cintas	5/7/2026	57.37
EFT 1883	Pitney Bowes Bank Inc. Purchase Power	5/7/2026	200.00
EFT 1884	SC Fuels	5/11/2026	832.30
EFT 1885	SC Fuels	5/11/2026	100.04
EFT 1886	Cintas	5/14/2026	57.37
EFT 1887	Amazon Capital Services	5/14/2026	1,360.66
EFT 1888	SOUTHERN CALIFORNIA EDISON	5/14/2026	702.34
EFT 1889	The Gas Company	5/14/2026	6.17
EFT 1890	The Gas Company	5/14/2026	47.81
EFT 1891	Toshiba America Business Solutions	5/15/2026	593.95
EFT 1892	Toshiba America Business Solutions	5/15/2026	96.81
EFT 1893	Charter Communications	5/18/2026	6.33
EFT 1894	Elan	5/18/2026	14,702.12
EFT 1895	Bankcard Center	5/19/2026	8.19
EFT 1896	Bankcard Center	5/19/2026	558.22
EFT 1897	Bankcard Center	5/19/2026	358.56
EFT 1898	ELSINORE VALLEY MUNI WATER DIS	5/20/2026	122.16
EFT 1899	ELSINORE VALLEY MUNI WATER DIS	5/20/2026	105.96
EFT 1900	ELSINORE VALLEY MUNI WATER DIS	5/20/2026	271.36
EFT 1901	ELSINORE VALLEY MUNI WATER DIS	5/20/2026	1,329.01
EFT 1902	ELSINORE VALLEY MUNI WATER DIS	5/20/2026	303.90
EFT 1903	SC Fuels	5/20/2026	570.13
EFT 1904	SC Fuels	5/20/2026	225.28
EFT 1905	Charter Communications	5/27/2026	391.33
EFT 1906	CR&R	5/27/2026	62.91
EFT 1907	CR&R	5/27/2026	223.18
EFT 1908	Toshiba Financial Services	5/27/2026	742.04
EFT 1909	Toshiba Financial Services	5/27/2026	120.83
Report Total			29,680.26



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Brianna Hemsley, Executive Assistant to the City Manager

DATE: 06/10/2026

SUBJECT: Approval of City Council Meeting Minutes

Recommendation:

Approve the minutes of the May 13, 2026, City Council meeting.

Background/Analysis:

Minutes of City Council meetings are prepared by the City Clerk to serve as the official record of City Council actions. City Council approval of the minutes ensures the accuracy of the record before they are entered into the City's permanent archives.

Fiscal Impact Yes/No: No

Attachments:

1 - 5-13-2026 Minutes

**MINUTES
REGULAR MEETING OF THE
CANYON LAKE CITY COUNCIL
Canyon Lake City Hall
31516 Railroad Canyon Road
Canyon Lake, CA 92587
Wednesday, May 13, 2026**

Closed Session - 5:30 p.m.

CALL TO ORDER

Mayor Smith called the meeting to order at 5:30 p.m.

ROLL CALL

Present: Mayor Pro Tem Castillo, Council Member Steeber, Council Member Terry, Council Member Welty and Mayor Smith.

Absent: None.

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: Number of Cases (3)

The City Council entered Closed Session at 5:30 p.m.

Open Session - 6:30 p.m.

INVOCATION

The Invocation was led by Larry Smith.

FLAG SALUTE

Mayor Smith's daughters, Kennedy and Reagan, led the Flag Salute.

CALL TO ORDER

Mayor Smith called the meeting to order at 6:30 p.m.

ROLL CALL

Present: Mayor Pro Tem Castillo; Council Member Steeber; Council Member Terry; Council Member Welty; Mayor Smith

Absent: None

CLOSED SESSION REPORT

City Attorney Pacifico reported that there was no reportable action.

CEREMONIAL MATTERS

Mayor Pro Tem Castillo and Council Member Steeber presented a certificate to the 2026 Essay Scholarship winner Carissa Ronchetti.

Deputy Chief Andrew Elia administered the Oath of Office to Chief Rayls, officially swearing him in as the City of Canyon Lake's Chief of Police.

At 7:01 p.m., Mayor Smith called a recess.

CONSENT CALENDAR

Motion by Mayor Pro Tem Castillo, second by Council Member Terry to approve Consent Calendar Items 1-8.

AYE: Mayor Pro Tem Castillo, Council Member Steeber, Council Member Terry, Council Member Welty, Mayor Smith

5 - 0 Carried - Unanimously

1. Approve Claims and Demands of the City

Action taken: The City Council adopted Resolution No. 2026-19 Approving Claims and Demands of the City.

2. Approval of City Council Meeting Minutes

Action taken: The City Council approved the minutes of the April 14 and April 28, 2026, City Council meeting.

3. Second Reading and Adoption of Ordinance No. 274 - An Ordinance Of The City Council of the City of Canyon Lake, California, Repealing Ordinance No. 252 and Adding Chapter 3.48 (Transportation Uniform Mitigation Fee Program) to Title 3 (Revenue and Finance) of the Canyon Lake Municipal Code Relating to the Western Riverside County Transportation Uniform Mitigation Fee Program and Establishing Annual Construction Cost Index Adjustments

Action taken: The City Council adopted Ordinance No. 274 - An Ordinance Of The City Council of the City of Canyon Lake, California, Repealing Ordinance No. 252 and Adding Chapter 3.48 (Transportation Uniform Mitigation Fee Program) to Title 3 (Revenue and Finance) of the Canyon Lake Municipal Code Relating to the Western Riverside County Transportation Uniform Mitigation Fee Program and Establishing Annual Construction Cost Index Adjustments.

4. Second Reading and Adoption of Ordinance No. 275 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Chapter 11.25 (Special Events) of the Canyon Lake Municipal Code to Clarify Special Event Permit Requirements and Exemptions; and Adoption of a Resolution Eliminating Certain Permit Fees

Action taken: The City Council adopted Ordinance No. 275 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Chapter 11.25 (Special Events) of the Canyon Lake Municipal Code to Clarify Special Event Permit Requirements and Exemptions; and Adoption of a Resolution Eliminating Certain Permit Fees.

5. Second Reading and Adoption of Ordinance No. 277 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Section 9.25.050 of the Canyon Lake Municipal Code to Add Subsection 9.25.050(b)(4), Authorizing a Business Otherwise Eligible for a Monument Sign to Erect a Second Wall Sign in Lieu of Such Monument Sign

Action taken: The City Council adopted Ordinance No. 277 - An Ordinance of the City Council of the City of Canyon Lake, California, Amending Section 9.25.050 of the Canyon Lake Municipal Code to Add Subsection 9.25.050(b)(4), Authorizing a Business Otherwise Eligible for a Monument Sign to Erect a Second Wall Sign in Lieu of Such Monument Sign.

6. Receive and File the Quarterly Investment Report for the Period Ending March 31, 2026

Action taken: The City Council received and filed the Quarterly Investment Report for the Period ending March 31, 2026.

7. Adopt a Resolution Approving CPI and Pass-Through Adjustments to Solid Waste Rates Consistent with Government Code Section 53756

Action taken: The City Council adopted Resolution No. 2026-20 approving CPI and pass-through adjustments to solid waste rates consistent with Government Code Section 53756.

8. Consideration of a 10-Year Agreement with AXON Enterprises, Inc. for Police Department Equipment

Action taken: The City Council approved a 10-Year Agreement with AXON Enterprises, Inc. for Police Department Equipment.

PULLED CONSENT CALENDAR ITEMS

None.

PRESENTATIONS

Mayor Smith provided an update on behalf of the Elsinore Valley Municipal Water District.

Board Director Jeff Bill provided an update on behalf of the Canyon Lake Property Owner's Association.

President Johnny Pineda and Vice President/Director of Events Rick Tobin provided an update on behalf of the Canyon Lake Chamber of Commerce.

Council Member Terry introduced the non-profit spotlight on behalf of Options for Autism.

PUBLIC COMMENT

Ron Peria spoke on behalf of Lake Elsinore Unified School District regarding the District's Portrait of a Graduate initiative.

Renee Griffiths commented on the March 11 and March 14 meeting minutes.

Tim O'Marra provided information on a proposed citizen initiative for a one percent sales tax dedicated to public safety.

Following public comment, Mayor Smith requested that Item 11, regarding the Proposed Budget, be heard at this time.

11. Consideration of Adoption of the Fiscal Year 2026-2027 Budget and Related Actions

City Manager Brown provided a presentation.

City Attorney Pacifico spoke on public record request history and noted that the City Clerk and the City Manager are available to assist residents in focusing their requests.

Renee Griffiths commented on public records requests and related legal costs.

Conversations ensued among Council Members and staff regarding the FY 2026–27 Budget, staff workload, public records requests, ongoing City projects, and the City's commitment to transparency. Council Members acknowledged staff's efforts and accomplishments in advancing City initiatives.

Motion by Mayor Smith, second by Council Member Terry to (1) Adopt Resolution No. 2026-23, approving the budget, appropriating revenue and establishing the appropriations limit for Fiscal Year 2026-2027; (2) adopt Resolution No. 2026-24 and Resolution No. 2026-25 approving Updated Salary and Wage Schedules for Non-Safety and Safety Employees; (3) approve job descriptions for the Assistant City Manager, Administrative Assistant, Facilities Maintenance and Building Inspector and Records Clerk; (4) authorize the City Manager to execute contracts per the budget and Municipal Code; and (5) approve a new fund for the Public, Educational, and Government Access (PEG) funds.

AYE: Mayor Pro Tem Castillo, Council Member Steeber, Council Member Terry, Council Member Welty, Mayor Smith

5 - 0 Carried - Unanimously

PUBLIC HEARINGS

9. Consideration of a Resolution Adopting a Fee Schedule for Law Enforcement Services

Mayor Smith opened the public hearing at 8:19 p.m.

City Manager Brown provided a presentation.

There was no public testimony.

Mayor Smith closed the public hearing at 8:21 p.m.

Motion by Mayor Pro Tem Castilo, second by Council Member Welty to adopt Resolution No. 2026-21 establishing a fee schedule for law enforcement services.

AYE: Mayor Pro Tem Castillo, Council Member Steeber, Council Member Terry, Council Member Welty, Mayor Smith

5 - 0 Carried - Unanimously

10. Adoption of a Resolution Establishing a Technology User Fee of 8% Applied to Applicable Fee-Based Services Based on the Technology User Fee Study Prepared by Willdan Financial Services, to Partially Recover Costs of Citywide Technology Infrastructure and Services.

Mayor Smith opened the public hearing at 8:22 p.m.

City Manager Brown and Community Development Manager Manzano provided a presentation.

There was no public testimony.

Mayor Smith closed the public hearing at 8:27 p.m.

Motion by Mayor Pro Tem Castilo, second by Council Member Welty to adopt Resolution No. 2026-22, establishing a Technology User Fee of 8% applied to applicable fee-based services to partially recover the City's cost of providing citywide technology infrastructure, systems, and support services.

AYE: Mayor Pro Tem Castillo, Council Member Steeber, Council Member Terry, Council Member Welty, Mayor Smith

5 - 0 Carried - Unanimously

BUSINESS ITEMS

- 12. Consideration of a Remote Participation and Technology Disruption Policy Pursuant to Senate Bill 707 (Government Code § 54953.4)

City Attorney Pacifico provided a presentation.

There were no public comments.

Motion by Mayor Smith, second by Council Member Steeber to Adopt Resolution No. 2026-26 approving the SB 707 Remote Participation and Technology Disruption Policy.

AYE: Mayor Pro Tem Castillo, Council Member Steeber, Council Member Terry, Council Member Welty, Mayor Smith

5 - 0 Carried - Unanimously

CITY MANAGER COMMENTS

City Manager Brown thanked the City Council and City staff for their work, noting their ability to serve in multiple roles, and commented that approval of the budget would allow the City to continue operating efficiently.

CITY COUNCIL AND COMMITTEE REPORTS / COMMENTS

Comments were not provided by City Council and the item was continued to the next City Council meeting.

ANNOUNCEMENTS

The next regular City Council meeting will be held on June 10, 2026.

ADJOURNMENT

At 8:35 p.m., Mayor Smith adjourned the meeting.

Respectfully submitted,

Sheryl L. Garcia, MMC, CPM
City Clerk



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Brianna Hemsley, Executive Assistant to the City Manager

DATE: 06/10/2026

SUBJECT: Receive and File the Monthly Public Records Request Report

Recommendation:

Receive and file the monthly Public Records Request Report.

Background/Analysis:

As part of the City's ongoing commitment to transparency, staff is providing a report of public records requests received between May 1, 2026, and June 2, 2026. The report identifies the requestor, the date each request was received, and the records requested. The report is intended to keep the City Council informed of public records request activity and the scope of requests received.

Fiscal Impact Yes/No: No

Attachments:

1 - Record Requests

Original Request	Request Date	Requester Name
Good afternoon, I'm requesting records for inspections and final completion for the removal and replacement of a block retaining wall located at: 22865 Compass Drive Canyon Lake, CA 92587 April - June 2016 Permit # 16130	06/02/2026 12:19:13 PM	Victor E Allen
To Whom It May Concern: Please provide the following specific records related to transportation services provided for or in connection with any lifeguard program, youth program, or community program: 1. For the years 2022 and 2023 — relating to Empire Transportation, or any entity operating under, affiliated with, or doing business as Empire Transportation: • Any contract or agreement for transportation services • Any purchase order authorizing transportation services • Any invoice submitted for transportation services • A copy of the warrant or check issued as payment, showing the payee, amount, date, and authorizing signature 2. For the year 2024 — relating to Pro Park, or any entity operating under, affiliated with, or doing business as Pro Park: • Any contract or agreement for transportation services • Any purchase order authorizing transportation services • Any invoice submitted for transportation services • A copy of the warrant or check issued as payment, showing the payee, amount, date, and authorizing signature Note: A prior public records request submitted by another member of the public for Pro Park invoices received a response of "no responsive records." I am requesting all records relating to this payment regardless of how they are filed, categorized, or identified in the City's records system. 3. For the year 2025 — relating to the Elsinore Valley Unified School District, or any variation of that name: • Any contract or agreement for transportation services • Any purchase order authorizing transportation services • Any invoice submitted for transportation services • A copy of the warrant or check issued as payment, showing the payee, amount, date, and authorizing signature 4. For the years 2022 through 2025 — relating to the CLEAR Foundation, or any entity operating under, affiliated with, or doing business as the CLEAR Foundation: • Any contract, agreement, memorandum of understanding, or purchase order relating to transportation services or any lifeguard program, youth program, or community program • Any invoice submitted by or on behalf of the CLEAR Foundation relating to transportation services If any records are withheld in whole or in part, please identify each withheld record and cite the specific statutory exemption claimed. Thank you.	06/02/2026 08:48:39 AM	Renee Griffiths
Dear Records Custodian, The Data Branch is submitting a public records request for records pertaining to vendor procurement and purchasing activity. Scope of Request: All products from: Locality Media, MomentumIoT, Troon Golf LLC, Royal Truck, and Brandon Industries We aim to find records from 2022 to now that would reflect the pricing structure of any engagement with the above vendors. This may include subscription or licensing terms, implementation fees, and/or per-unit costs. We are looking for the following types of records: Contracts, service agreements, order forms Purchase orders relating to the above vendors RFP or solicitation documents Task orders issued against cooperative purchasing agreements Should any portion of the requested records be exempt from disclosure, please release the segregable non-exempt portions. For full transparency, this request is for commercial purposes. We will gladly adhere to any policies or procedures in place for public records requests, and are open to narrowing, clarifying, or modifying the request to make fulfillment easier on your end. Contact Information Email - foia@thedatabranch.com Phone - (302) 585-3132 Address - 1111B S Governors Ave STE, Dover, DE We appreciate your attention to this matter and look forward to your prompt response. Please confirm receipt of this request and provide an estimated date for the delivery of the requested records. Thank you for your cooperation. Sincerely, The Data Branch Research Team	06/02/2026 07:43:00 AM	Woo Park
SmartProcure is submitting a public records request to the City of Canyon Lake for all current employee/staff contact information. The request is limited to readily available records without physically copying, scanning, or printing paper documents. Any editable electronic document is acceptable. The specific information requested from your record-keeping system is: 1. First Name 2. Last Name 3. Position Title 4. Department 5. Direct Phone Number (if does not exist, list main phone number with extension) 6. Business Cell Phone (if provided by City of Canyon Lake) 7. Email Address 8. Office Address (Address, City, State, Zip)	06/02/2026 04:01:53 AM	Jomer Genite
I am requesting the following public records related to a vendor identified as "ProPark" that received payment from the City of Canyon Lake: 1. All W-9 forms on file for any vendor operating under the name "ProPark" or any variation thereof. 2. All contracts, agreements, purchase orders, or service agreements between the City of Canyon Lake and ProPark for the period of January 1, 2022 through the present. 3. All invoices submitted by ProPark to the City of Canyon Lake for the period of January 1, 2022 through the present. I request these records in electronic format where available. Please respond within ten calendar days as required by law.	05/21/2026 12:00:00 AM	
Dear City of Canyon Lake Clerk's Office, Good afternoon! Verizon has asked me to research the history of an existing wireless facility (monopole), and to obtain a copy of the CUP Resolution/Approval Document, which granted the entitlement. Please provide a copy of the Resolutions/Approval Letters, Conditions of Approval, Expiration Date for the Wireless Facility. Verizon is trying to determine how the facility was approved, what the conditions must be followed, and when the permit for the WCF expires. We also need to determine the process needed to renew the wireless facility. Verizon Site Info: Site Name: Cross Hill Facility type: Monopole APN: 353-202-020 Address: 22905 Gold Rush Place, Canyon Lake, CA 92587	05/22/2026 02:42:48 PM	Timothy Johnson
Can you please email me the Retainer Agreement the city currently has with Cole Huber, LLP. Also if there is a separate retainer with the firm's partner, Stephen Graham Pacifico, please send that to me as well. Thank you.	05/18/2026 12:00:00 AM	Renee Griffiths
I respectfully am requesting all permits and plans for the following land lots in Canyon Lake. APN: 351181003 APN: 351181004 Thank you!	05/18/2026 10:33:35 AM	Marsha Lowe

<p>Hello Mr. Brown, I am requesting the release of the text messages between Councilmember Dale Welty and Mayor Jeremy Smith on March 11, 2026, pertaining to the emergency ordinance. The text messages were not included in the City's response to my original Public Records Act request submitted on March 18, 2026. As a reminder, during the March 11 meeting Mayor Smith read a text message from absent Councilmember Welty into the record during deliberations of an urgency ordinance. The recording of the meeting establishes that the communication exists and should be part of the public record. Additionally, the City Attorney referred to the matter as "written communication" on the March 17 agenda, further confirming the existence of responsive records. If the City is unwilling or unable to produce these records, please provide a written explanation identifying the reason the records are being withheld or stating why the communications no longer exist. Thank you, Renee Griffiths</p>	<p>05/14/2026 12:00:00 AM</p>	<p>Renee Griffiths</p>
<p>Pursuant to the California Public Records Act (Cal. Gov. Code § 7920.000 et seq.), I am requesting copies of the following records related to Beck v. City of Canyon Lake, Riverside County Superior Court Case No. CVRI2202608 (and related appellate matter, Court of Appeal Case No. D083322): 1. All invoices, billing statements, and records of payment for attorneys' fees, costs, and expenses paid by the City (or by any insurer or third party on the City's behalf) to outside counsel retained to defend the City in this matter, from inception through the present. 2. All records of payments, settlements, judgments, or awards paid by the City (or on its behalf) to the plaintiff, Lawrence Beck. 3. All records of payments of attorneys' fees and costs paid by the City (or on its behalf) to plaintiff's counsel, Benink & Slavens, LLP, including any court-awarded fees and costs. I prefer to receive responsive records electronically at this email address. If any portion of this request is denied, please cite the specific exemption relied upon. If fees are anticipated to exceed \$25, please notify me before processing.</p>	<p>05/12/2026 12:00:00 AM</p>	<p>CLTellthewholetruth@outlook.com</p>
<p>To the Custodian of Records, Pursuant to the California Public Records Act (Government Code Section 7920 et seq.), I respectfully request copies of public records related to law enforcement services within the City of Canyon Lake and any analysis comparing contracted sheriff services versus creation of an in-house city police department. Requested records include, but are not limited to: • Current and prior contracts with the Riverside County Sheriff's Office • Annual law enforcement budgets for the past five fiscal years • Cost analyses, consultant reports, or feasibility studies regarding formation of an independent Canyon Lake police department • Staffing studies and personnel projections • Pension, retirement, and liability cost projections • Vehicle, dispatch, communications, equipment, and facilities cost estimates • Transition or startup cost estimates for a city-operated police department • City council agenda packets, presentations, minutes, and staff reports discussing law enforcement service options • Any memoranda, emails, or reports discussing financial comparisons between sheriff contract services and an independent police department I request that responsive records be provided electronically whenever possible. If any portion of this request is denied, please identify the specific legal basis for the denial and provide all segregable non-exempt portions of responsive records. Please confirm receipt of this request and advise of any anticipated costs prior to processing.</p>	<p>05/13/2026 11:08:07 AM</p>	<p>Michael sem</p>
<p>Hello City of Canyon Lake, Please provide all complaints, violations, reports, notice orders, inspection reports and hearing records for the property located at: 23410 Continental Way, Canyon Lake, 92587 for the period of APRIL 2025 to Current. Thank you in advance for your help with this request.</p>	<p>05/12/2026 03:31:55 PM</p>	<p>Kathy Mendez</p>

<p>Pursuant to the California Public Records Act (Gov. Code § 7920.000 et seq.), I request copies of the following records. This request relates to Item No. 11 on the May 13, 2026 City Council agenda. Unless otherwise stated, the time period covered is October 1, 2024 through the date this request is fulfilled. This request seeks records concerning the City's vendor, advertising, sponsorship, and editorial-influence relationship, if any, with Donna Ritchie or any publication, business, or entity she owns, operates, edits, contributes to, or is associated with. This request is not directed at Ms. Ritchie's communications as a private citizen, and the "private citizen" status of any individual does not, on its own, exempt records that relate to the conduct of the public's business (Gov. Code § 7920.530; City of San Jose v. Superior Court (2017) 2 Cal.5th 608). Records Requested • All communications between any City employee, contractor, or Council member and Donna Ritchie (or any publication, business, or entity she owns, operates, edits, contributes to, or is associated with) in which a City employee, contractor, or Council member discussed, requested, suggested, pitched, edited, reviewed, approved, declined, delayed, or otherwise sought to influence the content, framing, headline, tone, timing, placement, or publication (or non-publication) of any article, story, post, advertisement, sponsored content, op-ed, editorial, social media post, newsletter item, or other published or to-be-published material, whether the material concerned the City, its officials, its operations, its policies, its critics, its PRA requesters, or any other subject. This includes communications on personal devices and personal accounts used for City business per City of San Jose v. Superior Court (2017) 2 Cal.5th 608. • All internal City communications (between or among City employees, contractors, or Council members) referring to Donna Ritchie or any publication, business, or entity she owns, operates, edits, contributes to, or is associated with, to the extent those communications concern: (a) any actual or proposed payment, advertising buy, sponsorship, contract, or other financial transaction; (b) any actual or proposed coverage, story, article, post, or other published material; or (c) any request, suggestion, or discussion regarding the content, framing, or timing of published material. Internal communications limited solely to personal or social matters unrelated to City business are not sought. • All records of payments, advertising purchases, sponsorship agreements, invoices, contracts, purchase orders, check registers, vendor files, 1099s, expense reimbursements, credit card statements showing line items, or any other financial transaction between the City (or any City employee or contractor acting in their official capacity) and Donna Ritchie or any publication, business, or entity she owns, operates, edits, contributes to, or is associated with, from October 1, 2024 through the date of response. Format Please provide records in their native electronic format where possible (Excel, CSV, PDF, etc.). Where the City already maintains a structured log or spreadsheet, please produce it in its original format rather than as a printout. Preservation Please treat this as a formal request to preserve all responsive records, including those on personal devices and personal accounts used for City business per City of San Jose v. Superior Court (2017) 2 Cal.5th 608, and to suspend any auto-deletion settings that could result in destruction of responsive records. Fee Waiver I request a waiver of any applicable fees. The public-interest test is essentially conceded here: the City itself placed this matter before the Council in a public session on May 13, 2026, used 27 specific PRA requests as the evidentiary basis for a funding and staffing discussion, and attached those requests in full to the public agenda packet. The records sought here are necessary to evaluate, in context, the cost figures and conclusions the City put before the Council and the public. The request is non-commercial. If a waiver is denied, please notify me of any cost in advance. If any portion of this request is unclear or you'd like to discuss narrowing it for a quicker response, please contact me before issuing a denial. Please confirm receipt. Thank you. CLTellthewholetruth@outlook.com</p>	<p>05/12/2026 12:00:00 AM</p>	<p>CLTellthewholetruth@outlook.com</p>
<p>Pursuant to the California Public Records Act (Gov. Code § 7920.000 et seq.), I request copies of the following records. This request relates to Item No. 11 on the May 13, 2026 City Council agenda. Unless otherwise stated, the time period covered is October 1, 2024 through the date this request is fulfilled. The City has already established the applicable disclosure standard. On May 13, 2026, the City voluntarily published 27 PRA requests in full, with request numbers, dates, and complete request text as part of the public agenda packet for Item No. 11, and used those requests as the evidentiary basis for a public funding and staffing discussion before the City Council. By doing so, the City treated PRA request content as a disclosable public record and set the redaction floor it deems appropriate. Consistent with that conduct, and with the CPRA's prohibition on selective disclosure, responsive records here should be produced at the same level of detail the City applied on May 13, with redactions limited to the same categories of personal identifying information the City itself withheld. Because the May 13, 2026 staff report attributes 87 hours of City Attorney time to PRA work, this request seeks any policy that governs when a PRA request is routed to the City Attorney. Records Requested • Any City policy, written or otherwise, on when a PRA request is reviewed by or routed to the City Attorney's office versus handled by City staff alone. Preservation Please treat this as a formal request to preserve all responsive records, including those on personal devices and personal accounts used for City business per City of San Jose v. Superior Court (2017) 2 Cal.5th 608, and to suspend any auto-deletion settings that could result in destruction of responsive records. Fee Waiver I request a waiver of any applicable fees. The public-interest test is essentially conceded here: the City itself placed this matter before the Council in a public session on May 13, 2026, used 27 specific PRA requests as the evidentiary basis for a funding and staffing discussion, and attached those requests in full to the public agenda packet. The records sought here are necessary to evaluate, in context, the cost figures and conclusions the City put before the Council and the public. The request is non-commercial. If a waiver is denied, please notify me of any cost in advance. If any portion of this request is unclear or you'd like to discuss narrowing it for a quicker response, please contact me before issuing a denial. Please confirm receipt. Thank you. CLtellthewholetruth2@outlook.com</p>	<p>05/11/2026 12:00:00 AM</p>	<p>CLTellthewholetruth@outlook.com</p>
<p>Request for the name of the person who has put in 27 public records requests which are attached to the May 13, 2026, city council agenda</p>	<p>05/07/2026 12:00:00 AM</p>	<p>Chris Papavero</p>

<p>Pursuant to the California Public Records Act (Gov. Code § 7920.000 et seq.), I request copies of the following records. This request relates to Item No. 11 on the May 13, 2026 City Council agenda. Unless otherwise stated, the time period covered is October 1, 2024 through the date this request is fulfilled. The City has already established the applicable disclosure standard. On May 13, 2026, the City voluntarily published 27 PRA requests in full, with request numbers, dates, and complete request text as part of the public agenda packet for Item No. 11, and used those requests as the evidentiary basis for a public funding and staffing discussion before the City Council. By doing so, the City treated PRA request content as a disclosable public record and set the redaction floor it deems appropriate. Consistent with that conduct, and with the CPRA's prohibition on selective disclosure, responsive records here should be produced at the same level of detail the City applied on May 13, with redactions limited to the same categories of personal identifying information the City itself withheld. PRA Request Log Item No. 11 itemizes 27 PRA requests from a single redacted requester and attributes \$41,089.50 in cost to those requests, but does not provide any comparison to overall PRA workload during the same period. This request seeks the underlying log so the cost figures can be evaluated in context. Records Requested</p> <ul style="list-style-type: none"> The City's full PRA request log for the period October 1, 2024 through the date this request is fulfilled, including for each request: request number, date received, date closed, full request text (with personal identifying information redacted on the same basis the City applied to the requester whose requests were attached to the May 13, 2026 agenda), department(s) responsible, staff hours expended, City Attorney hours expended, and total cost attributed to the request. Format and Redactions Please provide records in their native electronic format where possible (Excel, CSV, PDF, etc.). Where the City already maintains a structured log or spreadsheet, please produce it in its original format rather than as a printout. As to redactions: the City established the governing standard on May 13, 2026 when it published 27 PRA requests in full as part of the agenda packet for Item No. 11. Whatever categories of information the City chose to redact from those published requests is the redaction floor for this response; whatever categories the City chose not to redact (including request numbers, dates, and request text) are, by the City's own conduct, not exempt from disclosure. Selective redaction, protecting some requesters' identities or request content while disclosing others', is inconsistent with that standard and with the CPRA, and is not appropriate here. Preservation Please treat this as a formal request to preserve all responsive records, including those on personal devices and personal accounts used for City business per City of San Jose v. Superior Court (2017) 2 Cal.5th 608, and to suspend any auto-deletion settings that could result in destruction of responsive records. Fee Waiver I request a waiver of any applicable fees. The public-interest test is essentially conceded here: the City itself placed this matter before the Council in a public session on May 13, 2026, used 27 specific PRA requests as the evidentiary basis for a funding and staffing discussion, and attached those requests in full to the public agenda packet. The records sought here are necessary to evaluate, in context, the cost figures and conclusions the City put before the Council and the public. The request is non-commercial. If a waiver is denied, please notify me of any cost in advance. If any portion of this request is unclear or you'd like to discuss narrowing it for a quicker response, please contact me before issuing a denial. Please confirm receipt. Thank you. Thank you. CLTellthewholetruth@outlook.com 	<p>05/11/2026 12:00:00 AM</p>	<p>CLTellthewholetruth@outlook.com</p>
<p>Business Item 11 on the agenda for the May 13 city council meeting includes numerous public information requests from a single person. This person's name is redacted on the requests. I am requesting the name of the person who is redacted. Thank you.</p>	<p>05/08/2026 03:10:59 AM</p>	<p>Donna Ritchie</p>



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Brianna Hemsley, Executive Assistant to the City Manager

DATE: 06/10/2026

SUBJECT: Receive and File the Budget in Brief for the FY 2026–27 Budget

Recommendation:

Receive and File the Budget in Brief Prepared in Accordance with the Government Finance Officers Association Distinguished Budget Presentation Award Submission Criteria for the FY 2026–27 Budget.

Background/Analysis:

The Government Finance Officers Association (“GFOA”) Distinguished Budget Presentation Award Program recognizes local governments that prepare budget documents that effectively communicate financial information, organizational priorities, and budgetary decisions to the public.

The City of Canyon Lake received its first Distinguished Budget Presentation Award from the GFOA for its FY 2025-26 budget submission, recognizing the City’s commitment to transparency, financial planning, and public communication.

As part of the GFOA award criteria, governments are encouraged to provide supplemental budget communication materials, including a Budget in Brief document, to present key budget information in a concise and accessible format for the public. The FY 2026-27 Budget in Brief was prepared to summarize major information contained within the City’s adopted budget, including revenues, expenditures, demographics, and organizational priorities for the upcoming fiscal year.

To further the City’s commitment to transparency and public access to financial information, the Budget in Brief was created to present key budget information in a condensed and easy-to-understand format for the community and will be made available to the public on the City’s website. The document was developed in accordance with applicable GFOA submission guidance and is intended to support the City’s FY 2026-27 Distinguished Budget Presentation Award submission.

Fiscal Impact Yes/No: No

Attachments:

1 - Attachment

Budget in Brief

*Fiscal Year
2026–2027*

Community Overview and Demographics



\$
MEDIAN HOUSEHOLD INCOME

\$126,926

PERSON
TOTAL POPULATION

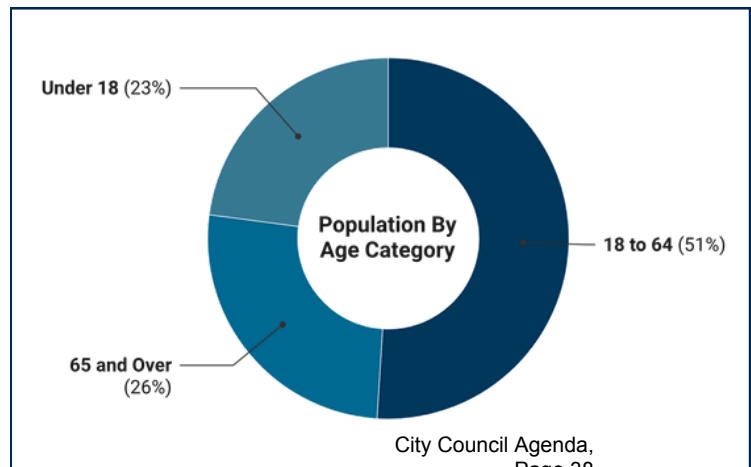
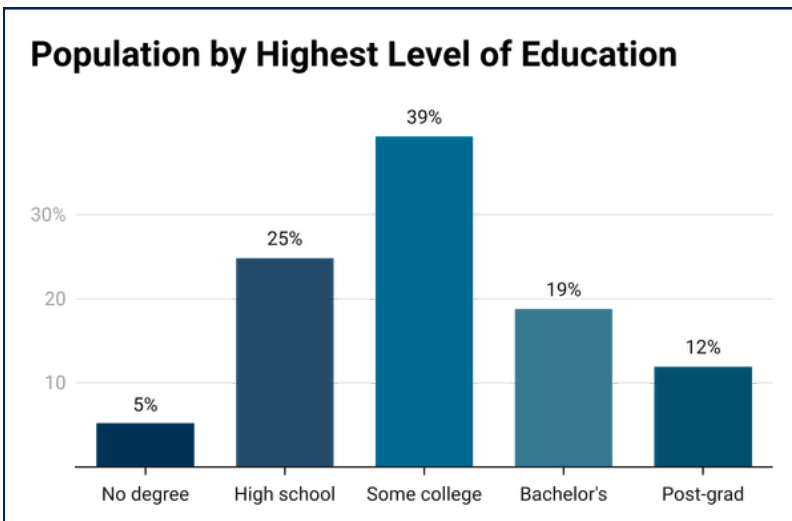
11,113

HOUSE
NUMBER OF HOUSEHOLDS

4,105

CANYON LAKE AT A GLANCE:

The City of Canyon Lake is a gated, master-planned community of approximately 11,000 residents in Riverside County, centered around a 500-acre recreational reservoir. Primarily residential with strong homeownership and higher-than-average household incomes, the City offers a high quality of life driven by local businesses, tourism, and its unique lake-centered lifestyle, while benefiting from access to major Southern California employment, education, and entertainment hubs.



REVENUE SOURCES BY FUND

1

GENERAL FUND

The City's main operating fund; used to support day-to-day services such as police, fire, administration, and public works.

2

GAS TAX

Used for street maintenance and roadway repairs; funded by gas and vehicle fuel taxes.

3

MEASURE A

A voter-approved Riverside County sales tax fund used for local street and transportation improvements.

4

AQMD

Supported by vehicle registration fees used for air quality, environmental, and vehicle-related improvement projects.

5

LAW ENFORCEMENT GRANTS

State grant funding used to support local law enforcement services and programs.

6

ENTERPRISE FUND

Used for City services and properties that operate like a business, with revenues supporting their operations and maintenance.

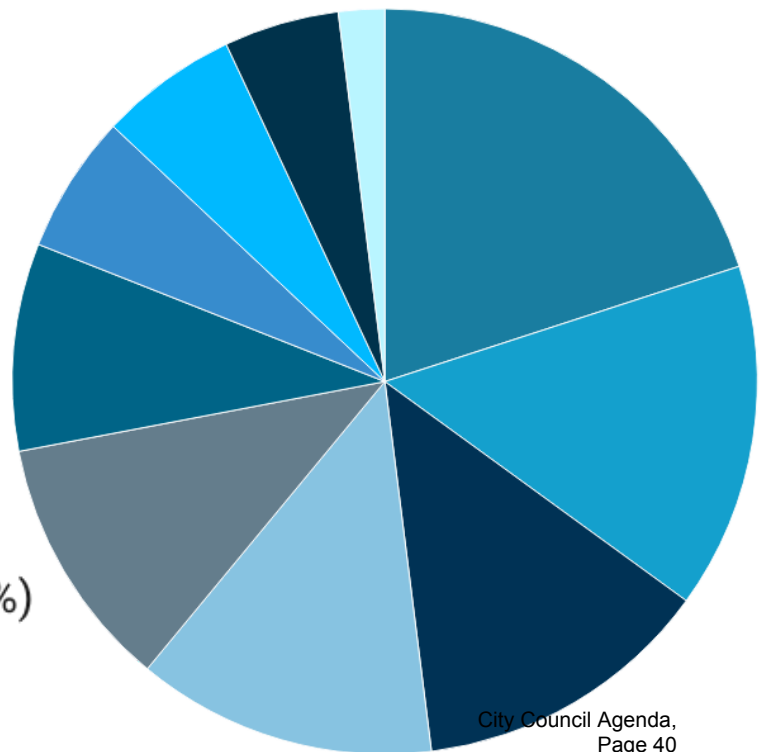
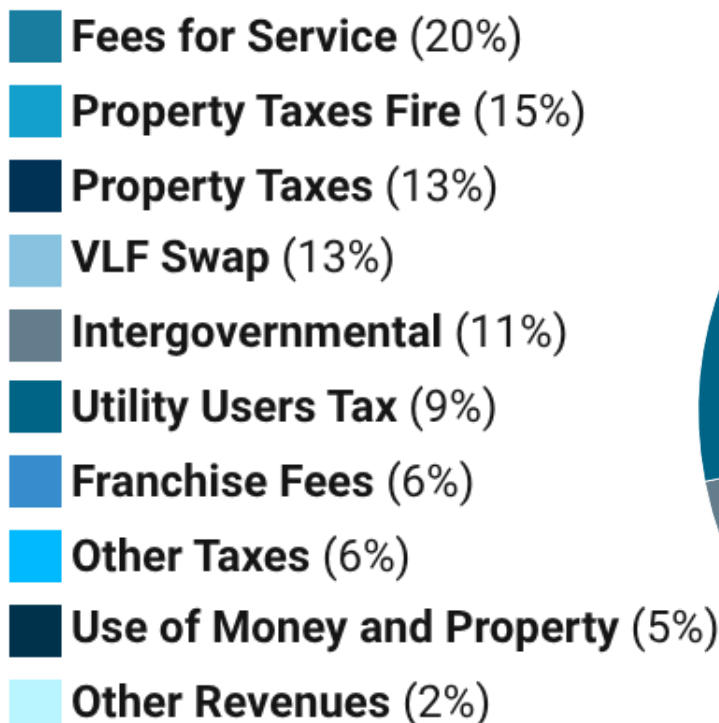
REVENUE SOURCES BY TYPE

How is the City Funded?

Revenues are the funds the City receives to support services and operations. These revenues are projected using economic trends and current financial performance.

Some revenues, such as property tax and sales tax, may be used for general City operations. Other revenues, such as Gas Tax and grants, are legally restricted and may only be used for specific purposes.

FY 2026–2027 REVENUES

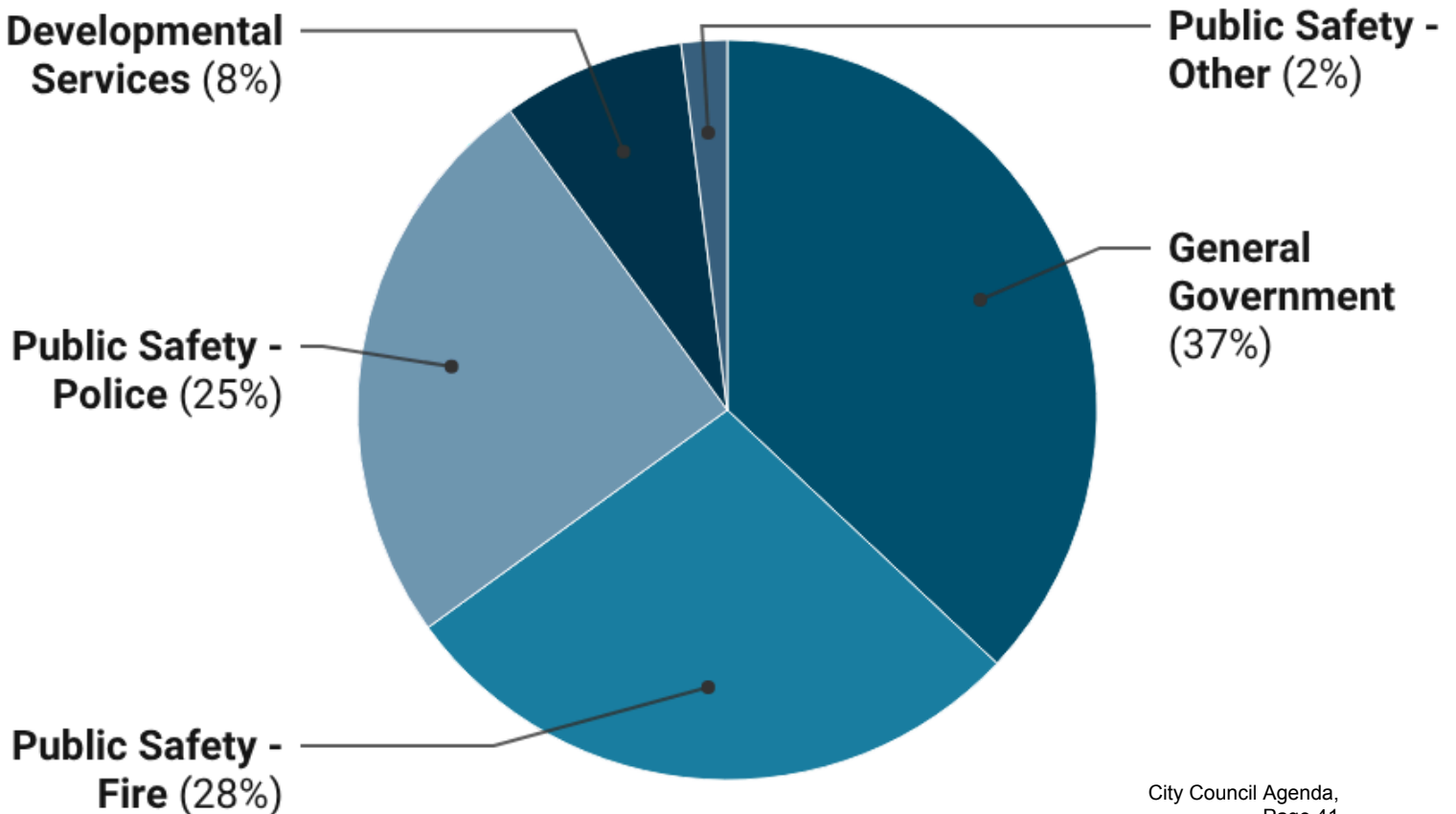


GENERAL FUND EXPENDITURES

Funding the Services that Support Canyon Lake.

The City's General Fund expenditures serve as the financial plan that supports essential public services and day-to-day operations. Guided by the City Council's goals and community priorities, the budget also includes investments in programs, infrastructure, and service enhancements designed to improve services and benefit the Canyon Lake community.

FY 2026-2027 EXPENDITURES



CITY COUNCIL GOALS

PRIORITY GOALS

- Police Department Successful Launch.
- Analyze opportunities to expand community service offerings for residents and visitors.
- Analyze and explore multimodal transportation options to increase traffic to the Canyon Lake Towne Center.

PUBLIC SAFETY

- Create Public Safety Foundation (501(c)(3)) for police & fire support.
- Evaluate strategies to strengthen fire and emergency service sustainability, operational effectiveness, and service delivery.
- Develop community policing program.

REVENUE, TAX & FINANCIAL STRATEGY

- Assess existing revenue-generating programs.
- Evaluate opportunities to strengthen long-term revenue sources to support essential City services and infrastructure.

LAND USE, ECONOMIC DEVELOPMENT & REAL ESTATE

- Evaluate opportunities to strategically acquire, manage, and reinvest in City-owned properties to support economic development, maximize asset value, and strengthen the vitality of the Towne Center.



FY 2026–2027 BUDGET IN BRIEF

The City of Canyon Lake is committed to transparent and accessible communication about how public funds are used. Stay engaged with your City budget and financial planning

CITY COUNCIL

- Mayor.....Jeremy Smith
- Mayor Pro Tem.....Kasey Castillo
- Council Member.....Josh Steeber
- Council Member.....Mark Terry
- Council Member.....Dale Welty

EXECUTIVE MANAGEMENT TEAM

- City Manager.....Arron Brown
- City Attorney.....Steven Pacifico
- Assistant City Manager.....Sheryl Garcia
- Fire Chief.....Jeff LaTendresse
- Police Chief.....Jim Rayls
- Community Development Manager.....Ruby Manzano

CONTACT INFORMATION

Phone: (951) 244-2955
 Canyon Lake City Hall
 31516 Railroad Canyon Road



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, Administrative Services Director/City Clerk

DATE: 06/10/2026

SUBJECT: Consideration of a Resolution Calling the 2026 General Municipal Election, Requesting Consolidation with the County of Riverside and Adopting Candidate Statement Regulations

Recommendation:

Adopt Resolution No. 2026-28 calling for and giving notice of the City's November 3, 2026, General Municipal Election; requesting consolidation with the County of Riverside; requesting election administration services from the County; and adopting candidate statement regulations.

Background/Analysis:

The City's next General Municipal Election will be held on November 3, 2026, for the election of two City Council Members to full four-year terms.

State law requires the City Council to adopt certain resolutions and regulations necessary to conduct the election. The attached resolution calls for and gives notice of the election, requests consolidation with the County of Riverside, requests election administration services from the County, and adopts candidate statement regulations for the election.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

There is no fiscal impact associated with the adoption of the resolution. Funds in the amount of \$45,000.00 have been budgeted in the City's Fiscal Year 2026/2027 adopted budget, account 10-320-6610, toward the costs associated with the 2026 municipal election.

Attachments:

1 - Resolution

RESOLUTION NO. 2026-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA: (1) CALLING FOR AND GIVING NOTICE OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 3, 2026 FOR THE ELECTION OF CERTAIN OFFICERS; (2) REQUESTING CONSOLIDATION OF THE ELECTION WITH THE COUNTY OF RIVERSIDE WITH ANY AND ALL ELECTIONS HELD ON SUCH DATE; (3) REQUESTING THE COUNTY OF RIVERSIDE TO PROVIDE SPECIFIC ELECTION ADMINISTRATION SERVICES FOR SUCH ELECTION; AND (4) ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO CANDIDATE STATEMENTS

WHEREAS, under the provision of the laws relating to general law cities in the State of California, a general municipal election of the City of Canyon Lake (the “City”) shall be conducted on Tuesday, November 3, 2026, for the purpose of electing two (2) Members of the City Council for the full term of four years (“City’s Election”); and

WHEREAS, it is desirable that the City’s Election be consolidated with any and all elections to be administered by the County of Riverside Registrar of Voters (“County ROV”) on the same date and that the City have the same vote centers and vote center workers within the City for such election; and

WHEREAS, the City Council wishes for the County ROV to canvass the returns of the City’s Election; and

WHEREAS, the City seeks the provision of election services from the County ROV relating to the conduct of the City's Election; and

WHEREAS, the City Council approves the printing of the City’s Election information in the foreign languages requiring translation pursuant to the Voting Rights Act of 1965; and

WHEREAS, Elections Code section 13307 provides that the City may adopt regulations pertaining to the recovery of certain costs associated with the printing, handling, translation, and mailing of candidate statements as filed with the elections officer; and

WHEREAS, the City shall compensate the County ROV for all necessary expenses incurred by the County ROV in performing election services for the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Pursuant to the requirements of the laws of the State of California relating to General Law Cities, the City Council hereby calls and orders a general municipal election of the City of Canyon Lake to be conducted on Tuesday, November 3, 2026, for the purpose of electing two (2) Members of the City Council for the full term of four years.

- Section 2.** Pursuant to the requirements of Elections Code section 10403, it is respectfully requested that the Board of Supervisors of the County of Riverside consent and agree to the consolidation of the City's Election on Tuesday, November 3, 2026, with the County-administered election of the same date.
- Section 3.** In connection with the County ROV's administration of the City's Election, the City further requests that the County ROV be authorized and directed to: (a) review and verify absentee voter applications and signatures; (b) conduct registered voter verifications (including signature verifications) associated with the processing of any proposed ballot measure; (c) provide the City with the appropriate election precinct data, to the extent required; (d) make available to the City such election facilities, ballot casting equipment and assistance as may be necessary to conduct the election in compliance with state law and the Board of Supervisor's approval; (e) canvass the election returns; (f) print and supply ballots for the election; (g) mail the City's sample ballots, including ballot measure questions, arguments, rebuttals and impartial analysis; and (h) administer the City's Election in all respects as if it were part and parcel of any other County ROV administered election, implementing all such legally required or customarily employed measures and practices as may be necessary to conduct the election in a timely and legally compliant manner.
- Section 4.** The City shall reimburse the County ROV for necessary costs associated with the administration of the City's Election upon presentation to the City of a properly approved invoice.
- Section 5.** The ballots to be used at the City's Election shall be in the form and content as required by law or as directed by the County ROV to facilitate the consolidation of the City's Election with the County-administered election of the same date.
- Section 6.** That the vote centers for the election shall be open at such hours and on such days as determined by the County ROV provided that the opening and closure of voting sites is conducted in accordance with Sections 10242, 14212, and 14401 of the Elections Code of the State of California.
- Section 7.** Pursuant to Elections Code section 13307, each candidate for elective office to be voted for at the City's Election may elect to prepare a candidate statement which may include the name, age and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. Candidates shall utilize the County ROV's Candidate Statement Form and the format and style shall be in conformance with the County ROV's candidate statement guidelines. Candidate statements shall be filed in the office of the City Clerk/Elections Official at the time the candidate's nomination papers are filed and may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period. Candidate statements ***shall not*** include the following: (a) the party affiliation of the candidate; or (b) references to membership or activity in partisan political organizations.

Section 8. Foreign Language Policy:

(A) Pursuant to the Federal Voting Rights Act, candidate statements will be translated into all languages required by the County ROV. The County is required to translate candidate's statements into the following language: Spanish.

(B) The County ROV will print and mail separate voter information guides and candidate statements in non-English languages (as required by the Federal Voting Rights Act) to only those voters who are on the County voter file as having requested a voter information guide in that particular language. The County ROV will make the voter information guides and candidate statements in the required language available at all vote centers, on the County's website and in the Election Official's office.

Section 9. Payment:

(A) Translations.

1. The candidate shall be required to pay for the cost of translating the candidate statement into any required foreign language as specified in (A) and/or (B) of Section 8 above pursuant to Federal and/or State law.

2. The candidate shall be required to pay for the cost of translating the candidate statement into any foreign language that is not required as specified in (A) and/or (B) of Section 8 above, pursuant to Federal and/or State law, but is requested as an option by the candidate.

(B) Printing.

1. The candidate shall be required to pay for the cost of printing the candidate statement in English in the main voter pamphlet.

2. The candidate shall be required to pay for the cost of printing the candidate statement in a foreign language required in (A) of Section 8 above, in the main voter pamphlet.

3. The candidate shall be required to pay for the cost of printing the candidate statement in a foreign language requested by the candidate per (B) of Section 8 above, in the main voter pamphlet.

4. The candidate shall be required to pay for the cost of printing the candidate statement in a foreign language required by (A) of Section 8 above, in the facsimile voter pamphlet.

Section 10. The City Clerk/Elections Official, in consult with the County ROV, shall estimate the total cost of printing, handling, translating, and mailing the candidate statements filed pursuant to this section, including costs incurred as a result of complying with the Voting Rights Act of 1965 (as amended), and require each candidate filing a statement to pay in advance to the City of Canyon Lake his or her estimated pro rata share as a condition of having his or her statement included in the voter's pamphlet. The estimate is an approximation of the actual cost that varies from one election to another and may be significantly more or less than the estimate, depending on the actual number of candidates filing statements. Accordingly, the City Clerk/Elections Official is not bound by the estimate and shall bill the candidate for additional actual expenses or refund any excess paid depending on the final actual cost, which payment or refund shall be paid within 30 days of City's

receipt of final actual costs from the County ROV. In the event of underpayment, the candidate will be required to pay to the City the balance of the cost incurred. In the event of overpayment, the City shall refund to the candidate the excess amount paid.

Section 11. No candidate for any elected office of the City will be permitted to include additional materials in the voter information guide.

Section 12. The City Clerk/Elections Official shall provide each candidate, or candidate's representative, a copy of this Resolution at the time nominating petitions are issued.

Section 13. In the event of a tie vote (if any two or more persons receive an equal and the highest number of votes for an office) as certified by the County ROV, the City Council, in accordance with Election Code section 15651(a), shall set a date and time and place and summon the candidates who have received the tie votes to appear and will determine the tie by lot.

Section 14. In all particulars not recited in this Resolution, the City's Election shall be held and conducted as provided by law for holding municipal elections.

Section 15. Notice of the time and place of holding the City's Election is given and the City Clerk/Elections Official is authorized, instructed and directed to give further or additional notice of the City's Election, in time, form and manner as required by law.

Section 16. The City Clerk/Elections Official is hereby directed to forward a certified copy of this this Resolution to the County ROV.

Section 17. This Resolution shall apply to the City's general municipal election being held on November 3, 2026.

Section 18. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 19. The City Clerk shall certify to the adoption of this Resolution and the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Ruby Manzano, Community Development Manager

DATE: 06/10/2026

SUBJECT: Consideration of a Resolution Approving the List of Projects for Fiscal Year 2026-20267 Funded by SB 1: the Road Repair and Accountability Act of 2017

Recommendation:

Adopt Resolution No. 2026-29 approving the Fiscal Year 2026-2027 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.

Background/Analysis:

On April 28, 2017, the Governor signed Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, creating the Road Maintenance and Rehabilitation Account (RMRA) to address statewide transportation funding needs.

In order to receive RMRA funds each fiscal year, the City must submit to the California Transportation Commission a City Council-adopted project list, as required by Streets and Highways Code section 2034(a)(1). Staff evaluated eligible projects and recommends applying RMRA funding to the following:

- Railroad Canyon Road Resurfacing Project
- Active Transportation Plan (ATP)

Upon City Council adoption, staff will transmit the project list and resolution to the California Transportation Commission.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

The City of Canyon Lake is estimated to receive \$311,187 in RMRA funding through SB 1 for Fiscal Year 2026-2027. Approval of the resolution will not result in any additional impact to the City's General Fund.

Attachments:

1-Resolution

RESOLUTION NO. 2026-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2026-27 FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of the City of Canyon Lake (“City”) are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, the City of Canyon Lake must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (“RMRA”), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project’s completion, and the estimated useful life of the improvement; and

WHEREAS, the City, will receive an estimated \$311,187.00 in RMRA funding in Fiscal Year 2026-27 from SB 1; and

WHEREAS, this is the tenth year in which the City is receiving SB 1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

WHEREAS, City staff, together with input available through the public comment process, have identified transportation projects eligible for RMRA funding; and

WHEREAS, the City used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the communities priorities for transportation investment; and

WHEREAS, the funding from SB 1 will help the City maintain and rehabilitate roadways, and implement the city’s Local Road Safety Plan (LRSP) and add safety features and infrastructure throughout the City this year and similar projects into the future; and

WHEREAS, the 2023 California Statewide Local Streets and Roads Needs Assessment found that the City’s streets and roads are in a good condition and this revenue will help us increase the overall quality of our road system and over the next decade will bring our streets and roads into an excellent condition; and

WHEREAS, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and

using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The projects identified in Exhibit “A”, attached hereto and incorporated by reference, may utilize Fiscal Year 2026-27 RMRA revenues for their delivery. By relisting these projects in the adopted fiscal year resolution, the City reaffirms to the public and the State its intent to fund them with RMRA revenues.

Section 3. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 4. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor’s signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

EXHIBIT “A”

Project List

Fiscal Year 2026–27 Road Maintenance and Rehabilitation Account

Project Title	Project Description	Project Location	Estimated Schedule		Est. Useful Life (Years)	
			Start (MM/YY)	Completion (MM/YY)	Min	Max
Railroad Canyon Road Resurfacing Project	Resurface and rehabilitate the roadway along Railroad Canyon Road within the city limits to potentially include necessary mill and fill, digouts, and/or slurry	Along Railroad Canyon Road from .1 miles south of Skylink Drive to approx. 0.3 miles west of Goetz Road	10/26	04/27 (Based on the component being funded with RMRA funds)	8	15
Active Transportation Plan (ATP)	Complete an ATP plan to encourage the use of active modes of transportation within the City limits to improve safety and mobility for non-motorized users	Along Railroad Canyon Road from .1 miles south of Skylink Drive to approx. 0.3 miles west of Goetz Road	11/26	11/27 (Based on the component being funded with RMRA funds)	3	5



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Terry Shea, Finance Director

DATE: 06/10/2026

SUBJECT: Consideration of a Resolution Adopting the Updated City Investment Policy

Recommendation:

Adopt Resolution No. 2026-30 approving the updated City Investment Policy.

Background/Analysis:

The City's Investment Policy provides guidelines for the investment of the City's funds based upon State law and prudent money management. The goal is to enhance the economic status of the City while ensuring the safety of the funds. Occasionally, changes to the California Government Code regarding allowable investments and other items necessitate updating the City's Investment Policy.

The City's current Investment Policy was officially approved by the City Council in February 2010, updated by the City Council on April 4, 2012, and on September 13, 2023.

The Investment Policy is reviewed annually.

Based on Staff's review of the City's existing policy and recent changes to state law, staff has proposed the following changes as proposed and highlighted in yellow in the Updated Investment Policy, i.e., Attachment 2.

Section III. B. Authorized Investments

- Government Sponsored Enterprises (US Agencies) changed to U.S. Agency Obligations
- Commercial Paper 270 Days / 10% max / 10% per issuer combined changed to 397 Days / 25% max / 10% per issuer combined.
- Medium-Term Notes 5 Years / 15% max / 5% per issuer combined / 10% max by sector changed to 5 Years / 30% max.
- Negotiable Certificates of Deposit 5 Years / 30% max / lesser of 5% or 1 million per issuer changed to 5 Years / 30% max
- Money Market Mutual Funds 10% max / \$500 million assets / 5% per issuer changed to 20% max / \$500 million assets / 5% per issuer.
- Added Joint Powers Authority Pool No Limit / \$500 million assets / 5 years' experience in investing

The Summary of State of California Statutes Applicable to Municipal Investments was updated as of January 1, 2026, and is attached to the proposed Investment Policy.

Fiscal Impact Yes/No: No

Attachments:

1 - Current Investment Policy

2 - Resolution



INVESTMENT POLICY

The City of Canyon Lake has adopted the following policy for the investment of City funds.

I. The Legal Authority

The Authority governing investments for the City of Canyon Lake is set forth in the California Government Code, sections 53601 et. Seq. The City Treasurer is granted authority to make investments on behalf of the City.

Government Code Section 53607 states “.....the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transaction to the legislative body.”

Government Code Section 53649 states “...the treasurer is responsible for the safekeeping of money in his custody and shall enter into any contract with a depository relating to any inactive deposits which in his judgment is to the public advantage.” The City Treasurer will enter into purchases subject to this policy and at the direction of City Council.

In addition, Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate the full responsibility to the treasurer of the local agency.

II. Investment Objectives

A. The purpose of this policy is to provide guidelines for the investment of the City’s funds based upon State law and prudent money management. This policy is designed according to the specific needs of the City of Canyon Lake. The ultimate goal is to enhance the economic status of the City while ensuring the safety of funds.

B. The City holds to the “prudent investor rule” in that investments shall be made with a degree of judgment and care, not for speculation, but considering the safety of the monies and acting as a custodian of the public trust. Related activities, which comprise good cash management, include cash projections, the expeditious collection of revenue, disbursement control and a cost effective banking relationship.

C. The investment of the funds of the City of Canyon Lake shall be guided by the goals of safety, liquidity, diversification and return on investments in that order of priority.

Safety: Safety of principal is the foremost objective of the City of Canyon Lake. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk; credit risk and market risk.

Credit Risk - Credit Risk; defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be the highest as rated by nationally known rating agencies and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City’s cash flow.

Market Risk - Market risk, the risk of the market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature earlier than or concurrent with the timing of major cash outflows, thus eliminating the need to sell securities prior to their maturity; (b) prohibiting the use of leverage or margin accounts; (c) prohibiting the taking of short positions, that is, selling securities which the City does not own; (d) prohibiting the use of reverse repurchase agreements and repurchase agreements; and (e) prohibiting the use of “inverse floaters”. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured loses are inevitable, and must be considered within the context of the overall investment return.

Liquidity: The City’s financial portfolio must be structured in a manner which will provide that securities mature at approximately the same time as cash is needed to meet anticipated demands.

Return on Investments: The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

III. Deposits/Authorized Investments

A. Deposits

Money must be deposited in State or national banks, State or Federal savings associations, or State or Federal Credit unions within the State. It may be in inactive

deposits, active deposits or interest-bearing active deposits. The FDIC must insure the first \$250,000 of a deposit.

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letter of credit drawn on the Federal Home Loan Bank (FHLB).

B. Authorized Investments

General Guidelines that the City should follow in managing its investments are as follows:

- No investment will be purchased which matures more than five years from the date of purchase without the prior approval of the City Council.
- Maturities of individual investments shall be diversified, attempting to match, where possible, cyclical cash flow requirements.
- The use of callable securities is permitted.

To reduce overall portfolio risk while attempting to attain market value rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified cross types of investments, maturities of those investments, and institutions in which those investments are made. Generally, the portfolio is to be invested in Federal Agency securities, with a modest addition of high-grade Medium Term Corporate Notes, Certificates of Deposit (CD's), U.S. Treasuries and Commercial Paper.

The City specifically prohibits investments in Bonds issued by other local agencies, Reverse Repurchase Agreements and Derivatives (Interest rate floaters, range notes, interest-only strips)

Permitted Investments Per City Policy:

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws.

The City's specific permitted investment guidelines are listed below. It should be noted that the City's permitted investments are moderately more restrictive than the State guidelines. Attachment A provides a summary of the State of California Statues Applicable to Municipal Investments and a Glossary.

PERMITTED INSTRUMENTS	CITY GUIDELINES
State or County Investment Pool (LAIF)	LAIF \$75,000,000 / 50% of portfolio maximum

Federally Insured Banks/Time Deposits	5 Years / No limit
U.S. Treasuries	5 Years / No limit
Government Sponsored Enterprises *(US Agencies)	5 Years / No limit
Bankers Acceptances	180 Days / 10% max / 5% per issuer
Commercial Paper	270 Days / 10% max / 10% per issuer combined
Medium-Term Notes	5 Years / 15% max / 5% per issuer combined / 10% max by sector classification
Negotiable Certificates of Deposit	5 Years / 30% max / lesser of 5% or \$1 million per issuer
Repurchase Agreements	1 Year / 10% max Only with Master Repurchase Agreement / Daily mark to market valuation
Money Market Mutual Funds	10% max / \$500 million assets / 5% per issuer
Reverse Repurchase Agreements	Not Allowed
California State Obligations	Not Allowed
California Local Obligations	Not Allowed
Mutual Funds	Not Allowed
Mortgage Pass Through	Not Allowed

IV. Investment Program Controls

A. Separation of Reconciliation. A separation of responsibilities of reconciling bank statements and conducting investment transactions provides an internal control of checks and balances. Only individuals authorized by the City Manager and City Clerk may conduct investment transactions. Consequently, individuals responsible for reconciling bank statements may not conduct investment transactions.

B. Third Party Safekeeping Agreements. Contractual agreement between the City and third-party custodian public investment agencies (LAIF) is used to secure City invested funds.

C. Quarterly Treasurer's Report. The City Treasurer shall submit a quarterly investment report to the City Council. This report shall include types of investment, investment ratings, institutions involved, dates of purchases, dates of maturity, amount of deposits or cost of the security, current market value of securities, interest rates, investment fund balances and a statement that there are sufficient funds to meet the City's cash obligations.

D. Annual Policy Review. The City Manager shall review the City's investment policies annually and as needed to make recommendations for improvements to the City Council.

ATTACHMENT A:

Summary of State of California Statutes Applicable to Municipal Investment

The following investments are authorized by California State Code, Title 5, Division 2, Sections 53600 et seq. and 16429.1.

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2023)^A APPLICABLE TO ALL LOCAL AGENCIES^B

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations—CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^E	None	53601(g)
Commercial Paper—Non-Pooled Funds ^F (under \$100,000,000 of investments)	270 days or less	25% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H	53601(h)(2)(c)
Commercial Paper—Pooled Funds ^I	270 days or less	40% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% ^J	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^K	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^K	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^L	20% of the base value of the portfolio	None ^M	53601(j)
Medium-Term Notes ^N	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{O,P}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^R	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^S	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^T	N/A	None	None	16340
Supranational Obligations ^U	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

LOCAL AGENCY INVESTMENT GUIDELINES

TABLE OF NOTES FOR FIGURE 1

- A Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- E No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- F Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.
- G Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper and medium-term notes of any single issuer.
- H Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- I Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).
- J No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- K Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.
- L Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- M Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- N "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- O No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- P A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- Q A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- R Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- S A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- T Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- U Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

GLOSSARY

ACTIVE DEPOSITS: Demand or checking accounts, which receive revenues and pay disbursements.

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at its maturity. An acceptance is a highgrade negotiable instrument. Acceptances are purchased in various denominations for 30, 60, or 90 days, but no longer than 180 days. The interest is calculated on a 360-day discount basis similar to treasury bills. Local agencies may not invest more than 40% of their surplus money in banker's acceptance.

BASIS POINT: A basis point equals one one-hundredth of 1% (.01%).

BID: The price offered for securities.

BOOK-ENTRY SECURITIES: All U.S. Treasury and Federal Agencies are maintained on computerized records at the Federal Reserve now known as "wireable" securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money and in inter-dealer markets.

CERTIFICATES OF DEPOSIT (CD): Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. The interest is calculated on a 360-day, actual day month basis and is payable monthly.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Canyon Lake. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related, legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMERCIAL PAPER: Short-term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Local agencies are permitted by State law to invest in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical ratings as provided by Moody's Investor's Service, Inc., or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor exceed 30% of the local agency's surplus funds.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipts is delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities and issuers offering independent returns.

DERIVATIVE: An asset that derives its value from another asset. For example, a call option on the stock of Coca-Cola is a derivative security that obtains value from the shares of Coca-Cola that can be purchased with the call option. Call options, put options, convertible bonds, futures contracts, and convertible preferred stock are examples of derivatives. A derivative can be either a risky or low-risk investment, depending upon the type of derivative and how it is used.

FEDERAL CREDIT AGENCIES: Guaranteed directly or indirectly by the United States Government. All agency obligations qualify as legal investments and are acceptable as security for public deposits. They usually provide higher yields than regular Treasury issues with all of the same advantages. Examples include Federal Home Loan Bank, Federal Farm Credit Bank, FNMA (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac).

FEDERAL FUNDS: Non-interest-bearing deposits held by member banks at the Federal Reserve. Also used to denote "immediately available" funds in the clearing sense. "Fed Funds" also used to refer to these funds.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

INTEREST-BEARING ACTIVE DEPOSITS: Money-market accounts at a financial institution, (e.g., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LAIF (Local Agency Investment Fund): A special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period, and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum balance of \$75,000,000 for any agency. The City is restricted to a maximum of fifteen transactions per month. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. The State retains an amount for reasonable costs of making the investments, not to exceed one-quarter of one percent of the earnings. The interest rates are fairly high because of pooling the State's surplus cash with the surplus cash deposited. This creates a multi-billion-dollar money pool and allows diversified investments.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM CORPORATE NOTES: Unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium-term corporate notes can be defined as extended-maturity commercial paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by a nationally recognized rating service. Further restrictions are a maximum term of five years to maturity and total investments in medium-term corporate notes may not exceed 30% of the local agency's surplus funds.

MONEY MARKET FUNDS: Open-ended mutual fund that invests in highly liquid and safe securities (bills, commercial paper, bankers' acceptances, CD's, etc.) and pays money market rates of interest. The fund's net asset value remains a constant \$1 a share.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC, in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNTS: Similar to an inactive deposit except that the period of time is not fixed. The interest rate is much lower than for a certificate of deposit, but the savings account is more flexible. Funds can be deposited and withdrawn according to daily needs.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

PRIME RATE: The rate at which banks lend to their best or "prime" customers. Also known as the "reference rate."

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state (the so-called legal list). In other states, the trustee may invest in a security if it is one which would be brought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

REPURCHASE AGREEMENTS (RP OR REPO): A repo or reverse-repo is a short-term investment transaction. Banks buy temporarily idle funds from a customer by selling U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal funds and the maturity of the repo. Some banks will execute repurchase agreements for a minimum of \$100,000 to \$500,000, but most banks have a minimum of \$1,000,000. A reverse-repo is exactly what the name implies.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds. This date may be the same as the trade date or later.

TRADE DATE: The date on which a transaction is initiated or entered into by the buyer and seller.

TREASURY BILLS: Issued weekly with maturity dates up to one year. They are issued and traded on a discount basis with interest figured on 1/360-day basis, actual number of days. They are issued in amounts of \$10,000 and up, in multiples of \$5,000. They are a highly liquid security.

TREASURY NOTES: Initially issued with two- to ten-year maturities. They are actively traded in a large secondary market and are very liquid. The Treasury may issue note issues with a minimum of \$1,000; however, the average minimum is \$5,000.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1): Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WHEN-ISSUED TRADES: Typically, there is a lag between the time a new bond is announced and sold, and the time when it is actually issued. During this interval, the security trades "when, as, and if issued."

YIELD: The rate of annual income returns on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY: The rate of return yielded by a debt security held to maturity when both interest payments and the investor's capital gain or loss on the security are taken into account.

RESOLUTION NO. 2026-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADOPTING THE CITY OF CANYON LAKE INVESTMENT POLICY AND DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53607

WHEREAS, California Government Code Sections 53601 et seq. authorize local agencies to invest public funds and require the legislative body to annually review and approve an investment policy; and

WHEREAS, California Government Code Section 53607 authorizes the legislative body to delegate investment authority to the City Treasurer; and

WHEREAS, the City of Canyon Lake has established an Investment Policy to provide guidance for the prudent management and investment of public funds in accordance with State law; and

WHEREAS, the primary objectives of the City’s Investment Policy are the safety of principal, maintenance of liquidity necessary to meet the City’s operational needs, diversification of investments, and attainment of a reasonable rate of return consistent with those objectives; and

WHEREAS, the City’s Investment Policy is reviewed annually to ensure compliance with applicable laws and current investment practices; and

WHEREAS, staff has reviewed the City’s existing Investment Policy and recommended updates to reflect changes in California law and investment guidelines; and

WHEREAS, the City Council has reviewed the updated Investment Policy and finds that adoption of the policy is in the best interests of the City and its residents.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The City Council hereby adopts the City of Canyon Lake Investment Policy, attached hereto as Exhibit “A” and incorporated herein by this reference.

Section 3. Pursuant to California Government Code Section 53607, the City Council hereby delegates authority to invest and reinvest City funds, and to sell or exchange securities so purchased, to the City Treasurer in accordance with the provisions of the adopted Investment Policy and applicable provisions of California law.

Section 4. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 5. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

EXHIBIT A
INVESTMENT POLICY



INVESTMENT POLICY

The City of Canyon Lake has adopted the following policy for the investment of City funds.

I. The Legal Authority

The Authority governing investments for the City of Canyon Lake is set forth in the California Government Code, sections 53601 et. Seq. The City Treasurer is granted authority to make investments on behalf of the City.

Government Code Section 53607 states “.....the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transaction to the legislative body.”

Government Code Section 53649 states “...the treasurer is responsible for the safekeeping of money in his custody and shall enter into any contract with a depository relating to any inactive deposits which in his judgment is to the public advantage.” The City Treasurer will enter into purchases subject to this policy and at the direction of City Council.

In addition, Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate the full responsibility to the treasurer of the local agency.

II. Investment Objectives

A. The purpose of this policy is to provide guidelines for the investment of the City’s funds based upon State law and prudent money management. This policy is designed according to the specific needs of the City of Canyon Lake. The ultimate goal is to enhance the economic status of the City while ensuring the safety of funds.

B. The City holds to the “prudent investor rule” in that investments shall be made with a degree of judgment and care, not for speculation, but considering the safety of the monies and acting as a custodian of the public trust. Related activities, which comprise good cash management, include cash projections, the expeditious collection of revenue, disbursement control and a cost-effective banking relationship.

C. The investment of the funds of the City of Canyon Lake shall be guided by the goals of safety, liquidity, diversification and return on investments in that order of priority.

Safety: Safety of principal is the foremost objective of the City of Canyon Lake. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit Risk - Credit Risk; defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing only with issuers whose financial strength and reputation can be verified to be the highest as rated by nationally known rating agencies and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

Market Risk - Market risk, the risk of the market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by (a) structuring the portfolio so that securities mature earlier than or concurrent with the timing of major cash outflows, thus eliminating the need to sell securities prior to their maturity; (b) prohibiting the use of leverage or margin accounts; (c) prohibiting the taking of short positions, that is, selling securities which the City does not own; (d) prohibiting the use of reverse repurchase agreements and repurchase agreements; and (e) prohibiting the use of "inverse floaters". It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall investment return.

Liquidity: The City's financial portfolio must be structured in a manner which will provide that securities mature at approximately the same time as cash is needed to meet anticipated demands.

Return on Investments: The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

III. Deposits/Authorized Investments

A. Deposits

Money must be deposited in State or national banks, State or Federal savings associations, or State or Federal Credit unions within the State. It may be in inactive deposits, active deposits or interest-bearing active deposits. The FDIC must insure the first \$250,000 of a deposit.

The bank or savings and loan must secure active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of deposits. A third class of collateral is letter of credit drawn on the Federal Home Loan Bank (FHLB).

B. Authorized Investments

General Guidelines that the City should follow in managing its investments are as follows:

- No investment will be purchased which matures more than five years from the date of purchase without the prior approval of the City Council.
- Maturities of individual investments shall be diversified, attempting to match, where possible, cyclical cash flow requirements.
- The use of callable securities is permitted.

To reduce overall portfolio risk while attempting to attain market value rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified cross types of investments, maturities of those investments, and institutions in which those investments are made. Generally, the portfolio is to be invested in Federal Agency securities, with a modest addition of high-grade Medium-Term Corporate Notes, Certificates of Deposit (CD’s), U.S. Treasuries and Commercial Paper.

The City specifically prohibits investments in Bonds issued by other local agencies, Reverse Repurchase Agreements and Derivatives (Interest rate floaters, range notes, interest-only strips)

Permitted Investments Per City Policy:

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws.

The City’s specific permitted investment guidelines are listed below. It should be noted that the City’s permitted investments are moderately more restrictive than the State guidelines. Attachment A provides a summary of the State of California Statues Applicable to Municipal Investments and a Glossary.

PERMITTED INSTRUMENTS	CITY GUIDELINES
State or County Investment Pools (LAIF)	LAIF \$75,000,000 / 50% of portfolio maximum
Federally Insured Banks/Time Deposits	5 Years / No limit
U.S. Treasuries	5 Years / No limit
U.S. Agency Obligations	5 Years / No limit
Bankers Acceptances	180 Days / 10% max / 5% per issuer
Commercial Paper	397 Days / 25% max / 10% per issuer combined
Medium-Term Notes	5 Years / 30% max

Negotiable Certificates of Deposit	5 Years / 30% max
Repurchase Agreements	1 Year / 10% max Only with Master Repurchase Agreement / Daily mark to market valuation
Money Market Mutual Funds	20% max / \$500 million assets / 5% per issuer
Joint Powers Authority Pool	No Limit / \$500 million assets / 5 years' experience in investing
Reverse Repurchase Agreements	Not Allowed
California State Obligations	Not Allowed
California Local Obligations	Not Allowed
Mutual Funds	Not Allowed
Mortgage Pass Through Securities	Not Allowed
Supranational Obligations	Not Allowed

IV. Investment Program Controls

A. Separation of Reconciliation. A separation of responsibilities of reconciling bank statements and conducting investment transactions provides an internal control of checks and balances. Only individuals authorized by the City Manager and City Clerk may conduct investment transactions. Consequently, individuals responsible for reconciling bank statements may not conduct investment transactions.

B. Third Party Safekeeping Agreements. Contractual agreement between the City and third-party custodian public investment agencies (LAIF) is used to secure City invested funds.

C. Quarterly Treasurer's Report. The City Treasurer shall submit a quarterly investment report to the City Council. This report shall include types of investment, investment ratings, institutions involved, dates of purchases, dates of maturity, amount of deposits or cost of the security, current market value of securities, interest rates, investment fund balances and a statement that there are sufficient funds to meet the City's cash obligations.

D. Annual Policy Review. The City Manager shall review the City's investment policies annually and as needed to make recommendations for improvements to the City Council.

ATTACHMENT A:

Summary of State of California Statutes Applicable to Municipal Investment

The following investments are authorized by California State Code, Title 5, Division 2, Sections 53600 et seq. and 16429.1.

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2026)^A APPLICABLE TO ALL LOCAL AGENCIES^B

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations—CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^E	None	53601(g)
Commercial Paper—Non-Pooled Funds ^F (under \$100,000,000 of investments)	397 days or less	25% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper—Non-Pooled Funds ^F (min. \$100,000,000 of investments)	397 days or less	40% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper—Pooled Funds ^I	397 days or less	40% ^J	Highest letter and number rating by an NRSRO ^H	53635(a)
Negotiable Certificates of Deposit	5 years	30% ^K	None	53601(j)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^L	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^L	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^M	20% of the base value of the portfolio	None ^N	53601(j)
Medium-Term Notes ^O	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20% ^P	Multiple ^{O, R}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^S	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities ^T	5 years or less ^T	20%	"AA" rating category or its equivalent or better ^T	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^U	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^V	N/A	None	None	16340
Supranational Obligations ^W	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

- ^A Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^E No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^F Applies to local agencies, other than counties or a city and county, that are a city, a district, or other local agency that do not pool money in deposits or investments with other local agencies other than local agencies that have the same governing body (non-pooled).
- ^G Local agencies, described in footnote F (non-pooled), may invest no more than 10% of their investment assets in the commercial paper and medium-term notes of any single issuer.
- ^H Issuing entity must be organized and operating within the U.S. as a general corporation, have assets in excess of \$500 million, and have debt other than commercial paper, if any, rated by a NRSRO in a rating category of "A" or its equivalent or higher; or the issuing entity must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.
- ^I Includes the City of Los Angeles and agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body (pooled).
- ^J Local agencies, described in footnote I (pooled), may invest no more than 10% of their investment assets in the commercial paper of any single issuer.
- ^K No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601 (i).
- ^L Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2031, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.
- ^M Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ^N Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^O "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- ^P No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^Q A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- ^R A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- ^S Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- ^T Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).
- ^U A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^V Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^W Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

GLOSSARY

ACTIVE DEPOSITS: Demand or checking accounts, which receive revenues and pay disbursements.

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at its maturity. An acceptance is a highgrade negotiable instrument. Acceptances are purchased in various denominations for 30, 60, or 90 days, but no longer than 180 days. The interest is calculated on a 360-day discount basis similar to treasury bills. Local agencies may not invest more than 40% of their surplus money in banker's acceptance.

BASIS POINT: A basis point equals one one-hundredth of 1% (.01%).

BID: The price offered for securities.

BOOK-ENTRY SECURITIES: All U.S. Treasury and Federal Agencies are maintained on computerized records at the Federal Reserve now known as "wireable" securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money and in inter-dealer markets.

CERTIFICATES OF DEPOSIT (CD): Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. The interest is calculated on a 360-day, actual day month basis and is payable monthly.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report for the City of Canyon Lake. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related, legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMERCIAL PAPER: Short-term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Local agencies are permitted by State law to invest in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical ratings as provided by Moody's Investor's Service, Inc., or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor exceed 30% of the local agency's surplus funds.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipts is delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities and issuers offering independent returns.

DERIVATIVE: An asset that derives its value from another asset. For example, a call option on the stock of Coca-Cola is a derivative security that obtains value from the shares of Coca-Cola that can be purchased with the call option. Call options, put options, convertible bonds, futures contracts, and convertible preferred stock are examples of derivatives. A derivative can be either a risky or low-risk investment, depending upon the type of derivative and how it is used.

FEDERAL CREDIT AGENCIES: Guaranteed directly or indirectly by the United States Government. All agency obligations qualify as legal investments and are acceptable as security for public deposits. They usually provide higher yields than regular Treasury issues with all of the same advantages. Examples include Federal Home Loan Bank, Federal Farm Credit Bank, FNMA (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac).

FEDERAL FUNDS: Non-interest-bearing deposits held by member banks at the Federal Reserve. Also used to denote "immediately available" funds in the clearing sense. "Fed Funds" also used to refer to these funds.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

INTEREST-BEARING ACTIVE DEPOSITS: Money-market accounts at a financial institution, (e.g., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LAIF (Local Agency Investment Fund): A special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period, and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum balance of \$75,000,000 for any agency. The City is restricted to a maximum of fifteen transactions per month. It offers high liquidity because deposits can be converted into cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. The State retains an amount for reasonable costs of making the investments, not to exceed one-quarter of one percent of the earnings. The interest rates are fairly high because of pooling the State's surplus cash with the surplus cash deposited. This creates a multi-billion-dollar money pool and allows diversified investments.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM CORPORATE NOTES: Unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium-term corporate notes can be defined as extended-maturity commercial paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by a nationally recognized rating service. Further restrictions are a maximum term of five years to maturity and total investments in medium-term corporate notes may not exceed 30% of the local agency's surplus funds.

MONEY MARKET FUNDS: Open-ended mutual fund that invests in highly liquid and safe securities (bills, commercial paper, bankers' acceptances, CD's, etc.) and pays money market rates of interest. The fund's net asset value remains a constant \$1 a share.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC, to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PASSBOOK SAVINGS ACCOUNTS: Similar to an inactive deposit except that the period of time is not fixed. The interest rate is much lower than for a certificate of deposit, but the savings account is more flexible. Funds can be deposited and withdrawn according to daily needs.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC), registered securities broker-dealers, banks, and a few unregulated firms.

PRIME RATE: The rate at which banks lend to their best or "prime" customers. Also known as the "reference rate."

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state (the so-called legal list). In other states, the trustee may invest in a security if it is one which would be brought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

REPURCHASE AGREEMENTS (RP OR REPO): A repo or reverse-repo is a short-term investment transaction. Banks buy temporarily idle funds from a customer by selling U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal funds and the maturity of the repo. Some banks will execute repurchase agreements for a minimum of \$100,000 to \$500,000, but most banks have a minimum of \$1,000,000. A reverse-repo is exactly what the name implies.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds. This date may be the same as the trade date or later.

TRADE DATE: The date on which a transaction is initiated or entered into by the buyer and seller.

TREASURY BILLS: Issued weekly with maturity dates up to one year. They are issued and traded on a discount basis with interest figured on 1 360-day basis, actual number of days. They are issued in amounts of \$10,000 and up, in multiples of \$5,000. They are a highly liquid security.

TREASURY NOTES: Initially issued with two- to ten-year maturities. They are actively traded in a large secondary market and are very liquid. The Treasury may issue note issues with a minimum of \$1,000; however, the average minimum is \$5,000.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1): Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WHEN-ISSUED TRADES: Typically, there is a lag between the time a new bond is announced and sold, and the time when it is issued. During this interval, the security trades "when, as, and if issued."

YIELD: The rate of annual income returned on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY: The rate of return yielded by a debt security held to maturity when both interest payments and the investor's capital gain or loss on the security is considered.



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, Administrative Services Director/City Clerk

DATE: 06/10/2026

SUBJECT: Acceptance and Allocation of a \$75,000 Public Safety Contribution from RD Canyon Lake LLC (“Higher Ground”)

Recommendation:

(1) Accept the \$75,000 public safety contribution from RD Canyon Lake LLC (“Higher Ground”); and
 (2) adopt Resolution No. 2026-31 allocating the funds to the Police Department budget for public safety purposes.

Background/Analysis:

On January 5, 2026, the City issued a Letter of Intent identifying RD Canyon Lake LLC (“Higher Ground”) as the preferred applicant for the City’s available commercial cannabis retail permit pursuant to Canyon Lake Municipal Code Chapter 4.20.

The determination was based upon the City Manager’s finding that Higher Ground’s proposal provided the “best value” to the City, including the applicant’s operational experience in multiple jurisdictions and the proposed location within the Canyon Lake Towne Center. Additionally, as part of their proposal, Higher Ground proposed a \$75,000 contribution to support public safety services within the City to assist in addressing public safety needs associated with the administration and oversight of commercial cannabis operations and to support ongoing law enforcement services within the community.

Staff recommends that the City Council formally accept the contribution and allocate the funds to the Police Department budget for public safety-related expenditures.

Fiscal Impact Yes/No: Yes

Dollar Amount Requested: \$75,000

Increase Account Number: 10-416-4797

Additional Fiscal Information:

Acceptance of the contribution will provide an allocation of \$75,000 to the Police Department budget for public safety purposes.

Attachments:

1 - Resolution

RESOLUTION NO. 2026-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ACCEPTING A \$75,000 PUBLIC SAFETY CONTRIBUTION FROM RD CANYON LAKE LLC (“HIGHER GROUND”) AND ALLOCATING THE FUNDS TO THE CANYON LAKE POLICE DEPARTMENT

WHEREAS, on January 5, 2026, the City issued a Letter of Intent identifying RD Canyon Lake LLC (“Higher Ground”) as the preferred applicant for the City’s available commercial cannabis retail permit pursuant to Canyon Lake Municipal Code Chapter 4.20; and

WHEREAS, as part of its proposal, Higher Ground offered a \$75,000 contribution to support public safety services within the City to assist in addressing public safety needs associated with the administration and oversight of commercial cannabis operations and to support ongoing law enforcement services within the community; and

WHEREAS, the City Council desires to formally accept the contribution and allocate the funds for public safety-related purposes.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The City Council hereby accepts the \$75,000 public safety contribution from RD Canyon Lake LLC (“Higher Ground”) into account number 10-416-4797.

Section 3. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 4. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Brianna Hemsley, Executive Assistant to the City Manager

DATE: 06/10/2026

SUBJECT: Consideration of a Resolution Supporting S. 4505 Requiring the United States Postal Service to Designate ZIP Codes for Certain Communities Including the City of Canyon Lake

Recommendation:

Adopt Resolution No. 2026-32 supporting S. 4505 requiring the United States Postal Service to designate ZIP Codes for certain communities including the City of Canyon Lake.

Background/Analysis:

The City of Canyon Lake has been actively working to address a long-standing issue that has directly impacted the Canyon Lake community: the lack of a unique ZIP Code for the City. Currently, Canyon Lake shares the 92587 ZIP Code with portions of the Menifee area, including Quail Valley and Sun City, as well as Romoland, an unincorporated Riverside County community.

The shared ZIP Code has created ongoing issues for Canyon Lake residents including mail delays, missing mail, sales tax remittance, and challenges related to the City's identity. Residents have reported numerous instances of mail being delayed, delivered to incorrect addresses, or not received at all. The City has also identified concerns regarding sales tax allocation, as transactions associated with Canyon Lake addresses may at times be incorrectly attributed to neighboring jurisdictions that share our ZIP Code. When this occurs, sales tax revenue that should be distributed to Canyon Lake may instead be allocated to another city.

The City has attempted to resolve this issue directly through the United States Postal Service ("USPS"). Efforts to obtain a unique ZIP Code formally began in July 2024, when the City submitted a request for a ZIP Code Boundary Review to the USPS District Manager. That request was denied in October 2024. The City subsequently submitted an appeal on October 31, 2024; however, the appeal was also denied in August 2025.

During the ZIP Code review process, Canyon Lake joined a national ZIP Code coalition made up of cities and communities experiencing similar issues. The coalition has expanded to include jurisdictions such as Eastvale, Hidden Hills, Industry, and communities in several other states, including Colorado, Florida, Illinois, Texas, and more. Due to the lack of progress at the USPS level, 14 coalition members jointly retained a lobbyist to assist with federal advocacy efforts related to ZIP Code reform legislation.

In 2025, federal legislation addressing ZIP Code boundary issues was introduced in Congress through multiple bills, including H.R. 672 and H.R. 3095. Coalition members and lobbying representatives have since participated in advocacy efforts and meetings with members of the United States Senate regarding the legislation. To streamline these efforts and consolidate participating

jurisdictions under one bill, Senator Joni Ernst, Senator Alex Padilla, Senator John Barrasso, and Senator Michael Bennet introduced S. 4505 in May 2026. The bill consolidates prior ZIP Code-related legislative efforts into a single measure and includes approximately 75 jurisdictions nationwide, including the City of Canyon Lake. The bill does not establish a timeline or deadline requiring the USPS to implement or assign new ZIP Codes following passage of the legislation.

Fiscal Impact Yes/No: No

Attachments:

- 1 - Resolution
- 2 - Attachment

RESOLUTION NO. 2026-32

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, SUPPORTING SENATE BILL S. 4505 TO REQUIRE THE UNITED STATES POSTAL SERVICE TO DESIGNATE ZIP CODES FOR CERTAIN COMMUNITIES

WHEREAS, the City of Canyon Lake currently shares the 92587 ZIP Code with portions of the City of Menifee and unincorporated Riverside County communities; and

WHEREAS, the shared ZIP Code has created ongoing issues for Canyon Lake residents, including mail delays, missing or misdirected mail, and concerns regarding the proper allocation of sales tax revenue for the City; and

WHEREAS, the City formally requested a ZIP Code Boundary Review from the United States Postal Service (“USPS”) in July 2024, and both the request and subsequent appeal were denied; and

WHEREAS, the City joined a national coalition of jurisdictions experiencing similar ZIP Code issues and participated in federal advocacy efforts related to ZIP Code reform legislation; and

WHEREAS, Senator Joni Ernst, Senator Alex Padilla, Senator John Barrasso, and Senator Michael Bennet introduced Senate Bill S. 4505 in May 2026 to address ZIP Code designation issues affecting communities nationwide, including the City of Canyon Lake; and

WHEREAS, the City Council finds that supporting Senate Bill S. 4505 is in the best interest of the City and its residents.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The City Council hereby supports Senate Bill S. 4505, attached hereto, and urges Congress to approve the legislation.

Section 3. The City Clerk is hereby authorized to transmit a copy of this Resolution to the City’s federal legislative representatives and to other appropriate stakeholders.

Section 4. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 5. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

EXHIBIT "A"

S. 4505

[to be attached]

119TH CONGRESS
2D SESSION

S. 4505

To require the United States Postal Service to designate ZIP Codes for certain communities.

IN THE SENATE OF THE UNITED STATES

MAY 12, 2026

Ms. ERNST (for herself, Mr. PADILLA, Mr. BARRASSO, and Mr. BENNET) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To require the United States Postal Service to designate ZIP Codes for certain communities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. DESIGNATION OF ZIP CODES.**

4 Not later than 1 year after the date of enactment
5 of this Act, the United States Postal Service shall des-
6 ignate a single, unique ZIP Code for each of the following
7 communities:

8 (1) Canyon Lake, California.

9 (2) Eastvale, California.

10 (3) Hidden Hills, California.

- 1 (4) Industry, California.
- 2 (5) Irwindale, California.
- 3 (6) North Tustin, California.
- 4 (7) Rossmoor, California.
- 5 (8) San Pablo, California.
- 6 (9) Tehachapi, California.
- 7 (10) Torrance, California.
- 8 (11) Castle Pines, Colorado.
- 9 (12) Centennial, Colorado.
- 10 (13) Cherry Hills Village, Colorado.
- 11 (14) Frederick, Colorado.
- 12 (15) Greenwood Village, Colorado.
- 13 (16) Highlands Ranch, Colorado.
- 14 (17) Keystone, Colorado.
- 15 (18) Lone Tree, Colorado.
- 16 (19) Mountain Village, Colorado.
- 17 (20) Mt. Crested Butte, Colorado.
- 18 (21) Severance, Colorado.
- 19 (22) Silver Cliff, Colorado.
- 20 (23) Sterling Ranch, Colorado.
- 21 (24) Superior, Colorado.
- 22 (25) Telluride, Colorado.
- 23 (26) Scotland, Connecticut.
- 24 (27) Coconut Creek, Florida.
- 25 (28) Cooper City, Florida.

- 1 (29) Deerfield Beach, Florida.
- 2 (30) Fort Myers, Florida.
- 3 (31) Lighthouse Point, Florida.
- 4 (32) Miami Lakes, Florida.
- 5 (33) Oakland Park, Florida.
- 6 (34) Ocoee, Florida.
- 7 (35) Parkland, Florida.
- 8 (36) Village of Estero, Florida.
- 9 (37) Wilton Manors, Florida.
- 10 (38) Burr Ridge, Illinois.
- 11 (39) Carmel, Indiana.
- 12 (40) Noblesville, Indiana.
- 13 (41) Lawrence, Indiana.
- 14 (42) Westfield, Indiana.
- 15 (43) Zionsville, Indiana.
- 16 (44) Urbandale, Iowa.
- 17 (45) Camargo, Kentucky.
- 18 (46) Louisiana State University, Baton Rouge,
19 Louisiana.
- 20 (47) Montz, Louisiana.
- 21 (48) Springwater Township, Minnesota.
- 22 (49) Quartzite Township, Minnesota.
- 23 (50) Grass Valley, Nevada.
- 24 (51) Swanzey, New Hampshire.
- 25 (52) Kinnelon, New Jersey.

- 1 (53) Flanders, New York.
- 2 (54) Glendale, New York.
- 3 (55) Pendleton, New York.
- 4 (56) Riverside, New York.
- 5 (57) Wheatfield, New York.
- 6 (58) Weddington, North Carolina.
- 7 (59) Green, Ohio.
- 8 (60) Hochatown, Oklahoma.
- 9 (61) North Enid, Oklahoma.
- 10 (62) Goose Creek, South Carolina.
- 11 (63) Mauldin, South Carolina.
- 12 (64) Fairview, Texas.
- 13 (65) Fate, Texas.
- 14 (66) Heath, Texas.
- 15 (67) Josephine, Texas.
- 16 (68) Murphy, Texas.
- 17 (69) Northlake, Texas.
- 18 (70) Parker, Texas.
- 19 (71) Sargent, Texas.
- 20 (72) Highland City, Utah.
- 21 (73) Fairlawn, Virginia.
- 22 (74) Star Valley Ranch, Wyoming.
- 23 (75) Mills, Wyoming.





CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Sheryl Garcia, Administrative Services Director/City Clerk

DATE: 06/10/2026

SUBJECT: Consideration of a Resolution in Support of Assembly Bill 1821 (Pacheco) – California Public Records Act: Agency Response Time

Recommendation:

Adopt Resolution No. 2026-33 supporting Assembly Bill 1821 (Pacheco) regarding California Public Records Act response timelines.

Background/Analysis:

In recent years, local agencies across California have experienced a substantial increase in both the volume and complexity of requests under the California Public Records Act ("CPRA"). Responding to these requests often requires significant staff coordination and legal review to search for responsive records, review exemptions, redact confidential information, and ensure compliance with statutory deadlines. Requests can frequently involve extensive searches of emails, text messages, electronic communications, and archived records, requiring considerable staff and attorney time to process thoroughly and accurately while balancing an agency's ongoing operational responsibilities.

Assembly Bill 1821 (Pacheco) proposes amendments to the CPRA to revise agency response timelines from calendar days to business days. Under current law, agencies are required to determine within 10 calendar days whether a request seeks disclosable public records, with a 14-calendar-day extension under certain circumstances. AB 1821 would revise these timelines to business days, recognizing that local agencies generally do not have staffing available on weekends and holidays. The bill is supported by numerous local government organizations, including the California Municipal Clerks Association (CMCA), League of California Cities (Cal Cities), California State Association of Counties (CSAC), Rural County Representatives of California (RCRC), and Urban Counties of California (UCC).

Earlier versions of AB 1821 included provisions that would have allowed local agencies to recover reasonable costs associated with exceptionally burdensome records searches; however, those reimbursement-related provisions were removed through amendments. While the legislation no longer addresses the growing financial burden associated with increasingly complex CPRA requests, it still provides a meaningful operational improvement by clarifying that statutory response timelines should be calculated using business days rather than calendar days.

The proposed business-day standard is a practical and reasonable adjustment that better reflects operational realities while preserving the public's right to access government records. The bill would assist agencies in providing complete and legally compliant responses without reducing transparency or accountability.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

There is no direct fiscal impact associated with adopting a support position for AB 1821. However, the proposed legislation may assist the City in managing staff resources more effectively in responding to increasingly complex public records requests.

Attachments:

1 - Resolution

RESOLUTION NO. 2026-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, IN SUPPORT OF ASSEMBLY BILL 1821 (PACHECO), RELATING TO THE CALIFORNIA PUBLIC RECORDS ACT AND RESPONSE TIME CALCULATION

WHEREAS, the California Public Records Act (Government Code § 7920.000 et seq.) establishes the public’s right to access information concerning the conduct of the people’s business, reflecting the State’s strong commitment to transparency and accountability in government; and

WHEREAS, the California State Legislature is considering Assembly Bill 1821, authored by Blanca Pacheco, relating to agency response timelines under the California Public Records Act (“CPRA”); and

WHEREAS, local agencies have experienced a substantial increase in both the volume and complexity of CPRA requests in recent years, particularly requests involving electronically stored information such as emails, text messages, electronic documents, and other digital communications that require extensive searching, collection, organization, legal review, and redaction of confidential or exempt information protected under state and federal law; and

WHEREAS, responding to CPRA requests frequently requires coordination among multiple departments, information technology personnel, records management staff, and legal counsel, while agencies must continue balancing these responsibilities alongside the delivery of core public services with limited staffing and financial resources; and

WHEREAS, existing law requires agencies to determine within ten (10) calendar days whether a request seeks disclosable public records, with a possible fourteen (14) calendar day extension under certain circumstances, yet those timelines continue to run during weekends and holidays when agency staff are unavailable to conduct records searches, review responsive documents, and prepare legally compliant responses; and

WHEREAS, AB 1821 provides a practical and clarification by converting existing CPRA response timelines from calendar days to business days, thereby allowing agencies the full intended number of working days to conduct diligent and accurate records searches while continuing to uphold the public’s right of access to government records; and

WHEREAS, organizations including the California State Association of Counties, League of California Cities, California Municipal Clerks Association, Rural County Representatives of California, and Urban Counties of California have expressed support for AB 1821.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The City Council hereby supports Assembly Bill 1821 (Pacheco), which proposes to calculate specified response periods under the California Public Records Act in business days rather than calendar days.

Section 3. The City Council finds that AB 1821 provides a reasonable procedural clarification that supports timely, accurate, and legally compliant responses to public records requests without reducing transparency or public access rights.

Section 4. The City Clerk is hereby authorized to transmit a certified copy of this Resolution to the Honorable Blanca Pacheco, California State Assembly, and any other appropriate legislative offices.

Section 5. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 6. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 7. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Brianna Hemsley, Executive Assistant to the City Manager

DATE: 06/10/2026

SUBJECT: Consideration of a Resolution Establishing Emergency Medical Services (EMS) Program Fees for Fiscal Year 2026/2027 and Providing for Collection Thereof on the Property Tax Roll

Recommendation:

(1) Open the public hearing and take public testimony; (2) adopt Resolution No. 2026-34 establishing EMS Program Fees for Fiscal Year 2026/2027 and providing for collection thereof on the property tax roll.

Background/Analysis:

On November 6, 2019, the City Council adopted Ordinance No. 187, establishing the Emergency Medical Services (EMS) Subscription Program. The EMS program is voluntary and consists of:

1. EMS Subscription Fee: A flat annual fee collected via the property tax roll for subscribers.
2. EMS Response Fee: A per-call fee charged to non-subscribers receiving emergency medical services.

The City Council annually reviews the EMS Program fees and establishes a public hearing date to either revise or confirm the fees for the upcoming fiscal year.

On January 14, 2026, the City Council reviewed the current EMS Program fees and established June 10, 2026, as the public hearing date to consider the EMS Program fees for Fiscal Year 2026–2027. During that meeting, the City Council recommended maintaining the current fees, as it was anticipated that the existing rates would adequately cover the ongoing costs associated with the EMS Program.

In compliance with Canyon Lake Municipal Code section 3.44.030(c)(4), notice of the proposed EMS Program fees was mailed to all City residents on March 5, 2026. The notice provided residents with a 90-day period to opt in or opt out of the program for the upcoming fiscal year, July 1, 2026, through June 30, 2027. As outlined in the notice, all current subscribers would remain enrolled unless written notice terminating participation was submitted to the City Clerk.

Pursuant to Canyon Lake Municipal Code section 3.44.050(a), the City has prepared a report describing the EMS Subscription Fees and EMS Response Fees proposed to be placed on the tax roll. The report describes the real property of eligible participants who are subscribed as well as the real property for each person not covered by the EMS Subscription Program and for which delinquent EMS Response Fees existed after April 1. This document is available on the City's website and is also on file in the Office of the City Clerk.

No

Fiscal Impact Yes/No:

Attachments:

1 - Resolution

RESOLUTION NO. 2026-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ESTABLISHING EMS PROGRAM FEES FOR THE 2026/2027 FISCAL YEAR AND PROVIDING FOR COLLECTION THEREOF ON THE PROPERTY TAX ROLL

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Article XIID, Section 6, to the California Constitution; and

WHEREAS, the City of Canyon Lake has, by Ordinance No. 187, established Chapter 3.44 of the Canyon Lake Municipal Code, Emergency Medical Services Subscription Program (“EMS Program”), to recover the costs of providing emergency medical services to the City of Canyon Lake; and

WHEREAS, the City of Canyon Lake adopted Ordinance No. 209 amending Chapter 3.44 related to the EMS Program and Emergency Medical Services Response Fees; and

WHEREAS, pursuant to the provisions of Chapter 3.44, the City of Canyon Lake may adopt and implement fees and charges to cover the cost of providing emergency medical services and may also establish an EMS Subscription Fee for those residents, property owners, and businesses that desire to voluntarily participate in the EMS Subscription Program and may collect such fees on the property tax rolls; and

WHEREAS, the proposed EMS Program fees are set out on Exhibit “A”, attached and incorporated hereto; and

WHEREAS, although the notice provisions of Proposition 218 do not apply to the EMS Program, as the program consists of a fee for service that is not a property-related fee, the City nevertheless has published notice of the establishment and collection of such fees on the property tax roll in compliance with Section 3.44.030(c)(4) of the Canyon Lake Municipal Code; and

WHEREAS, in compliance to Section 3.44.050(a) of the Canyon Lake Municipal Code, a preliminary report has been prepared and filed with the City Clerk describing the real property of each person covered and not covered by the EMS Program; and

WHEREAS, on June 10, 2026, the City Council conducted a duly noticed public hearing and heard all comments/protests/opt-outs regarding the EMS Program fees; and

WHEREAS, the City Council finds from such reports that the amount of fees is the reasonable cost of service provided, plus direct and indirect overhead; that such fees and charges are proportionate to the amount of service received, and that such fees and charges are not for traditional governmental services such as police, fire, or libraries.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES RESOLVE AS FOLLOWS:

- Section 1.** The above recitals are true and correct and are incorporated herein by reference.
- Section 2.** The EMS Program fees are established in the amounts set out on Exhibit “A” attached hereto and incorporated herein as though set forth in full. Such fees shall be effective immediately the first day of the 2026 through 2027 Fiscal Year.
- Section 3.** Such EMS Subscription fees shall be collected on the property tax rolls. The City Clerk is directed to file a certified copy of this resolution and the report with the County Auditor. The City Clerk is authorized to remove any residence from the report that terminates their EMS Subscription before the transmission of the report to the County Auditor. The County Auditor is designated and empowered to collect the assessment as set out here as necessary. For purposes of tax roll collection, the fees set forth in the report shall be deemed to constitute special assessments against the respective parcels on which they are levied without regard to property valuation. The assessment shall be collected at the same time and subject to the same procedures provided for such taxes. All laws applicable to the levy, collection and enforcement of ad valorem property taxes shall be applicable to such assessments, except that if any real property to which such fees or charges relate has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attached thereon, prior to the date on which the first installment of such taxes would become delinquent, then the lien which would otherwise be imposed shall not attach to such real property and the fees or charges and interest shall be transferred to the unsecured roll for collection.
- Section 4.** The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.
- Section 5.** That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 10th day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the mayor's signature above and certify that the City Council duly adopted this Resolution as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

EXHIBIT A
EMERGENCY MEDICAL SERVICES SUBSCRIPTION PROGRAM FEES
EFFECTIVE JULY 1, 2026

EMS Subscription Fee

The EMS Subscription Fee remains unchanged from the previous year.

For residents who are currently **ENROLLED** in the program, the fee will continue to be collected on the property tax roll in the same manner as other City services, such as residential solid waste collection charges, at the following rate:

EMS Subscription Annual Fee: \$309.00

EMS Response Fee

The EMS Response Fee remains unchanged from the previous year.

For residents who have **OPTED-OUT** of the program, the annual fee listed above will not be charged. However, if emergency medical services are then provided by the Canyon Lake Fire Department or by any other first responder agency, you will receive an invoice from the City at the following rate each time services are provided:

EMS Response Fee Per Call Rate: \$1,545.00



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Arron Brown, City Manager

DATE: 06/10/2026

SUBJECT: Consideration of an Agreement for Planning and Development Review Services with the City of Wildomar

Recommendation:

Approve the Agreement for Planning and Development Review Services with the City of Wildomar on a form approved by the City Attorney and authorize the City Manager to execute all documents necessary to effectuate the transaction.

Background/Analysis:

The City requires planning and development review support following the recent retirement of the City's contract planner. The proposed agreement with the City of Wildomar would provide as-needed professional planning services to assist with permit processing, zoning review, development application review, project coordination, and related planning functions, while helping maintain continuity of Community Development operations and timely review of applications and development projects.

Under the proposed agreement, Wildomar would provide planning support services through an Associate Planner position assigned to assist Canyon Lake with current and ongoing planning activities. Services would generally include zoning and land use review, development application review, preparation of staff reports and hearing materials, CEQA-related assistance, applicant coordination, and related planning and development review services.

Under the proposed agreement, Wildomar will provide properly trained Associate Planner services necessary to perform a variety of tasks including, but not limited to, the following:

- The agreement would become effective July 1, 2026, and continue until terminated by either party in accordance with the agreement terms;
- Canyon Lake would retain final authority over permit issuance, entitlement approvals, CEQA determinations, appeals, enforcement matters, and other final administrative decisions;
- Wildomar staff would be responsible for completing routine planning reviews, resubmittal reviews, and related planning tasks within established performance goal timelines;
- The agreement authorizes Wildomar staff to communicate directly with applicants, developers, consultants, and members of the public regarding technical planning and zoning matters;
- The scope of services excludes building inspection services, code enforcement, legal services, engineering services, and final land use approvals; and
- The agreement includes provisions for project tracking, recordkeeping, coordination with Canyon Lake staff, and use of electronic permitting and plan review systems.

Compensation is structured as a full cost recovery model based on the fully burdened cost of one full-time Associate Planner position, including salary, benefits, retirement costs, and related employer expenses. The agreement also provides for annual adjustments associated with salary step increases, negotiated compensation changes, benefit cost increases, and CalPERS rate adjustments.

The City Council's approval of the proposed agreement provides the City of Canyon Lake with a flexible, cost-controlled mechanism to secure qualified planning services when needed and enhances service reliability. The City Attorney will memorialize the negotiations into a final Agreement for signature by the City Manager.

Fiscal Impact Yes/No: Yes

Additional Fiscal Information:

The proposed agreement is on an as-needed basis, with the City paying only for services requested and performed. Costs for planning services have been included in the adopted FY 26-27 budget under Development Services, account nos. 10-350-6616 and 6619.



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Steven Graham, City Attorney

DATE: 06/10/2026

SUBJECT: Introduction and First Reading of Ordinance No. 278 Regulating Nitrous Oxide, Ordinance No. 279 Regulating Kratom Products and Ordinance No. 280 Regulating Drug Paraphernalia

Recommendation:

Waive full reading and introduce by title only the following ordinances: (1) Ordinance No. 278 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.91 to the Canyon Lake Municipal Code Regarding the Regulation of Nitrous Oxide; (2) Ordinance No. 279 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.92 to the Canyon Lake Municipal Code Regulating the Sale and Distribution of Kratom Products; and (3) Ordinance No. 280 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 11.93 to the Canyon Lake Municipal Code Regarding the Regulation of Drug Paraphernalia.

Background/Analysis:

The City has broad authority under Article XI, Section 7 of the California Constitution to adopt local police power regulations to protect the public health, safety, and welfare, so long as those regulations do not conflict with state law. The three ordinances presented for introduction are intended to address emerging public health and public safety concerns associated with the retail sale, display, distribution, and marketing of nitrous oxide products, kratom products, and drug paraphernalia within the City.

- The proposed nitrous oxide ordinance would add Chapter 11.91 to the Canyon Lake Municipal Code. Nitrous oxide has legitimate medical, dental, culinary, industrial, automotive, and commercial uses, but it is also subject to recreational misuse as an intoxicating substance. The ordinance generally prohibits the sale, distribution, furnishing, or transfer of nitrous oxide, devices used to dispense or administer nitrous oxide, or devices containing nitrous oxide, except where the transaction falls within specified lawful exemptions. Those exemptions include food products using nitrous oxide as a propellant, lawful wholesale transactions, vehicle performance products sold by licensed retailers, medical and dental uses, pharmacy-related uses, and other circumstances exempted by state or federal law. The ordinance also includes provisions for product seizure, evidence handling, disposal, business license and permit remedies, cost recovery, and cumulative enforcement remedies.
- The proposed kratom ordinance would add Chapter 11.92 to the Canyon Lake Municipal Code. The ordinance addresses public health and safety concerns associated with kratom products and products containing hydroxymitragynine, commonly known as 7-OH. The ordinance would prohibit the sale, distribution, furnishing, or giving away of kratom products or 7-OH products to persons under 21 years of age; require age verification; prohibit products with a 7-OH level greater than two percent of the total kratom alkaloids; prohibit products that are attractive to children; and prohibit the sale or possession for sale of products containing synthesized or semi-synthesized

kratom alkaloids, constituents, or derivatives. The ordinance also includes product seizure, evidence, and disposal provisions, as well as misdemeanor/infraction authority, administrative citation, civil enforcement, nuisance abatement, business license and permit remedies, and cost recovery.

- The proposed drug paraphernalia ordinance would add Chapter 11.93 to the Canyon Lake Municipal Code. The ordinance is designed to supplement state law by establishing local business, operational, nuisance, and enforcement standards for businesses that sell, display, market, distribute, or furnish drug paraphernalia. The ordinance recognizes that drug paraphernalia retailers may contribute to unlawful drug activity, nuisance conditions, public health risks, calls for service, loitering, property crime, and other adverse secondary impacts. The ordinance prohibits unlawful sales and displays, prohibits sales to minors, restricts public-facing displays, requires compliance with applicable business licensing and land use approvals, and establishes operational standards such as video surveillance, restricted hours of operation, controlled product access, property maintenance, and lawful inspections. Violations may be addressed through criminal, administrative, civil, nuisance abatement, business license, permit, and cost recovery remedies.

Collectively, these ordinances are intended to provide the City with practical enforcement tools before problematic retail activity becomes established or expands within the City. The ordinances are not intended to prohibit lawful medical, dental, culinary, industrial, automotive, pharmaceutical, or other legitimate uses where those uses are protected by state or federal law. Instead, they are tailored to address unlawful or harmful sales, marketing, display, distribution, and retail practices that may facilitate drug abuse, youth access, nuisance conditions, and other adverse impacts on the community.

If introduced at this meeting, the ordinances would return to the City Council for second reading and adoption at a subsequent meeting. Each ordinance would take effect 30 days after adoption.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

There is no direct fiscal impact associated with introduction of the ordinances. If adopted, implementation may require staff time for education, inspection, investigation, and enforcement. The ordinances include cost recovery provisions intended to allow the City to recover eligible enforcement, abatement, storage, disposal, administrative, and related costs to the extent authorized by the Municipal Code and applicable law.

Attachments:

- 1 - Ordinance NOX
- 2 - Ordinance Kratom
- 3 - Ordinance Drug Paraphernalia

ORDINANCE NO. 278

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 11.91 TO THE CANYON LAKE MUNICIPAL CODE REGARDING THE REGULATION OF NITROUS OXIDE

WHEREAS, Nitrous Oxide, commonly known as “laughing gas,” is a colorless, nonflammable gas used in medical, industrial, automotive, and food preparation settings, yet its misuse presents significant health and safety risks; and

WHEREAS, the recreational use of Nitrous Oxide has been linked to serious health consequences, including physical illness, neurological harm, mental health impacts, injury, and death; and

WHEREAS, although Nitrous Oxide has legitimate commercial, culinary, medical, dental, and automotive uses, it is also subject to misuse and abuse as an intoxicating substance; and

WHEREAS, Nitrous Oxide products and devices may be purchased from retail vendors and, absent local regulation, remain susceptible to sale or distribution to persons intending unlawful misuse; and

WHEREAS, the City Council of the City of Canyon Lake desires to regulate the sale and distribution of Nitrous Oxide in order to protect the public health, safety, and welfare and to deter the sale or distribution of Nitrous Oxide products for unlawful inhalation or other unlawful purposes; and

WHEREAS, the City Council finds that adoption of this Ordinance is a proper exercise of the City’s police powers to protect the public health, safety, and welfare.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference. The City Council expressly finds that the facts set forth in the recitals constitute the facts establishing the urgency for adoption of this Ordinance.

Section 2. **Findings and Purpose.** The City Council finds that Nitrous Oxide misuse presents significant risks to the public health, safety, and welfare. Nitrous Oxide is capable of lawful use in food preparation, medical and dental settings, and certain commercial and automotive applications. However, the City Council further finds that Nitrous Oxide is also subject to recreational misuse and abuse, and that local regulation is necessary to reduce its availability for unlawful use and to protect the community.

Section 3. **Municipal Code Amendment.** Chapter 11.91 of the Canyon Lake Municipal Code is hereby added to read as follows:

**CHAPTER 11.91
REGULATION OF NITROUS OXIDE**

11.91.010 Definitions.

As used in this Chapter, the following terms shall have the following meanings:

“Device” means any cartridge, compressed gas cylinder, apparatus, container, balloon, attachment, nozzle, or other object used to contain, dispense, or administer Nitrous Oxide.

“Nitrous Oxide” means the colorless nonflammable gas sometimes identified as N₂O, which is sometimes used in aerosols and sometimes used as an anesthetic, and which, when inhaled, produces loss of sensibility to pain, often preceded by exhilaration and laughter. Nitrous Oxide is often informally or colloquially referred to as “laughing gas,” “NOX,” “galaxy gas,” and “whippits,” among others.

“Person” means any individual or legal entity however constituted or organized.

“Wholesale capacity” means the sale or distribution of Nitrous Oxide, or a device to dispense or administer Nitrous Oxide, to a person or entity that will use the Nitrous Oxide or device in services or products for resale or in a lawful commercial, medical, dental, industrial, automotive, or culinary operation. Examples include, but are not limited to, commercial sale of dentistry supplies to dentists or dentistry offices, commercial sale of devices for use in food production or in a commercial kitchen, and commercial sale of Nitrous Oxide for the purpose of producing food products for commercial sale, including whipped cream canisters.

11.91.020 Prohibition on Sale or Distribution of Nitrous Oxide.

Except as otherwise authorized by law or allowed under this Chapter, it is unlawful for any Person to sell, attempt to sell, offer for sale, distribute, furnish, provide, or otherwise transfer to any Person Nitrous Oxide, a device to dispense or administer Nitrous Oxide, or any device that contains any quantity of Nitrous Oxide.

11.91.030 Exemptions to Prohibitions.

This Chapter does not apply to the sale, attempted sale, offer for sale, distribution, furnishing, provision, or other transfer of Nitrous Oxide, or a device containing, dispensing, or administering Nitrous Oxide, in any of the following exempt circumstances:

- A. The Nitrous Oxide is contained in a food product for use as a propellant.
- B. The Nitrous Oxide or device is sold, attempted to be sold, offered for sale, distributed, furnished, provided, or otherwise transferred in a wholesale capacity for lawful commercial, medical, dental, industrial, automotive, or culinary purposes. This exemption shall not apply if the seller, distributor, or provider knows or has reason to know that the recipient intends to use the

Nitrous Oxide or device in violation of California Penal Code section 381b or any other applicable law.

C. The Nitrous Oxide or device is specifically designed for use in a vehicle to enhance the performance of the vehicle, is sold by a licensed retailer, and is flavorless.

D. The Nitrous Oxide is sold, attempted to be sold, offered for sale, distributed, furnished, provided, or otherwise transferred specifically for the purpose of providing medical or dental care by, or at the direction and under the supervision of, a medical or dental practitioner licensed by the State of California and in accordance with all applicable laws, rules, and regulations.

E. The Nitrous Oxide or device is sold, attempted to be sold, offered for sale, distributed, furnished, provided, or otherwise transferred by a pharmacist, pharmacist intern, or pharmacy, as those terms are defined by the California Business and Professions Code, as may be amended, in the course of lawful pharmacy duties, or by wholesalers licensed by the California State Board of Pharmacy.

F. Any other circumstance exempted under state or federal law.

Any sale, distribution, furnishing, provision, or transfer of Nitrous Oxide contemplated under this section shall comply with all applicable documentation, recordkeeping, and transaction requirements set forth in California Penal Code section 381e, as may be amended, and any other applicable law.

11.91.040 Product Seizure, Evidence, and Disposal.

A. Any Nitrous Oxide, device to dispense or administer Nitrous Oxide, device that contains any quantity of Nitrous Oxide, package, container, advertisement, record, document, or other item that is sold, offered for sale, provided, distributed, furnished, possessed for sale, marketed, labeled, displayed, stored, or maintained in violation of this Chapter may be seized, impounded, held as evidence, or otherwise handled in accordance with applicable law.

B. Any item seized pursuant to this Chapter shall be handled in accordance with applicable law enforcement, code enforcement, evidentiary, property, and due process requirements, including any applicable requirements governing notice, storage, retention, release, forfeiture, destruction, or disposal.

C. Upon a final administrative, civil, or criminal determination that any seized item violates this Chapter, or upon other lawful authorization, such item may be destroyed or otherwise disposed of in a manner approved by the Chief of Police or designee and consistent with applicable law.

D. Nothing in this section limits, supersedes, or restricts the authority of any peace officer, code enforcement officer, or other authorized enforcement official to seize contraband, evidence, or other property pursuant to any other provision of this Code, state law, federal law, warrant, court order, consent, exigent circumstance, or other lawful authority.

11.91.050 Business License and Permit Remedies.

A. A violation of this Chapter may constitute grounds for denial, suspension, revocation, or nonrenewal of any City business license, business tax certificate, permit, entitlement, approval, or other City authorization held by or requested by the violator, to the extent authorized by this Code and applicable law.

B. To the extent authorized by this Code and applicable law, the City may withhold issuance or renewal of a City business license, business tax certificate, permit, entitlement, approval, or other City authorization for any business, responsible party, or property where violations of this Chapter have occurred until the violations are corrected and all final penalties, fines, administrative citations, abatement costs, storage costs, disposal costs, and other recoverable costs have been paid.

C. Any denial, suspension, revocation, nonrenewal, or withholding of a City business license, business tax certificate, permit, entitlement, approval, or other City authorization pursuant to this section shall be carried out in accordance with all applicable notice, hearing, appeal, and due process requirements under this Code and applicable law.

11.91.060 Cost Recovery.

A. The City may recover all costs reasonably incurred in investigating, enforcing, prosecuting, and abating violations of this Chapter, including, but not limited to, staff time, inspection costs, enforcement costs, administrative costs, attorneys' fees where authorized by law, abatement costs, storage costs, disposal costs, and any other costs recoverable under this Code or applicable law.

B. Costs recoverable under this section may be recovered through any procedure authorized by this Code or applicable law, including administrative proceedings, civil action, nuisance abatement proceedings, collection against a responsible party, or any other lawful method.

C. Recovery of costs pursuant to this section shall be cumulative and shall not limit the City's ability to pursue any other remedy, penalty, fine, fee, charge, lien, assessment, or enforcement mechanism authorized by this Code or applicable law.

11.91.070 Violations and Enforcement.

A. Any Person violating any provision of this Chapter may be charged as a misdemeanor or an infraction, at the discretion of the City Attorney or other official authorized by law. In the event a misdemeanor charge is filed, the City Attorney is authorized, to the extent permitted by law, to reduce the charge to an infraction.

B. In addition to, or in lieu of, criminal enforcement, violations of this Chapter may be enforced by administrative citation, civil action, injunctive relief, nuisance abatement, business license or permit remedies, cost recovery, or any other administrative, civil, or criminal remedy authorized by this Code or applicable law.

C. A violation of this Chapter may be punished as a misdemeanor by a fine not exceeding one thousand dollars, by imprisonment in the County jail for a period not exceeding six months, or by both such fine and imprisonment, to the extent permitted by law. A violation charged as an infraction shall be punishable as provided by law.

D. Each day that a violation continues shall constitute a separate offense.

E. The remedies provided in this Chapter are cumulative and not exclusive. Nothing in this Chapter shall be construed to limit any other remedy, penalty, or enforcement authority available to the City under this Code or applicable law.

Section 4. **Clerical Errors.** The City Council directs the City Clerk to correct any clerical errors found in this Ordinance, including, but not limited to, typographical errors, irregular numbering, and incorrect section references.

Section 5. **Severability.** Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 6. **Effective Date.** This Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

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Section 7. Publication. The City Clerk shall cause the Ordinance or a summary thereof to be published in accordance with state law.

PASSED, APPROVED, AND ADOPTED this ____ day of _____ 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

Steven Pacifico, City Attorney

ORDINANCE NO. 279

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 11.92 REGULATING THE SALE AND DISTRIBUTION OF KRATOM PRODUCTS

WHEREAS, kratom (*Mitragyna speciosa*) and products containing hydroxymitragynine (also known as 7-OH) have raised public health and public safety concerns relating to potency, dependency, youth access, impaired driving, and marketing practices attractive to children; and

WHEREAS, the City Council of the City of Canyon Lake desires to protect the public safety, health, and welfare of the City's residents by adopting local regulations consistent with the regional-approach provided for under Riverside County Ordinance No. 1004; and

WHEREAS, the City Council finds that adoption of this Ordinance is a proper exercise of the City's police powers to protect the public safety, health, and welfare.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference. The City Council expressly finds that the facts set forth in the recitals constitute the facts establishing the urgency for adoption of this Ordinance.

Section 2. **Findings and Purpose.** It is the intent of the City Council to prohibit the sale, distribution, or possession of kratom and hydroxymitragynine (also known as 7-OH) products within the City of Canyon Lake that contain more than 2% of 7-OH in the alkaloid fraction, recognizing the significant health risks associated with elevated concentrations of this alkaloid.

Kratom (*mitragyna speciosa*) is a tropical tree native to Southeast Asia, and its leaves are often consumed in powdered or extract form for their stimulant and sedative effects. The active compounds in kratom include mitragynine and 7-OH. While mitragynine is present in higher concentrations, 7-OH is more potent and is largely responsible for the stronger pain-relieving, sedative, and euphoric effects.

Research has shown 7-OH has euphoric and mood-enhancing effects, particularly at higher doses, which can increase its appeal for recreational use. Research has also shown that 7-OH binds to opioid receptors in the brain with greater affinity than morphine, making it significantly more powerful in relieving pain. This greater potency raises significant concerns about its safety profile, especially regarding the potential for addiction, overdose, and adverse physical and psychological effects, including nausea, vomiting, and potential psychosis. These risks are compounded when products contain higher concentrations of 7-OH.

Health advisories have raised concerns over the safety of kratom products, particularly those with higher concentrations of 7-OH, which may increase the potential for abuse and harm to public health. The United States Food and Drug Administration (FDA) has issued several warning letters

to various companies for illegally marketing products containing enhanced levels of 7-OH culminating in a formal request to the U.S. Drug Enforcement Administration (DEA) on July 29, 2025, to place 7-OH products on the controlled substance list.

Health officials, including the FDA, have raised concerns over the safety of kratom products, particularly those with higher concentrations of 7-OH, which may increase the potential for abuse and harm to public health.

At least one county in California, and several cities in California, has recently taken steps to regulate or ban kratom products, recognizing the need to protect public safety, especially among vulnerable populations.

The City Council, in its commitment to safeguarding the health and well-being of its residents by ensuring that products available for sale do not pose undue health risks, hereby restricts the sale and distribution of kratom and 7-OH products containing more than 2% of 7-OH in the alkaloid fraction, thereby reducing potential risks to public health and safety.

Section 3. **Municipal Code Amendment.** Chapter 11.92 of the Canyon Lake Municipal Code is hereby adopted as follows:

**CHAPTER 11.92
REGULATION OF KRATOM PRODUCTS**

11.92.010 Definitions.

As used in this Chapter, the following terms shall have the following meanings:

“7-OH product” means a product containing hydroxymitragynine.

“Attractive to children” means any of the following:

1. Use of images that are attractive to children, including, but not limited to, images of any of the following, except as part of required health warnings:
 - a. Cartoons, toys, or robots.
 - b. Any real or fictional humans.
 - c. Fictional animals or creatures.
 - d. Fruits or vegetables, except when used to accurately describe ingredients or flavors contained in a product.
2. Likeness to images, characters, or phrases that are popularly used to advertise to children.

3. Imitation of candy packaging or labeling, or other packaging and labeling of cereals, sweets, chips, or other food products typically marketed to children.
4. The terms “candy” or “candies” or variants in spelling such as “kandy” or “kandee.”
5. Brand names or close imitations of brand names of candies, cereals, sweets, chips, or other food products typically marketed to children.
6. Any other image or packaging that is easily confused with commercially available foods that do not contain kratom and are typically marketed to children.
7. Any other packaging used that is attractive to children considering all relevant facts and circumstances.

“Kratom leaf” means the leaf of the kratom plant, also known as *mitragyna speciosa*, in any form.

“Kratom leaf extract” means the material obtained by extraction of kratom leaves by any means.

“Kratom product” means a product consisting of kratom leaf, kratom leaf extract, or both; any part of a leaf of the plant *mitragyna speciosa* in fresh, dehydrated or dried form or a kratom extract or any product that contains any kratom alkaloid or metabolite.

“Semi-synthesized” means an alkaloid, alkaloid derivative, kratom constituent, or kratom derivative that has been chemically or biosynthetically converted, altered, enhanced, concentrated, or otherwise modified from a naturally occurring kratom alkaloid or constituent, including through a process that confers a structural change in the alkaloid or constituent.

“Synthesized” means an alkaloid or alkaloid derivative that has been created by chemical synthesis or biosynthetic means (including but not limited to: fermentation, recombinant techniques, yeast derived enzymatic techniques) rather than traditional food preparation techniques such as heating or extracting. It also includes alkaloids that have been further exposed to chemicals or processes that would confer a structural change in the alkaloids contained within the extract.

“Total kratom alkaloids” means the sum of mitragynine, speciociliatine, speciogynine, paynantheine, and 7-OH in a kratom product.

11.92.020 Prohibition on Sale and Distribution of Kratom and 7-OH Products.

A. Except as otherwise authorized by law, an individual, business, or other entity shall not sell, attempt to sell, offer for sale, provide, furnish, give away, or distribute a kratom product or 7-OH product to a person under twenty-one (21) years of age.

B. Except as otherwise authorized by law, an individual, business, or other entity shall not sell, attempt to sell, offer for sale, provide, furnish, give away, or distribute a kratom product or 7-

OH product with a level of 7-OH that is greater than two percent (2%) of the total kratom alkaloids in the product.

C. Except as otherwise authorized by law, an individual, business, or other entity shall not sell, attempt to sell, offer for sale, provide, furnish, give away, or distribute a kratom product or 7-OH product that is attractive to children.

D. Any individual, business, or other entity that sells, attempts to sell, offers for sale, provides, furnishes, gives away, or distributes a kratom product or 7-OH product shall conduct age verification to ensure compliance with subsection A.

E. Except as otherwise authorized by law, no individual, business, or other entity shall sell, attempt to sell, offer for sale, provide, furnish, give away, distribute, possess for sale, market, label, display, or maintain for sale any kratom product or 7-OH product that contains or is adulterated with synthesized or semi-synthesized kratom alkaloids, kratom constituents, or kratom derivatives.

11.92.030 Violations and Penalties.

A. Any person or entity violating any provision of this Chapter may be charged as a misdemeanor or an infraction, at the discretion of the City Attorney or other official authorized by law. In the event a misdemeanor charge is filed, the City Attorney is authorized, to the extent permitted by law, to reduce the charge to an infraction.

B. In addition to, or in lieu of, criminal enforcement, violations of this Chapter may be enforced by administrative citation, civil action, injunctive relief, nuisance abatement, or any other administrative, civil, equitable, or criminal remedy authorized by the Canyon Lake Municipal Code or other applicable law.

C. A violation of this Chapter may be punished as a misdemeanor by a fine not exceeding one thousand dollars (\$1,000.00), or by imprisonment in the County jail for a period not exceeding six (6) months, or by both such fine and imprisonment, to the extent permitted by law. A violation charged as an infraction shall be punishable as provided by law.

D. Each person or entity that violates this Chapter is guilty of a separate offense for each and every day, or portion thereof, during which the violation is committed, continued, maintained, or permitted.

E. The remedies provided in this Chapter are cumulative and not exclusive, and nothing in this Chapter shall preclude the City from pursuing any other remedy or penalty authorized by the Canyon Lake Municipal Code or applicable law.

11.92.040 Product Seizure, Evidence, and Disposal.

A. Any kratom product, 7-OH product, synthesized or semi-synthesized kratom alkaloid product, package, container, advertisement, record, document, or other item that is sold, offered for sale, provided, furnished, distributed, possessed for sale, marketed, labeled, displayed, or

maintained in violation of this Chapter may be seized, impounded, held as evidence, or otherwise handled in accordance with applicable law.

B. Any item seized pursuant to this Chapter shall be handled in accordance with applicable law enforcement, code enforcement, evidentiary, administrative, and due process requirements.

C. Upon a final administrative, civil, or criminal determination that a seized product or item violates this Chapter, or upon other lawful authorization, such product or item may be destroyed or otherwise disposed of in a manner approved by the Chief of Police or designee and consistent with applicable law.

D. Nothing in this section limits the authority of a peace officer, code enforcement officer, or other authorized enforcement official to seize contraband, evidence, or other property pursuant to any other applicable law.

11.92.050 Business License and Permit Remedies.

A. A violation of this Chapter may constitute grounds for denial, suspension, revocation, or nonrenewal of any City business license, business tax certificate, permit, entitlement, approval, or other City authorization held by or requested by the violator, to the extent authorized by this Code and applicable law.

B. The City may withhold issuance or renewal of a City business license, business tax certificate, permit, entitlement, approval, or other City authorization for any business or property where violations of this Chapter have occurred until all violations are corrected and all final penalties, fines, and recoverable administrative costs have been paid, to the extent authorized by this Code and applicable law.

C. The remedies set forth in this section are cumulative and shall not limit the City's authority to impose any other administrative, civil, criminal, licensing, permitting, or nuisance abatement remedy available under this Code or applicable law.

11.92.060 Cost Recovery.

A. The City may recover all costs incurred in investigating, enforcing, prosecuting, and abating violations of this Chapter, including, but not limited to, staff time, inspection costs, attorneys' fees where authorized by law, administrative costs, abatement costs, storage costs, testing costs, disposal costs, and any other costs recoverable under this Code or applicable law.

B. Cost recovery under this section may be pursued by administrative process, civil action, collection action, nuisance abatement proceeding, lien, special assessment, or any other method authorized by this Code or applicable law.

Section 4. Clerical Errors. The City Council directs the City Clerk to correct any clerical errors found in this Ordinance, including, but not limited to, typographical errors, irregular numbering, and incorrect section references.

Section 5. Severability. Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 6. Effective Date. This Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

Section 7. Publication. The City Clerk shall cause the Ordinance or a summary thereof to be published in accordance with state law.

PASSED, APPROVED, AND ADOPTED this ____ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

Steven Pacifico, City Attorney

ORDINANCE NO. 280

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 11.93 TO THE CANYON LAKE MUNICIPAL CODE REGARDING THE REGULATION OF DRUG PARAPHERNALIA

WHEREAS, the Canyon Lake is authorized pursuant to Article XI, Section 7 of the California Constitution to make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws; and

WHEREAS, the City has a substantial interest in protecting the public health, safety, and welfare of its residents, businesses, visitors, and neighborhoods; and

WHEREAS, the City Council finds that the proliferation of businesses selling, marketing, displaying, or distributing drug paraphernalia contributes to unlawful drug activity, blight, nuisance conditions, criminal conduct, public health risks, and negative secondary impacts affecting surrounding properties and neighborhoods; and

WHEREAS, the City Council further finds that certain retailers intentionally market products designed or primarily intended for the ingestion, inhalation, injection, cultivation, manufacture, concealment, processing, or use of controlled substances, including methamphetamine, fentanyl, heroin, cocaine, and unlawfully possessed narcotics; and

WHEREAS, the City Council finds that businesses engaged in the sale or display of drug paraphernalia are frequently associated with increased calls for service, loitering, narcotics activity, property crime, public consumption of controlled substances, litter, hazardous waste, and threats to public safety; and

WHEREAS, the City Council finds that methamphetamine use in particular is associated with dangerous and highly addictive behavior, violent criminal conduct, severe public health impacts, homelessness, environmental contamination, and increased burdens on law enforcement, fire, emergency medical services, hospitals, code enforcement, and other public resources; and

WHEREAS, the City Council further finds that fentanyl and opioid-related overdoses continue to present an escalating public health and safety crisis throughout California and Riverside County, including impacts on youth and vulnerable populations; and

WHEREAS, the City Council finds that businesses engaged in the sale of drug paraphernalia frequently attempt to market such products as “novelty items,” “collectibles,” or “for tobacco use only,” while nevertheless displaying, advertising, packaging, promoting, or selling such products in a manner commonly associated with unlawful controlled substance use; and

WHEREAS, the City Council finds that state law, including California Health and Safety Code sections 111.934 through 111.934.7, regulates drug paraphernalia, but does not fully occupy the field of local land use, business licensing, nuisance abatement, administrative enforcement, and

local regulatory controls intended to address the secondary impacts associated with such activities;
and

WHEREAS, the City Council intends this Ordinance to supplement, and not conflict with, state and federal law.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference. The City Council expressly finds that the facts set forth in the recitals constitute the facts establishing the urgency for adoption of this Ordinance.

Section 2. **Findings and Purpose.** The City Council hereby finds and declares that the sale, display, marketing, distribution, and furnishing of drug paraphernalia contributes to and facilitates unlawful drug activity and creates substantial adverse impacts on the public health, safety, and welfare of the community. The purpose and intent of this Chapter are to:

- (i) Protect the public health, safety, and welfare;
- (ii) Reduce unlawful drug activity and related nuisance conditions;
- (iii) Protect neighborhoods, businesses, and public spaces from the adverse secondary effects associated with drug paraphernalia retailers;
- (iv) Establish reasonable operational regulations and enforcement standards for businesses engaged in the sale or display of drug paraphernalia;
- (v) Provide comprehensive enforcement tools and remedies to ensure compliance with this Chapter;
- (vi) Supplement state law and support local law enforcement and nuisance abatement efforts;
and
- (vii) Preserve the quality of life, economic vitality, and community character of the City.

Section 3. **Municipal Code Amendment.** Chapter 11.93 of the Canyon Lake Municipal Code is hereby added to read as follows:

**CHAPTER 11.93
DRUG PARAPHERNALIA RETAIL REGULATIONS**

11.93.010 Definitions.

For purposes of this Chapter, the following definitions shall apply:

“Drug paraphernalia” shall have the same meaning as set forth in California Health and Safety Code section 11014.5, as may be amended.

“Drug paraphernalia retailer” means any person or business entity that sells, offers for sale, displays, distributes, furnishes, markets, or possesses for sale any drug paraphernalia.

“Person” means any individual, firm, partnership, association, corporation, limited liability company, or other entity.

“Premises” means any building, structure, location, parcel, tenant space, or portion thereof used for commercial purposes.

“Controlled substance” shall have the meaning set forth in the California Health and Safety Code.

“Public nuisance” means any condition prohibited by this Chapter and any activity declared to be a nuisance pursuant to this Code or applicable law.

11.93.020 Prohibited Acts.

A. No person shall knowingly sell, offer for sale, display, furnish, market, distribute, or possess with intent to sell any drug paraphernalia in violation of state law or this Chapter.

B. No person shall operate a drug paraphernalia retailer without all required City business licenses, land use approvals, permits, and any other approvals required by federal, state, or local law.

C. No person shall display drug paraphernalia in a manner visible from a public right-of-way or from outside the premises.

D. No person shall permit the sale, display, or furnishing of drug paraphernalia to any person under eighteen (18) years of age.

E. No person shall maintain a premises in a manner that facilitates unlawful controlled substance activity, loitering, narcotics transactions, public consumption of controlled substances, or other criminal conduct.

F. No person shall knowingly market products using terminology, imagery, labeling, or advertising associated with unlawful drug consumption or use.

11.93.030 Operational Requirements.

A. All drug paraphernalia retailers shall maintain a valid City business license and comply with all zoning requirements applicable to the premises.

B. Drug paraphernalia retailers shall maintain continuous video surveillance covering all interior customer areas and all entrances and exits. Recordings shall be retained for a minimum of ninety (90) days and provided to the City upon lawful request.

C. No drug paraphernalia retailer shall operate between the hours of 10:00 p.m. and 6:00 a.m.

- D. Drug paraphernalia shall be maintained behind the sales counter or within locked display cases inaccessible to customers without employee assistance.
- E. The premises shall be maintained free of graffiti, litter, drug-related waste, hazardous materials, and nuisance conditions.
- F. The operator shall permit lawful inspections by City officials during business hours.

11.93.040 Public Nuisance Declared.

Any violation of this Chapter is hereby declared unlawful and a public nuisance.

11.93.050 Business License and Permit Remedies.

- A. A violation of this Chapter may constitute grounds for denial, suspension, revocation, or nonrenewal of any City business license, business tax certificate, permit, entitlement, approval, or other City authorization held by or requested by the violator, to the extent authorized by this Code and applicable law.
- B. To the extent authorized by this Code and applicable law, the City may withhold issuance or renewal of a City business license, business tax certificate, permit, entitlement, approval, or other City authorization for any business, responsible party, or property where violations of this Chapter have occurred until the violations are corrected and all final penalties, fines, administrative citations, abatement costs, storage costs, disposal costs, and other recoverable costs have been paid.
- C. Any denial, suspension, revocation, nonrenewal, or withholding of a City business license, business tax certificate, permit, entitlement, approval, or other City authorization pursuant to this section shall be carried out in accordance with all applicable notice, hearing, appeal, and due process requirements under this Code and applicable law.

11.93.060 Cost Recovery.

- A. The City may recover all costs reasonably incurred in investigating, enforcing, prosecuting, and abating violations of this Chapter, including, but not limited to, staff time, inspection costs, enforcement costs, administrative costs, attorneys' fees where authorized by law, abatement costs, storage costs, disposal costs, and any other costs recoverable under this Code or applicable law.
- B. Costs recoverable under this section may be recovered through any procedure authorized by this Code or applicable law, including administrative proceedings, civil action, nuisance abatement proceedings, collection against a responsible party, or any other lawful method.
- C. Recovery of costs pursuant to this section shall be cumulative and shall not limit the City's ability to pursue any other remedy, penalty, fine, fee, charge, lien, assessment, or enforcement mechanism authorized by this Code or applicable law.

11.93.070 Violations and Enforcement.

A. Any Person violating any provision of this Chapter may be charged as a misdemeanor or an infraction, at the discretion of the City Attorney or other official authorized by law. In the event a misdemeanor charge is filed, the City Attorney is authorized, to the extent permitted by law, to reduce the charge to an infraction.

B. In addition to, or in lieu of, criminal enforcement, violations of this Chapter may be enforced by administrative citation, civil action, injunctive relief, nuisance abatement, business license or permit remedies, cost recovery, or any other administrative, civil, or criminal remedy authorized by this Code or applicable law.

C. A violation of this Chapter may be punished as a misdemeanor by a fine not exceeding one thousand dollars, by imprisonment in the County jail for a period not exceeding six months, or by both such fine and imprisonment, to the extent permitted by law. A violation charged as an infraction shall be punishable as provided by law.

D. Each day that a violation continues shall constitute a separate offense.

E. The remedies provided in this Chapter are cumulative and not exclusive. Nothing in this Chapter shall be construed to limit any other remedy, penalty, or enforcement authority available to the City under this Code or applicable law.

Section 4. **Clerical Errors.** The City Council directs the City Clerk to correct any clerical errors found in this Ordinance, including, but not limited to, typographical errors, irregular numbering, and incorrect section references.

Section 5. **Severability.** Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 6. **Effective Date.** This Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

Section 7. Publication. The City Clerk shall cause the Ordinance or a summary thereof to be published in accordance with state law.

PASSED, APPROVED, AND ADOPTED this ____ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

Steven Pacifico, City Attorney



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Steven Graham, City Attorney

DATE: 06/10/2026

SUBJECT: Introduction and First Reading of Ordinance No. 281 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.03 of the Canyon Lake Municipal Code Regulating the Operation of Electric Bicycles, Electric Motorcycles, and Other Regulated Mobility Devices

Recommendation:

Waive full reading and introduce by title only Ordinance No. 281 - An Ordinance of the City Council of the City of Canyon Lake, California, Adding Chapter 14.03 of the Canyon Lake Municipal Code Regulating the Operation of Electric Bicycles, Electric Motorcycles, and Other Regulated Mobility Devices

Background/Analysis:

The use of electric bicycles, motorized scooters, electrically motorized boards, electric personal assistive mobility devices, shared mobility devices, electric motorcycles, off-highway electric motorcycles, and similar mobility devices has increased in communities throughout California, including in residential, recreational, commercial, and mixed-use areas. When operated improperly, these devices can create safety concerns for pedestrians, motorists, bicyclists, children, seniors, persons with disabilities, equestrians, golf cart operators, and other users of streets, sidewalks, parks, pathways, private roads, parking lots, trails, public facilities, private recreational facilities, and commercial areas.

The proposed ordinance would add Chapter 14.03 to the Canyon Lake Municipal Code to establish local regulations governing the operation of electric bicycles, electric motorcycles, and other regulated mobility devices. The ordinance is intended to supplement, and not conflict with, the California Vehicle Code or other applicable state or federal law.

The ordinance establishes definitions for regulated mobility devices, electric bicycles, electric motorcycles, noncompliant electric vehicles, pedestrian facilities, bicycle facilities, public facilities, private roads, private common areas, private commercial areas, and authorized private enforcement areas. These definitions are intended to address the increasing variety of devices being operated in the community, including high-powered electric motorcycles and off-highway electric motorcycles that may be marketed or operated as “e-bikes” even though they do not meet the California Vehicle Code definition of an electric bicycle.

The ordinance would prohibit unsafe operation of regulated mobility devices, including reckless or careless operation, unsafe speeds, failure to yield, riding against traffic, stunts, wheelies, jumps, racing, speed contests, unsafe group riding, unsafe passing, carrying passengers or objects in an unsafe manner, towing or clinging to vehicles, distracted operation, operation under the influence where

prohibited by state law, and conduct that intentionally or recklessly frightens, harasses, or threatens others. It also restricts operation on sidewalks and pedestrian facilities, in parks and public facilities, and on trails or pathways where prohibited by signage or City designation. The City Manager would be authorized to designate City-controlled areas where operation is prohibited or subject to additional restrictions based on public safety, congestion, special events, maintenance, emergency conditions, or other operational concerns.

The ordinance also addresses electric motorcycles and noncompliant electric vehicles. It prohibits operation of electric motorcycles, off-highway electric motorcycles, motor-driven cycles, and noncompliant electric vehicles on public streets, sidewalks, pedestrian facilities, bicycle facilities, parks, trails, public facilities, private roads, private parking facilities, private common areas, private commercial areas, or authorized private enforcement areas unless the operation is authorized by the California Vehicle Code and the vehicle is lawfully registered, licensed, equipped, identified, and operated for that location. The ordinance further prohibits modifying an electric bicycle so that it exceeds applicable speed, power, pedal, or equipment limits under state law, and prohibits representing or treating a noncompliant device as an electric bicycle.

Because Canyon Lake includes substantial privately owned and privately controlled areas, the ordinance includes a specific framework for private-property enforcement. Under that framework, the City may enforce the ordinance on private roads, private common areas, private recreational areas, parking facilities, parks, beaches, trails, pathways, gates, security areas, and similar areas only after the responsible private entity has adopted substantially consistent rules or incorporated the City's rules by reference, has filed a written request or consent in a form approved by the City Attorney, has installed required signs and notices, and the City Manager or designee has determined that the area is appropriate for enforcement and placed it on a list of authorized private enforcement areas maintained by the City Clerk. The ordinance preserves private enforcement authority and makes clear that City acceptance of a private-property enforcement request does not create a mandatory duty to provide patrol, dedicated enforcement, security services, or any particular level of enforcement.

The ordinance includes enforcement tools such as administrative citations, infraction citations, misdemeanor prosecution where warranted, public nuisance abatement, removal, seizure, impoundment, cost recovery, and other civil, administrative, or criminal remedies. It also authorizes, where permitted by state law, removal or seizure of devices in specified public safety circumstances and includes procedures for notice, release, safety-course completion, proof of ownership, parental involvement for minors, and recovery of lawful administrative, towing, storage, or related charges. The ordinance further establishes parental or guardian responsibility where a parent or guardian authorizes, knowingly permits, or fails to take reasonable steps to prevent a minor from violating the chapter.

If introduced at this meeting, the ordinance would return to the City Council for second reading and adoption at a subsequent meeting. If adopted, the ordinance would take effect 30 days after adoption.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

There is no direct fiscal impact associated with introduction of the ordinances. If adopted, implementation may require staff time for education, inspection, investigation, and enforcement. The ordinances include cost recovery provisions intended to allow the City to recover eligible enforcement, abatement, storage, disposal, administrative, and related costs to the extent authorized by the Municipal Code and applicable law.

Attachments:

1 - Ordinance

ORDINANCE NO. 281

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ADDING CHAPTER 14.03 OF THE CANYON LAKE MUNICIPAL CODE REGULATING THE OPERATION OF ELECTRIC BICYCLES, ELECTRIC MOTORCYCLES, AND OTHER REGULATED MOBILITY DEVICES

WHEREAS, the use of electric bicycles, motorized scooters, electrically motorized boards, electric personal assistive mobility devices, low-speed vehicles, shared mobility devices, electric motorcycles, off-highway electric motorcycles, and similar devices has increased within the City; and

WHEREAS, improperly operated electric bicycles, electric motorcycles, and other regulated mobility devices can create public safety hazards for pedestrians, motorists, bicyclists, children, seniors, persons with disabilities, equestrians, golf cart operators, and other users of streets, sidewalks, parks, pathways, private roads, parking lots, trails, public facilities, private recreational facilities, and commercial areas; and

WHEREAS, certain high-powered electric motorcycles and off-highway electric motorcycles are sometimes marketed, described, modified, or operated as “e-bikes,” even though they do not meet the California Vehicle Code definition of an electric bicycle; and

WHEREAS, the City Council desires to establish clear, enforceable standards for safe operation, including restrictions on unsafe riding, sidewalk operation, park and public facility use, passenger carrying, racing, stunts, group riding, operation of unlawful electric motorcycles, and operation of noncompliant electric vehicles; and

WHEREAS, the City Council finds that this ordinance is necessary to protect the public health, safety, and welfare and is a reasonable exercise of the City’s police power.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE DOES ORDAIN AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference. The City Council expressly finds that the facts set forth in the recitals constitute the facts establishing the urgency for adoption of this Ordinance.

Section 2. **CEQA.** The City Council finds that this ordinance is exempt from review under the California Environmental Quality Act pursuant to CEQA Guidelines sections 15061(b)(3) because the ordinance consists of general public safety regulations, enforcement procedures, and organizational provisions, and it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

Section 3. **Municipal Code Amendment.** Chapter 14.03, “Operation of Regulated Mobility Devices,” is hereby added to the Canyon Lake Municipal Code to read as follows:

Chapter 14.03
OPERATION OF REGULATED MOBILITY DEVICES

14.03.010 Definitions.

For purposes of this chapter, the following definitions shall apply:

“Authorized private enforcement area” means private property, a private road, a private parking facility, a private common area, a private recreational area, a private commercial area, or other private property within the City where the owner, operator, association, or authorized representative has adopted regulations substantially consistent with this chapter, has requested or consented to City enforcement, has entered into any agreement required by the City, has installed required signs, and has satisfied all applicable requirements of this chapter.

“Bicycle” has the same meaning as in California Vehicle Code section 231.

“Bicycle facility” means any public or private improvement, infrastructure, lane, path, route, trail, or area designed, designated, or operated primarily for use by bicycles, electric bicycles, or other regulated mobility devices, whether separated from or shared with other modes of travel.

“Class 1 electric bicycle,” “Class 2 electric bicycle,” and “Class 3 electric bicycle” have the same meanings as in California Vehicle Code section 312.5.

“Electric bicycle” has the same meaning as in California Vehicle Code section 312.5.

“Electric motorcycle” means a motorcycle, motor-driven cycle, off-highway electric motorcycle, electric off-highway vehicle, or other electric vehicle that is not an electric bicycle, motorized scooter, electric personal assistive mobility device, or electrically motorized board under the California Vehicle Code, and that is powered in whole or in part by an electric motor.

“Electric personal assistive mobility device” has the same meaning as in California Vehicle Code section 313.

“Electrically motorized board” has the same meaning as in California Vehicle Code section 313.5.

“Motorized scooter” has the same meaning as in California Vehicle Code section 407.5.

“Noncompliant electric vehicle” means any electric vehicle, electric motorcycle, off-highway electric motorcycle, motor-driven cycle, or similar device that is not lawfully registered, licensed, equipped, identified, or operated as required by the California Vehicle Code, or that is advertised, labeled, modified, or operated as an electric bicycle but does not satisfy the California Vehicle Code definition of an electric bicycle.

“Operator” means any person who operates, rides, drives, propels, controls, or has actual physical control of a regulated mobility device.

“Owner or operator” means the owner, operator, manager, association, property owners association, common interest development board of directors, commercial association, merchant association, managing agent, or other person or entity with legal authority to regulate the private property, private road, private parking facility, private common area, private commercial area, or private recreational area at issue.

“Pedestrian facility” means any public or private improvement, infrastructure, or space designed, designated, or operated primarily for use by pedestrians, including persons using mobility aids such as wheelchairs, walkers, or strollers, and includes sidewalks, pedestrian paths, pedestrian ways, crosswalks, plazas, walkways, and similar areas.

“Private commercial area” means privately owned or maintained property used for commercial, retail, office, service, restaurant, parking, drive aisle, pedestrian access, or related purposes.

“Private common area” means private property owned, maintained, operated, or regulated by a common interest development, property owners association, homeowners association, or similar entity for the use or benefit of members, residents, guests, invitees, or the public.

“Private parking facility” means a privately owned and maintained off-street parking facility, parking lot, parking structure, drive aisle, access road, or related circulation area.

“Private road” means a privately owned and maintained road, street, lane, drive, access road, or similar vehicular travel way within the City.

“Public area” means any outdoor area open to members of the public for public use, whether owned, leased, maintained, operated, or controlled by the City or by another public or private entity, to the fullest extent regulation by the City is permitted by law.

“Public facility” means any City-owned, City-leased, City-maintained, City-operated, or City-controlled building, park, playground, sports court, athletic field, trail, pathway, parking lot, drainage facility, culvert, channel, open space, or other public property.

“Regulated mobility device” means a bicycle, electric bicycle, electric personal assistive mobility device, electrically motorized board, motorized scooter, shared mobility device, and any other similar wheeled device or vehicle, whether powered by human power, electric power, or a combination thereof. “Regulated mobility device” does not include a mobility device used by a person with a disability in a manner protected by federal or state law, a low-speed vehicle, or a golf cart.

“Rider” means a passenger or other person riding in or on a regulated mobility device who is not operating the device.

“Shared mobility device” has the same meaning as in California Civil Code section 2505.

“Vehicle” has the same meaning as in California Vehicle Code section 670.

14.03.020 References to other laws.

Whenever this chapter refers to any statute, regulation, code, standard, or guideline, the reference shall include all amendments and successor provisions, unless a contrary intent is expressly stated.

14.03.030 General operation of regulated mobility devices.

A. Prohibited Areas Where Posted. No person shall operate, ride, park, leave, or place any regulated mobility device in any public area, public facility, pedestrian facility, bicycle facility, park, trail, pathway, sidewalk, or authorized private enforcement area where such operation, riding, parking, leaving, or placement is prohibited by posted signs, markings, barriers, or other official notice.

B. City Manager Authority to Designate Public Restrictions. The City Manager, or designee, may designate public areas, public facilities, parks, trails, pathways, sidewalks, parking lots, and other City-controlled locations where regulated mobility devices are prohibited or subject to additional restrictions based on public safety, pedestrian conflicts, facility design, congestion, special events, construction, maintenance, emergency conditions, or other operational concerns. A list of such locations shall be maintained by the City Clerk and may be amended from time to time by the City Manager.

C. Sidewalks and Pedestrian Facilities. No person shall operate or ride a regulated mobility device upon any sidewalk or pedestrian facility, except as may be necessary to enter or leave adjacent property or as otherwise expressly authorized by posted signage.

D. Public Facilities, Parks, and Recreational Areas. No person shall operate or ride a regulated mobility device in or upon any City park, playground, athletic field, sports court, gymnasium, public building, public plaza, public drainage facility, culvert, ditch, channel, landscaped area, or other public facility, except in areas expressly designated for such use by the City.

E. Trails and Pathways. No person shall operate or ride a regulated mobility device on any trail, pathway, open-space area, equestrian trail, hiking trail, recreational trail, or similar facility where such operation is prohibited by posted signage or by designation of the City Manager. Where operation is allowed, the operator shall yield to pedestrians and equestrians, operate at a reasonable and prudent speed, and dismount when conditions require safe shared use.

F. Due Care and Unsafe Operation. No person shall operate or ride a regulated mobility device in a manner that is unsafe, reckless, careless, or that endangers or is likely to endanger persons or property. Without limiting the foregoing, no person operating or riding a regulated mobility device shall:

1. Operate at a speed greater than is reasonable or prudent for existing conditions, including weather, visibility, traffic, pedestrian activity, roadway or pathway width, surface

condition, congestion, or proximity to driveways, intersections, parks, schools, gates, security facilities, commercial areas, or public facilities.

2. Operate in a manner that fails to yield to pedestrians, vehicles, equestrians, bicycles, golf carts, low-speed vehicles, or other regulated mobility devices when required by law or when reasonably necessary for safety.
3. Fail to obey posted traffic signs, signals, pavement markings, regulatory signs, or official traffic-control devices.
4. Ride against the lawful direction of traffic on any public street, private road, roadway, bicycle lane, or bicycle facility.
5. Perform acrobatics, tricks, stunts, wheelies, jumps, skids, burnouts, or similar maneuvers in any public area, public facility, private road, private parking facility, private common area, private commercial area, authorized private enforcement area, or in any location where pedestrians, vehicles, golf carts, or other regulated mobility devices are present.
6. Engage in racing, speed contests, exhibition of speed, stunt contests, group riding that obstructs traffic, or any coordinated riding activity that creates a foreseeable collision risk or interferes with the safe movement of pedestrians, vehicles, golf carts, or other devices.
7. Pass any pedestrian, vehicle, bicycle, equestrian, golf cart, or regulated mobility device at an unsafe speed, without reasonable and prudent lateral clearance, or in a manner that endangers or interferes with the safe movement of the person or device being overtaken.
8. Carry any package, bundle, item, animal, object, or passenger in a manner that prevents the operator from maintaining full control, safe balance, braking ability, or forward visibility.
9. Transport any other person on any portion of a regulated mobility device not designed for passenger riding, including handlebars, frame bars, floorboards, cargo areas, baskets, pegs, or any other area not designed and equipped for passengers.
10. Transport any passenger on a regulated mobility device designed for a single rider.
11. Cling to, attach to, tow, be towed by, or otherwise connect a regulated mobility device or any operator or rider to any moving vehicle, bicycle, regulated mobility device, golf cart, low-speed vehicle, or other wheeled device, except through equipment specifically designed and lawfully used for that purpose.
12. Operate with headphones, earbuds, handheld devices, or other distractions in a manner that prevents the operator from safely hearing, seeing, or responding to surrounding conditions.
13. Operate a regulated mobility device while under the influence of alcohol, cannabis, controlled substances, or any drug to the extent prohibited by state law.

14. Operate in a manner that intentionally or recklessly frightens, startles, harasses, or threatens pedestrians, motorists, equestrians, bicyclists, golf cart operators, or other members of the public.

G. Helmets. Any person under 18 years of age operating or riding a regulated mobility device shall wear a properly fitted and fastened helmet when required by state law. No person shall operate a Class 3 electric bicycle without a properly fitted and fastened helmet where required by state law.

H. Equipment Compliance. No person shall operate a regulated mobility device unless the device is equipped and maintained as required by the California Vehicle Code and all other applicable laws, including requirements relating to brakes, reflectors, lights, labels, pedals, speed capability, power output, and other safety equipment.

14.03.040 Electric motorcycles and noncompliant electric vehicles.

A. No person shall operate an electric motorcycle, off-highway electric motorcycle, motor-driven cycle, or noncompliant electric vehicle on any public street, highway, sidewalk, pedestrian facility, bicycle facility, park, trail, pathway, public facility, public area, private road, private parking facility, private common area, private commercial area, or authorized private enforcement area within the City unless such operation is expressly authorized by the California Vehicle Code and the vehicle is lawfully registered, licensed, equipped, identified, and operated for that location.

B. No person shall operate, ride, park, store, or place an electric motorcycle, off-highway electric motorcycle, or noncompliant electric vehicle in any City park, playground, athletic field, sports court, public building, public plaza, public drainage facility, culvert, ditch, channel, landscaped area, trail, pathway, or other public facility, except where expressly authorized by the City.

C. No person shall modify, alter, tamper with, or operate any electric bicycle in a manner that causes the device to exceed the speed, power, pedal, or equipment limits applicable to electric bicycles under the California Vehicle Code.

D. No person shall represent, operate, or treat any electric motorcycle, off-highway electric motorcycle, motor-driven cycle, or other noncompliant electric vehicle as an electric bicycle if the device does not meet the California Vehicle Code definition of an electric bicycle.

E. Nothing in this section shall be construed to authorize operation of any vehicle or device in a location where such operation is prohibited by state law, federal law, this Code, posted signage, private rules applicable to an authorized private enforcement area, or lawful direction of a peace officer, code enforcement officer, or City official.

14.03.050 Applicability to Private Property.

A. General Rule. This chapter applies to all public property and public rights-of-way within the City to the fullest extent permitted by law. This chapter also applies to private property within the City only to the extent permitted by law, including where the private property is an authorized private enforcement area.

B. This chapter may be enforced on private roads, private common areas, private recreational areas, parking facilities, parks, beaches, trails, pathways, gates, security areas, and other property owned, maintained, operated, or regulated by a common interest development, property owners association, homeowners association, or similar entity (a "Private Entity") only after all of the following have occurred:

1. The Private Entity has adopted rules, regulations, resolutions, or other governing documents that prohibit or regulate the same conduct prohibited or regulated by this chapter, or has otherwise incorporated this chapter by reference into the Private Entity's rules;
2. The Private Entity has filed with the City a written request, consent, petition, or agreement requesting or authorizing City enforcement, in a form approved by the City Attorney;
3. The Private Entity has installed and maintained all signs, markings, notices, traffic-control devices, and entrance notices required by this chapter, the City Manager, and any enforcement agreement; and
4. The City Manager or designee has determined that the area is appropriate for enforcement and has placed the area on a list of authorized private enforcement areas maintained by the City Clerk.

C. Private Rules Preserved. Nothing in this chapter limits the ability of a Private Entity, a commercial property owner, or any other private owner or operator to adopt and enforce private rules, regulations, covenants, conditions, restrictions, contractual remedies, access restrictions, trespass remedies, disciplinary rules, member rules, towing policies, or other lawful private-property remedies independent of City enforcement.

D. No Mandatory Enforcement Duty. The City's acceptance of a private-property enforcement request, petition, consent, or agreement does not require the City, Police Department, code enforcement personnel, or any other public agency to provide patrol, dedicated enforcement, security services, or a particular level of enforcement on private property.

E. Conditions and Costs. The City Manager may impose reasonable conditions on any private-property enforcement approval.

14.03.060 Removal, seizure, storage, and release.

A. State-Law Removal Authority. A peace officer may remove, seize, store, or impound any regulated mobility device, electric bicycle, Class 3 electric bicycle, electric motorcycle, off-highway electric motorcycle, or noncompliant electric vehicle when authorized by the California

Vehicle Code, including but not limited to California Vehicle Code section 22651.08, or any successor statute.

B. Public Safety Seizure. In addition to any fines or penalties authorized by this chapter, and to the extent permitted by state law, a peace officer may seize a regulated mobility device, electric bicycle, Class 3 electric bicycle, electric motorcycle, off-highway electric motorcycle, or noncompliant electric vehicle when the officer has probable cause to believe that the owner or operator has committed a violation of this chapter and that the violation created an immediate or substantial risk to public safety. Such violations may include, but are not limited to:

1. Reckless operation or exhibition of speed creating an immediate hazard to persons or property;
2. Willful disregard of traffic-control devices in active traffic, including stop signs, traffic signals, or yield controls;
3. Unsafe group riding that obstructs traffic or creates a foreseeable collision risk;
4. Operation in posted areas prohibiting electric bicycle operation when pedestrians are present; or
5. Operation in a park, playground, sports court, sidewalk, public facility, private road, private parking facility, private common area, private commercial area, or authorized private enforcement area in a manner creating a foreseeable risk of injury or collision.

Seizure under this subsection shall not be authorized for minor technical equipment violations, lawful conduct that does not present an objectively articulable safety risk, or mere presence in a group absent unsafe conduct.

C. Notice. Written notice of seizure and instructions for release shall be provided to the operator, if known, and to the owner, parent, or legal guardian when the operator is an unemancipated minor and such information is reasonably available.

D. Release Conditions. When the regulated mobility device, electric bicycle, Class 3 electric bicycle, electric motorcycle, off-highway electric motorcycle, or noncompliant electric vehicle seized under subsection B, it may be held for a minimum of 48 hours and released when all of the following conditions are satisfied:

1. The operator has completed a City-approved or Police Department-approved electric bicycle or regulated mobility device safety course;
2. If the operator is a minor, the minor's parent or legal guardian is present at the time of release, unless waived by the Police Chief or designee for good cause;
3. The person seeking release provides satisfactory proof of ownership or lawful possession; and

4. All lawful administrative charges, towing charges, storage charges, or other cost-recovery amounts have been paid, unless waived by the City Manager or designee.

E. Release of Vehicles Removed Under State Law. Any vehicle or device removed pursuant to the California Vehicle Code shall be released in accordance with applicable state law, including any lawful safety-course, proof-of-ownership, licensing, registration, identification, towing, storage, or administrative requirements.

14.03.070 Administrative charges and cost recovery.

A. The City may impose administrative charges not exceeding the City's actual and reasonable administrative costs directly related to removal, seizure, towing coordination, storage coordination, documentation, processing, inspection, release, recordkeeping, and enforcement under this chapter, to the extent permitted by law.

B. Administrative charges may be imposed on the owner, operator, violator, parent, legal guardian, private property owner, association, or other legally responsible person to the extent permitted by state law, this Code, or any applicable enforcement agreement.

C. Nothing in this section shall limit the City's authority to recover costs, impose penalties, or pursue any remedy otherwise available under this Code or state law.

14.03.080 Violations and enforcement.

A. Any violation of this chapter may be enforced by any remedy available under this Code or state law, including administrative citation, infraction citation, misdemeanor prosecution where authorized, public nuisance abatement, removal, seizure, impoundment, cost recovery, or any other civil, administrative, or criminal remedy.

B. Unless otherwise specified, any violation of this chapter may be punishable as an infraction or administrative citation. The City Attorney may prosecute any violation as a misdemeanor where the circumstances warrant such treatment, including repeated violations, reckless conduct, injury, property damage, flight from enforcement, false information, or unsafe operation.

C. In lieu of a fine, administrative citation, or other enforcement remedy, the City Attorney may allow a violator to complete a safety course approved by the Police Chief or designee. Eligibility for diversion may be denied based on the seriousness of the violation, prior violations, injury, property damage, failure to cooperate, or other public safety considerations.

D. Each act, each day, and each device involved in a violation may constitute a separate violation.

E. The remedies provided in this chapter are cumulative and not exclusive.

14.03.090 Responsibility of parent or guardian.

A. The parent of any minor child, and the guardian of any ward, shall not authorize, knowingly permit, or fail to take reasonable steps to prevent the minor child or ward from violating this chapter.

B. A parent or legal guardian may be held jointly and severally responsible with an unemancipated minor for administrative fines, penalties, charges, or cost recovery imposed as a result of the minor's violation, to the extent permitted by state law.

C. Evidence that a parent or guardian supplied, purchased, leased, provided access to, maintained, modified, or knowingly allowed a minor to use a regulated mobility device, electric motorcycle, or noncompliant electric vehicle in violation of this chapter may be considered in determining whether the parent or guardian authorized or knowingly permitted the violation.

14.03.100 Exemptions.

A. Public Agency Personnel. City personnel, law enforcement personnel, fire personnel, emergency medical personnel, and other public agency personnel may operate regulated mobility devices or other vehicles in any location within the City when reasonably necessary in the performance of official duties.

B. Private Security Personnel. Private security personnel, parking enforcement personnel, property management personnel, and other authorized private-property personnel may operate regulated mobility devices or other vehicles on private property when reasonably necessary in the performance of assigned duties and when authorized by the property owner or operator.

C. Disability and Mobility Devices. This chapter shall not prohibit or restrict the safe use of mobility devices by persons with disabilities in a manner protected by the Americans with Disabilities Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, or any other applicable federal or state law.

D. Emergency Conditions. This chapter shall not prohibit operation of a regulated mobility device or vehicle when reasonably necessary to respond to an emergency, avoid imminent harm, or comply with the lawful direction of a peace officer, firefighter, emergency responder, security officer, gate attendant, or City official.

Section 4. No Conflict with State Law. This ordinance is intended to supplement and not conflict with the California Vehicle Code or any other applicable state or federal law. If any provision of this ordinance is interpreted to conflict with state or federal law, that provision shall be construed, limited, or applied in a manner that avoids such conflict to the maximum extent permitted by law.

Section 5. Clerical Errors. The City Council directs the City Clerk to correct any clerical errors found in this Ordinance, including, but not limited to, typographical errors, irregular numbering, and incorrect section references.

Section 6. Severability. Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 7. Effective Date. This Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

Section 8. Publication. The City Clerk shall cause the Ordinance or a summary thereof to be published in accordance with state law.

PASSED, APPROVED, AND ADOPTED this ____ day of _____ 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor's signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

Steven Pacifico, City Attorney



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Arron Brown, City Manager

BY: Ruby Manzano, Community Development Manager

DATE: 06/10/2026

SUBJECT: Introduction and First Reading of Ordinance No. 282 - An Ordinance of the City Council of the City of Canyon Lake, California, Repealing and Replacing Chapter 9.32 (Accessory Dwelling Units) of the Canyon Lake Municipal Code to bring the City's Accessory Dwelling Unit Ordinance into Compliance with Current State ADU Law

Recommendation:

(1) Waive full reading and introduce by title only Ordinance No. 282 - An Ordinance of the City Council of the City of Canyon Lake, California, Repealing and Replacing Chapter 9.32 (Accessory Dwelling Units) of the Canyon Lake Municipal Code to bring the City's Accessory Dwelling Unit Ordinance into Compliance with Current State ADU Law; and (2) direct staff to submit the adopted ordinance to the California Department of Housing and Community Development (HCD) for review in response to the May 11, 2026, Technical Assistance Letter.

Background/Analysis:

The City of Canyon Lake's ADU Ordinance is codified at Chapter 9.32 of the Canyon Lake Municipal Code. The Ordinance was originally adopted by Ordinance No. 197 (March 4, 2020) and has been amended on several occasions, most recently by Ordinance No. 245 (April 10, 2024). On May 11, 2026, HCD's Division of Housing Policy Development transmitted a Letter of Technical Assistance to the City.

The letter advises that the most recent ADU ordinance on file with HCD for the City of Canyon Lake is from 2023, and that given the numerous changes to State ADU Law since the adoption of that ordinance, the ordinance may be outdated and out of compliance with State ADU Law. HCD has requested a response by June 10, 2026, with either (1) a description of how the ADU ordinance continues to comply with State ADU Law despite recent changes, or (2) a plan and timeline to repeal the current ordinance or adopt an amended, compliant ordinance and submit it to HCD for review.

California Government Code § 66316 provides that if an existing ADU ordinance fails to meet the requirements of State ADU Law, the ordinance is "null and void" and the local jurisdiction must apply State ADU Law standards until it adopts a compliant ordinance. HCD further recommends that a local jurisdiction with a noncompliant ADU ordinance repeal the ordinance to provide clarity for ADU applicants who may otherwise rely on an outdated ordinance.

Discussion

Based on staff's review of the HCD Technical Assistance Letter and a comparison against the City's current Chapter 9.32, the following amendments are required to bring the Ordinance into compliance with State ADU Law:

A. 2025 State Law Changes

The proposed amendment incorporates the following changes required by 2025 amendments to State ADU Law:

- The definition of a junior accessory dwelling unit (JADU) in § 9.32.010(b) has been revised to specify that the 500 square foot size limit applies to interior livable space, consistent with Government Code § 66313, subdivision (d).
- Section 9.32.120 has been amended to condition the owner-occupancy requirement on whether the JADU shares sanitation facilities with the primary structure, as now required by Government Code § 66333, subdivision (b), and to add a fire sprinkler clarification providing that fire sprinklers are not required for a JADU if the primary residence does not have fire sprinklers and that the addition of a JADU cannot trigger a fire sprinkler requirement, consistent with Government Code § 66323, subdivision (d).
- Section 9.32.130 has been updated to expressly require that JADUs, in addition to ADUs, be rented for terms longer than 30 days, consistent with Government Code § 66333, subdivision (g).
- A new impact fee provision has been added to the Ordinance prohibiting impact fees on ADUs with 750 square feet of interior livable space or less, and on JADUs with 500 square feet of interior livable space or less, and requiring that any impact fee on an ADU exceeding 750 square feet be charged proportionately in relation to the square footage of the primary dwelling unit, consistent with Government Code § 66311.5, subdivisions (a) through (d).
- Section 9.32.020 has been amended to require the permitting agency to determine whether an ADU or JADU application is complete and provide written notice of that determination within 15 business days of receipt, and to require that notice of an incomplete application include a list of incomplete items and a description of how the application can be made complete, consistent with Government Code § 66317, subdivisions (a)(2)(A) and (a)(2)(B).
- A new appeal provision has been added requiring the City to provide a process for applicants to appeal a denied or incomplete ADU or JADU application and to issue a final written determination within 60 business days of receipt of a written appeal, consistent with Government Code § 66317, subdivision (d)(1).
- A new provision has been added specifying that an ADU or JADU containing less than 500 square feet of interior livable space does not increase assessable space. Size limitations throughout the Ordinance have been revised to be based on the square footage of interior livable living space."
- Section 9.32.150(b)(1) has been reviewed for consistency with the number of allowable ADUs per lot with a proposed or existing single-family dwelling under Government Code § 66323, subdivision (a).
- A new provision has been added requiring the City to issue a certificate of occupancy for an ADU in a county subject to a gubernatorial proclamation of a state of emergency on or after February 1, 2025, even if the primary dwelling has not yet received a certificate of occupancy, provided the primary dwelling was substantially damaged or destroyed by the emergency event, consistent with Government Code § 66328.
- A new provision implementing Government Code § 66333.5 has been added to ensure that if the City fails to timely submit an adopted JADU ordinance to HCD or fails to respond to HCD's findings within the required timelines, the ordinance is null and void and the City must apply State ADU Law when processing ADU applications.
- For reference, although the City of Canyon Lake is not a coastal jurisdiction, the 2025 amendments also require local governments and the Coastal Commission to approve or deny a coastal development permit application for an ADU within 60 days of a completed application, pursuant to Government Code § 66329, subdivision (a).

B. 2024 State Law Changes

The proposed ordinance also incorporates the following changes required by 2024 amendments to State ADU Law:

- SB 477 (Chapter 7, Statutes of 2024) renumbered the Government Code sections governing

State ADU and JADU Law, and all cross-references throughout Chapter 9.32 have been updated to reflect the current, correct section numbers.

- A new definition of "livable space" has been added to § 9.32.010, defining it as a space in a dwelling intended for human habitation, consistent with Government Code §§ 66313, subdivision (e), and 66323, subdivision (a)(3)(A).
- Section 9.32.040(b) has been amended to provide that uncovered, off-street parking spaces demolished in conjunction with the construction of an ADU do not need to be replaced, consistent with Government Code § 66314, subdivision (d)(11).
- Sections 9.32.110(a) and 9.32.150(b)(4) have been amended to specify that up to eight detached ADUs are permitted on a lot with an existing multifamily dwelling, provided that the number of ADUs does not exceed the number of existing units on the lot, consistent with Government Code § 66323, subdivision (a)(4)(A)(ii).
- Section 9.32.100 has been reviewed and revised to remove any objective development standards imposed on 66323 Units that are not authorized by Government Code § 66323, subdivision (a), consistent with Government Code § 66323, subdivision (b).
- A new provision has been added prohibiting the City from denying a permit for an unpermitted ADU or JADU constructed before January 1, 2020, for building code violations, unless the City makes a finding that correcting the violation is necessary to prevent a substandard building condition, consistent with Government Code § 66332, subdivisions (a) through (c).

Unaddressed HCD Items

Three items referenced in the HCD Technical Assistance Letter are not separately addressed in the proposed ordinance amendment.

First, Government Code § 66326, subdivision (d) — which specifies that a local agency's ADU ordinance is null and void and the agency must apply State ADU Law if it fails to timely submit the ordinance to HCD or respond to HCD's findings within the required timelines — is a self-executing provision of state law that applies by operation of law without local codification.

A parallel provision applicable to JADU ordinances under Government Code § 66333.5 has been incorporated into the Ordinance; the Council may direct staff to add a corresponding local provision under § 66326, subdivision (d) for additional clarity if desired.

Second, Government Code § 66329, which specifies that no reimbursement is required for school service charges, fees, or assessments sufficient to pay for the program or level of service within the meaning of Government Code § 17556, is similarly self-executing and does not require amendment to the Municipal Code.

Third, Civil Code § 714.3, subdivision (b), which provides that reasonable restrictions in covenants, conditions, and restrictions shall not include any fees or other financial requirements related to ADUs, governs private parties and homeowners' associations — not the City — and therefore does not require an amendment to the Canyon Lake Municipal Code.

Staff recommend that written notice of the Civil Code § 714.3(b) limitation be provided to the Canyon Lake POA separately.

Environmental Review

The proposed Ordinance amendment is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to Government Code § 65852.2, which exempts ADU ordinances adopted in compliance with State ADU Law from CEQA review.

Fiscal Impact Yes/No: No

Additional Fiscal Information:

Adoption of the amended ADU Ordinance is not anticipated to have a fiscal impact on the City. Implementation will be accommodated through existing departmental budgets.

Attachments:

- 1 - HCD Letter
- 2 - Ordinance Redline
- 3 - Ordinance Clean

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannon Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



May 11, 2026

Arron Brown, City Manager
City of Canyon Lake
31516 Railroad Canyon Rd.
Canyon Lake, CA 92587

Dear Arron Brown:

RE: City of Canyon Lake – Accessory Dwelling Unit (ADU) Ordinance Updates – Letter of Technical Assistance

The most recent ADU ordinance on file for the City of Canyon Lake with the California Department of Housing and Community Development (HCD) is from 2023. Given the numerous changes to State ADU Law since the adoption of the ordinance, the ordinance may be outdated and out of compliance with State ADU Law. If HCD's records are incorrect, and a new ordinance has been adopted, please submit it to the [ADU Portal](#) for HCD's review.

Below are the changes to State ADU Law that have occurred in recent years and may warrant an update to the City of Canyon Lake ADU ordinance:

Check out the updated [2026 ADU Handbook!](#)

Changes to ADU Law in 2025:

- Specifies that if a JADU has shared sanitation facilities with the primary structure, owner-occupancy will be required. If the JADU does *not* have shared sanitation facilities, owner-occupancy will *not* be required (Gov. Code, § 66333, subd. (b)).
- Requires rental terms for JADUs for terms longer than 30 days (Gov. Code, § 66333, subd. (g)).
- Specifies that if a local agency fails to submit an adopted ADU ordinance to HCD within the 60-day timeline or fails to respond to HCD's findings regarding their ordinance within the 30-day timeline, that ordinance is null and void and the local agency must only apply State ADU Law when permitting ADUs (Gov. Code, § 66326, subd. (d)).

- Revises the definition of a “junior accessory dwelling unit” to require the size of a JADU to be no more than 500 square feet of interior livable space (Gov. Code, § 66313, subd. (d)).
- Revises the limitations on impact fees to, instead, prohibit impact fees upon the development of an ADU that has 750 square feet of interior livable space or less or a JADU that has 500 square feet of interior livable space or less, and to require that any impact fee on an ADU that has more than 750 square feet of interior livable space be charged proportionately in relation to the square footage of the primary dwelling unit (Gov. Code, § 66311.5, subds. (a) – (d)).
- Requires a permitting agency to determine whether an application for an ADU or JADU is complete and provide written notice of the determination not later than 15 business days after the permitting agency received the application (Gov. Code, § 66317, subd. (a)(2)(A)).
- Requires the permitting agency to provide the applicant with a list of incomplete items and a description of how the application can be made complete in the written notice, and authorizes the applicant to cure and address the application, as specified, if it is determined that an application is incomplete (Gov. Code, § 66317, subd. (a)(2)(B)).
- Requires the permitting agency to provide a process for the applicant to appeal a denied application, as provided, and requires the permitting agency to provide a final written determination by not later than 60 business days after receipt of the written appeal if a permit application is determined to be incomplete or is denied (Gov. Code, § 66317, subd. (d)(1)).
- Specifies that an ADU or JADU that contains less than 500 square feet of interior livable space does not increase assessable space.
- Revises size limitations to be based on the square footage of interior living space of the ADU (Gov. Code, § 66321, subds. (b)(2)(A), (b)(2)(B), and (b)(3)).
- Specifies the number of allowable ADUs per lot with a proposed or existing single-family dwelling (Gov. Code, § 66323, subd. (a)).
- Clarifies that fire sprinklers are not required for a JADU if the primary residence does not have fire sprinklers and that the addition of a JADU cannot trigger the requirement for fire sprinklers (Gov. Code, § 66323, subd. (d)).
- Adds section 66333.5, which specifies that if a local agency fails to submit an adopted JADU ordinance to HCD within the 60-day timeline or fails to respond to HCD’s findings regarding their ordinance within the 30-day timeline, that ordinance is null and void and the local agency must only apply State ADU Law when processing applications for ADUs.
- Requires a local agency to issue a certificate of occupancy for an ADU constructed in a county that is subject to a proclamation of a state of emergency made by the Governor on or after February 1, 2025, even if the primary dwelling has not yet been issued a certificate of occupancy, if certain requirements are

met, including that the primary dwelling was substantially damaged or destroyed by an event referenced in the state of emergency proclamation (Gov. Code, § 66328).

- Creates an exception to areas that fall under the California Coastal Act by requiring a local government or the Coastal Commission, as specified, to either approve or deny a coastal development permit application for an ADU within 60 days of receiving a completed application (Gov. Code, § 66329, subd. (a).)
- Specifies that no reimbursement is required for school service charges, fees, or assessments sufficient to pay for the program or level of service within the meaning of Government Code section 17556 (Gov. Code, § 66329).
- Specifies that reasonable restrictions in covenants, restrictions, and conditions, as described in the Civil Code, shall not include any fees or other financial requirements (Civil Code, § 714.3, subd. (b)).

Changes to ADU Law in 2024:

- SB 477 (Chapter 7, Statutes of 2024) made changes to the numbering of the sections of the Government Code for State ADU and JADU Laws.
- Prohibits a local agency from denying a permit for an unpermitted ADU or JADU that was constructed before January 1, 2020, for building code violations, unless the local agency makes a finding that correcting the violation is necessary to comply with conditions that would otherwise deem a building substandard (Gov. Code, § 66332, subds. (a)-(c)).
- Defines “livable space” as a space in a dwelling intended for human habitation, as the term appears in Government Code sections 66313, subdivision (e), and 66323, subdivision (a)(3)(A).
- Provides that uncovered, off-street parking spaces demolished in conjunction with the construction of an ADU do not need to be replaced (Gov. Code, § 66314, subd. (d)(11)).
- Changes the allowable number of detached ADUs on a lot with an existing multifamily dwelling to eight detached ADUs, provided that the number of ADUs does not exceed the number of existing units on the lot (Gov. Code, § 66323, subd. (a)(4)(A)(ii)).
- Prohibits a local agency from imposing any objective development standards on 66323 Units that are not authorized by the provisions of Government Code section 66323, subdivision (a) (Gov. Code, § 66323, subd. (b)).

Changes to ADU Law in 2023:

- Sunsets a former prohibition on a local agency imposing an owner occupancy requirement on any ADU and instead prohibits a local agency from requiring owner occupancy for an ADU (Gov. Code, § 66315).

- Allows a local agency to adopt a local ordinance to allow the separate conveyance of the primary dwelling unit and ADU(s) as condominiums, subject to certain conditions (Gov. Code, §§ 66340-66342).

If an existing ADU ordinance fails to meet the requirements of State ADU Law, the ordinance is “null and void” and the local jurisdiction must apply the standards set forth in State ADU Law until it adopts an ordinance that complies with state law (Gov. Code, § 66316). HCD recommends that a local jurisdiction with a noncompliant ADU ordinance repeal the ordinance to provide clarity for ADU applicants who may otherwise rely on the outdated ordinance.

HCD requests a response by June 10, 2026 with either (1) a description of how the ADU ordinance continues to comply with State ADU Law despite the changes to the law, or (2) a plan and timeline to either repeal the current ordinance or adopt an amended, compliant ordinance and submit it to HCD for review.

If you have any questions or need additional information, please contact Tyler Galli at Tyler.Galli@hcd.ca.gov.

Sincerely,



Jamie Candelaria
Section Chief, ADU Policy
Housing Accountability Unit

CHAPTER 9.32: ACCESSORY DWELLING UNITS

Section

- 9.32.010 *Definitions.*
- 9.32.020 *General provisions.*
- 9.32.030 *Permitted zones.*
- 9.32.040 *On-site parking.*
- 9.32.050 *On-site parking, exceptions.*
- 9.32.060 *Parking location.*
- 9.32.070 *Square footage.*
- 9.32.080 *Height.*
- 9.32.090 *Setback.*
- 9.32.100 *Design and development standards.*
- 9.32.110 *Multifamily zones.*
- 9.32.120 *Junior ADU standards.*
- 9.32.130 *Short-term rentals.*
- 9.32.140 *Conveyance.*
- 9.32.150 *By right units-building permit approval only.*

9.32.010 *Definitions.*

(a) "Accessory dwelling unit (ADU)" has the same meaning ascribed in Government Code Section ~~65852.2~~ 66323, as the same may be amended from time to time. An ADU means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following: (1) an efficiency unit, as defined in Section 17.958.1 of Health and Safety Code; and (2) a manufactured home, as defined in Section 18007 of the Health and Safety Code.

(b) "Junior accessory dwelling unit (Junior ADU or JADU)" means a residential dwelling unit that is no more than 500 square feet of interior livable space in size and contained entirely within an existing or proposed single-family structure single family structure. A junior

accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing structure.

(c) "Efficiency unit," as defined in Section 17958.1 of the Health and Safety Code, may be permitted for occupancy by no more than two persons and shall not be less than 150 square feet in size. The efficiency unit shall have a bathroom facility and a partial kitchen, with a kitchen sink, cooking appliance, and refrigerator.

(d) Collectively, ADUs and junior ADUs may be referred to in this Chapter as accessory dwelling units.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.020 General provisions.

Unless otherwise preempted by state law, the design and construction of all newly constructed accessory dwelling units shall comply with all applicable building, housing, zoning and site development standards of this Chapter, including but not limited to standards regarding setbacks, floor area ratio standards, height, and lot coverage. Applicants shall also comply with all applicable fee and charge requirements, and other applicable zoning requirements. Applications deemed complete for accessory dwelling units shall be approved ministerially with the applicable 60-day review period consistent with state law. The permitting agency shall determine whether an application for an ADU or JADU is complete and provide written notice of that determination not later than 15 business days after receipt of the application. If an application is determined to be incomplete, the written notice shall include a list of incomplete items and a description of how the application can be made complete. If a permit application is determined to be incomplete or is denied, the applicant shall have the right to appeal the determination, and the permitting agency shall provide a final written determination not later than 60 business days after receipt of the written appeal.

Consistent with Government Code Section 66315, as the same may be amended from time to time, the City shall not require owner-occupancy as a condition of issuing a permit for an accessory dwelling unit. This prohibition does not apply to junior accessory dwelling units, which are governed by the owner-occupancy requirements set forth in Section 9.32.120(b).

(Ord. 197, passed 3-4-2020; Am. Ord. 233, passed 3-8-2023; Am. Ord. 245, passed 4-10-2024)

9.32.030 Permitted zones.

Accessory dwelling units shall be a permitted use within the City's single-family and multiple-family residential zones.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.040 On-site parking.

(a) Required parking for accessory dwelling units shall not exceed one parking space per accessory dwelling unit or per bedroom, whichever is less.

(b) When an existing garage, carport, ~~or~~ covered parking structure, or uncovered off-street parking space is demolished in conjunction with the construction of an accessory dwelling unit or is converted into an accessory dwelling unit, replacement parking for the primary dwelling unit shall not be required.

(c) When required, on-site parking can be covered, uncovered, tandem or provided through the use of a mechanical automobile parking lift. Tandem parking as defined in this division means that two or more automobiles are parked in a driveway or in any other location on a lot, lined up behind one another.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.050 On-site parking, exceptions.

Notwithstanding the parking development standards for accessory dwelling units, accessory dwelling units that meet the following state provisions (consistent with Government Code Section 66323, as amended by SB 477, Chapter 7, Statutes of 2024 AB 68, AB 881, and SB 13) shall not be required to provide on-site parking in any of the following instances if:

(a) The accessory dwelling unit is located within one-half mile walking distance of "public transit" within the meaning of Government Code Section 63235852.2;

(b) The accessory dwelling unit is located within an architecturally and historic significant historic district;

(c) The accessory dwelling unit is part of the existing primary dwelling unit or an existing accessory structure;

(d) When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit; or

(e) When there is a car share vehicle located within one block of the accessory dwelling unit.

(f) When a permit application for an accessory dwelling unit is submitted with a permit application to create a new single-family dwelling or a new multifamily dwelling on the same lot, provided that the accessory dwelling unit or the parcel satisfies any other criteria listed in this paragraph.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.060 Parking location.

The parking provided on-site can be tandem and in an existing driveway or within any existing setback area, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site, topographical or fire and life safety conditions. When a designated parking area is provided and is not located in the driveway as tandem, the parking space must meet the minimum required turning radius and backup distance according to the requirements of the California Building Code and California Residential Code.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.070 Square footage.

(a) All new accessory dwelling units and additions to existing and permitted accessory dwelling units are exempt from compliance with the Floor Area Ratio (FAR), lot coverage, open space, or minimum lot size requirements noted in the Municipal Code unless otherwise specified herein.

(b) All new detached accessory dwelling units shall not exceed 1,200 square feet of interior livable space.

(c) When an accessory dwelling unit is attached to the existing primary dwelling unit, the maximum allowed size of that accessory dwelling unit shall be no more than fifty percent of the main dwelling size, or 850 or 1,000 square feet of interior livable space based on number of bedrooms as noted in preceding Subsection (b), whichever is less.

(d) When a balcony, porch or patio is provided in conjunction with an accessory dwelling unit, if said structure is covered, it shall count towards the total accessory dwelling unit square footage allowance.

(e) Pursuant to Government Code Section 66321, subdivisions (b)(2)(A), (b)(3)~~65852.2 (a) (1)(B)(i)~~, the city shall impose objective standards on accessory units that include a landing or a balcony, porch or patio for the purposes of square footage requirements.

(f) If a cover such as a porch or similar type structure is provided over the main entrance of the accessory dwelling unit, and is supported by posts, 25 square feet of the said cover will not count towards the maximum allowable square footage of the accessory dwelling unit.

(g) Accessory dwelling units may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. An expansion beyond the physical dimensions of the existing accessory structure shall be limited to accommodating ingress and egress.

(Ord. 197, passed 3-4-2020; Am. Ord. 223, passed 10-12-2022; Am. Ord. 233, passed 3-8-2023; Am. Ord. 245, passed 4-10-2024)

9.32.080 Height.

(a) All new accessory dwelling units, attached to the main dwelling unit must comply with the height requirements, allowing up to 16 feet.

(b) When an accessory dwelling unit is constructed on top of a detached garage, accessory structure, or above another accessory dwelling unit when applicable under this Code, shall have a minimum allowable height of 18 feet.

(c) All new detached accessory dwelling units on a lot with an existing or proposed multifamily, multistory dwelling shall have a minimum allowable height of 18 feet.

(d) When an accessory dwelling unit is constructed on top of a garage or accessory structure, the accessory dwelling unit cannot touch grade level, except through support posts. The bottom of the finished floor of the accessory dwelling unit must be above the top of plate of the garage or accessory structure.

(Ord. 197, passed 3-4-2020; Am. Ord. 233, passed 3-8-2023; Am. Ord. 245, passed 4-10- 2024)

9.32.090 Setback.

(a) Unless otherwise provided in this Chapter, any new accessory dwelling units must have a minimum setback of four feet to the rear property line and four feet to the side-yard property line with the exception that accessory dwelling units on top of a garage shall maintain a minimum five feet setback from side and rear property lines.

(b) Any new accessory dwelling unit cannot be located closer to the front property line than the prevailing front yard setback for a single family residential zoned lot or minimum required front setback for a multifamily residential zoned lot.

(c) No setback shall be required for an accessory dwelling unit that is within an existing structure or new accessory dwelling unit that is constructed in the same location and with the same dimensions as an existing structure.

(d) New accessory dwelling units must maintain a five-foot separation from building face to building face, and a four foot separation from eave to eave of any adjacent structure.

(e) No accessory dwelling unit may be located in a way that would prohibit access to a designated parking area or impede safe ingress and egress from a required side, rear, or front setback.

(f) No setback shall be required when an accessory dwelling unit is constructed in the same location and to the same dimensions as an existing legal structure that is converted into an accessory dwelling unit or to a portion of an accessory dwelling unit, even when that structure has been demolished.

(g) When a balcony, porch or patio is provided in conjunction with the accessory dwelling unit and is seven inches above grade level, the balcony, porch or patio must be setback from the rear and side property lines a minimum of four feet.

(h) When a staircase or landing is provided for a new or existing second story accessory dwelling unit, whether attached or detached to the primary dwelling unit, that staircase or landing must provide a minimum four foot setback to the rear and side property line.

(Ord. 197, passed 3-4-2020; Am. Ord. 233, passed 3-8-2023; Am. Ord. 245, passed 4-10-2024)

9.32.100 Design and development standards.

(a) The exterior design of the accessory dwelling unit shall match that of the main dwelling in terms of building forms, materials, colors, exterior finishes, roof forms and style of doors and windows. The structure(s) shall retain the appearance of a single-family dwelling, and the accessory dwelling unit shall be integrated into the design of the existing primary dwelling unit on the property or as determined objectively and approved ministerially.

(b) The accessory dwelling unit shall have the same design, architecture, colors and materials of the primary dwelling, and shall comply with any objective design standards adopted by the city, regardless of whether the use of the accessory dwelling unit is continued or terminated. If a separate entrance is provided, it shall be located on the side or rear of the structure and whenever possible located toward interior yard areas. The additional entrance is prohibited from being located on the front of the primary dwelling unit. The second entrance shall be well lit and free of concealment from landscaping to assure safe entrance and exit by the occupants.

(c) Consistent with Government Code Section ~~66323 (a)(1)(B)(i)~~65852.2(a)(1)(B)(i), all visible facade elevations of accessory dwelling units from any public right of way shall comply with the objective design standards adopted by the city.

(d) When a garage is converted into an accessory dwelling unit, the garage door must be removed and replaced with windows, door, or other design treatments that are compatible with the structure and the primary dwelling unit that can be uniformly verifiable by reference to an external and uniform benchmark

(e) The accessory dwelling unit shall comply with the requirements under the Code pertaining to the adequacy of water, sewer, electrical, drainage, and fire and emergency services to the property on which the accessory dwelling unit will be located as well as all applicable codes pertaining to building, fire, health, and/or safety.

(f) The main entrance of a detached accessory dwelling unit (ADU) shall align with the main entrance of the primary dwelling unit or face the side property lines, based on objective standards that prioritize compatibility with the neighborhood character. If an ADU entrance is proposed to face an alley or rear property line, it shall be subject to review based on an objective standard and ministerial process.

(Ord. 197, passed 3-4-2020; Am. Ord. 233, passed 3-8-2023; Am. Ord. 245, passed 4-10-2024)

9.32.110 Multifamily zones.

All of the provisions of this section shall apply to accessory dwelling units in the Multifamily Zones, unless otherwise stated in the following:

(a) No more than eight detached two-accessory dwelling units ~~may~~ be constructed on a lot with an existing multifamily dwelling, provided that the number of detached ADUs does not exceed the number of existing dwelling units on the lot. a Multifamily Zoned lot or on a lot with a multiple-family dwelling. These accessory dwelling units must be detached from the primary structure and may be attached or detached from each other.

(b) Accessory dwelling units may be created within a multifamily dwelling structure in areas not used as livable space, such as storage rooms, boiler rooms, passageways, attics, basements, common areas or garages, so long as the converted space complies with state building standards for dwellings.

(c) A minimum of one accessory dwelling unit or up to twenty-five percent of the existing multifamily unit total on the subject property, is permitted within an existing multifamily dwelling unit.

(Ord. 197, passed 3-4-2020; Am. Ord. 233, passed 3-8-2023; Am. Ord. 245, passed 4-10-2024)

9.32.120 Junior ADU standards.

All of the provisions of this section shall apply to a junior ADU unless otherwise stated in the following:

(a) A junior ADU is limited to 500 square feet.

(b) One junior ADU is allowed only within single-family residential zones. A junior ADU requires owner-occupancy as follows: If the junior ADU shares sanitation facilities with the primary dwelling, the owner shall reside in either the remaining portion of the single-family residence or the newly created junior ADU. If the junior ADU has separate sanitation facilities, owner-occupancy shall not be required. This provision does not apply if the owner is a governmental entity, land trust or housing organization.

(c) A deed restriction must be recorded and will run with the land prohibiting the sale of the junior ADU separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.

(d) The deed restriction must include the size and attributes of the junior ADU that conforms to this Section.

(e) The junior ADU shall be constructed within the walls of the proposed or existing single-family residence, as well as any enclosed uses within the residence. This area also includes

enclosed, non-habitable rooms and uses, including but not limited to attached garages and storage rooms.

(f) The junior ADU must include a separate entrance from the main entrance to the single-family residence and an interior entry to the main living area. A second interior doorway may be provided for sound attenuation. If a junior ADU shares a bathroom with the primary dwelling, the junior ADU is required to have an interior entry to the primary dwelling's "main living area," independent of the exterior entrances of the junior ADU and primary dwelling.

(g) The junior ADU must include an efficiency kitchen, which shall include all the following:

(1) A cooking facility with appliances.

(2) A food preparation counter and storage cabinets that are of reasonable size in relation to the size of the Junior ADU.

(h) Additional parking may not be required as a condition to grant a permit for a junior ADU.

(i) An inspection, including the imposition of a fee for that inspection to determine whether the junior ADU is in compliance with applicable building standards may be required at any time after the junior ADU has been built.

(j) For the purposes of any fire or life protection ordinance or regulation, a junior ADU shall not be considered a separate or new dwelling unit. This Section shall not preclude the City from adopting an ordinance or regulation relating to fire and life protection requirements within a single-family residence that contains a junior ADU so long as the ordinance or regulation applies uniformly to all single-family residences within the zone regardless of whether the single-family residence includes a junior ADU or not.

(k) For the purposes of providing service for water, sewer, or power, including a connection fee, a junior ADU shall not be considered a separate or new dwelling unit.

~~(l) A junior ADU requires owner-occupancy as follows: The owner shall reside in either the remaining portion of the single-family residence or the newly created junior ADU. This provision does not apply if the owner is a governmental entity, land trust or housing organization.~~

(lm) A recorded deed restriction is required, that shall run with the land, and shall be filed with the permitting agency, and shall include both of the following:

(1) A prohibition on the sale of the junior accessory dwelling unit separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.

(2) A restriction on the size and attributes of the junior accessory dwelling unit that conforms to this section.

(m) Fire sprinklers shall not be required for a junior accessory dwelling unit if fire sprinklers are not required for the primary dwelling unit. The addition of a junior accessory dwelling unit shall not trigger a requirement to install fire sprinklers in the primary dwelling unit. This subdivision shall apply notwithstanding any other provision of law, consistent with Government Code Section 66323, subdivision (d), as the same may be amended from time to time

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.130 Short-term rentals.

Unless otherwise provided for in the Canyon Lake Municipal Code, accessory dwelling units and junior accessory dwelling units (JADUs), which are rented, shall be rented for terms longer than 30 days.

9.32.135 Impact Fees – Prohibition for Small ADUs and JADU

(a) No impact fee shall be imposed upon the development of an accessory dwelling unit that has 750 square feet of interior livable space or less.

(b) No impact fee shall be imposed upon the development of a junior accessory dwelling unit that has 500 square feet of interior livable space or less.

(c) Any impact fee imposed upon an accessory dwelling unit that has more than 750 square feet of interior livable space shall be charged proportionately in relation to the square footage of the primary dwelling unit, consistent with Government Code Section 66311.5, subdivisions (a) through (d), as the same may be amended from time to time.

(d) An accessory dwelling unit or junior accessory dwelling unit that contains less than 500 square feet of interior livable space shall not be deemed to increase the assessable space of the parcel for purposes of property tax assessment, consistent with applicable state law.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.140 Conveyance.

Any accessory dwelling unit may be rented separate from the primary residence and may be sold or otherwise conveyed separate from the primary residence to a qualified buyer.

(Ord. 197, passed 3-4-2020; Am. Ord. 245, passed 4-10-2024)

9.32.150 By rights units - building permit approval only.

(a) An applicant shall not be required to submit an application for an ADU or JADU permit under this chapter and may instead seek building permit approval for an ADU or JADU that

satisfies the requirements of Government Code Section ~~6632365852.2~~(e)(l), as the same may be amended from time to time, and the California Building Standards Code, as amended by the city.

(b) Pursuant to Government Code Section ~~6632365852.2~~(e), the city shall ministerially approve an application for a building permit within a residential or mixed-use zone to create any of the following:

(1) One ADU or JADU per lot with a proposed or existing single-family dwelling if all of the following apply:

(A) The ADU or JADU is within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. An expansion beyond the physical dimensions of the existing accessory structure shall be limited to accommodating ingress and egress.

(B) The space has exterior access from the proposed or existing singlefamily dwelling.

(C) The side and rear setbacks are sufficient for fire and safety.

(D) The JADU complies with the requirements of Section ~~66333 65852.22~~ and with the requirements set forth in Section 9.32.120 above.

(2) One detached, new construction ADU that does not exceed four-foot side and rear yard setbacks for a lot with a proposed or existing single-family dwelling. The ADU may be combined with a JADU described in subsection (b)(l) above. The ADU shall be no more than 800 square feet in size, with a height limit of 16 feet.

(3) One ADU within the portions of existing multifamily dwelling structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, if each unit complies with state building standards for dwellings. If requested, multiple ADUs shall be allowed, up to the number of ADUs that equals 25 percent of the existing multifamily dwelling units in the structure.

(4) Not more than ~~eight~~~~two~~ detached ADUs located on a lot that has an existing multifamily dwelling, provided that the number of detached ADUs does not exceed the number of existing dwelling units on the lot, subject to a height limit of 16 feet and four-foot rear yard and side setbacks.

(Ord. 245, passed 4-10-2024)

9.32.155 Certificate of Occupancy During State of Emergency

(a) Notwithstanding any other provision of this Chapter, the City shall issue a certificate of occupancy for an accessory dwelling unit constructed on a parcel located in a county subject to a proclamation of a state of emergency issued by the Governor on or after February 1,

2025, even if the primary dwelling unit on the same parcel has not yet been issued a certificate of occupancy, provided that all of the following conditions are satisfied:

(1) The primary dwelling unit was substantially damaged or destroyed by an event referenced in the state of emergency proclamation;

(2) The accessory dwelling unit satisfies all applicable building standards under the California Building Standards Code and this Chapter; and

(3) The occupancy of the accessory dwelling unit is intended to house the displaced residents of the primary dwelling unit.

(b) This section is consistent with Government Code Section 66328, as the same may be amended from time to time.

9.32.160 Unpermitted Accessory Dwelling Units Constructed Before January 1, 2020.

The City shall not deny a permit for an accessory dwelling unit or junior accessory dwelling unit that was constructed before January 1, 2020, solely on the basis of building code violations, unless the City makes a written finding that correcting the building code violation is necessary to comply with conditions that would otherwise render the structure substandard pursuant to applicable law. This section is consistent with Government Code Section 66332, subdivisions (a) through (c), as the same may be amended from time to time.

ORDINANCE NO. 282

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, REPEALING AND REPLACING CHAPTER 9.32 (ACCESSORY DWELLING UNITS) OF THE CANYON LAKE MUNICIPAL CODE TO BRING THE CITY'S ACCESSORY DWELLING UNIT ORDINANCE INTO COMPLIANCE WITH CURRENT STATE ADU LAW

WHEREAS, the City of Canyon Lake, California (“City”) is a municipal corporation, duly organized under the constitution and law of the State of California; and

WHEREAS, the City of Canyon Lake ("City") has previously adopted regulations governing Accessory Dwelling Units ("ADUs") and Junior Accessory Dwelling Units ("JADUs"), codified at Chapter 9.32 of the Canyon Lake Municipal Code ("Municipal Code"), originally adopted by Ordinance No. 197 on March 4, 2020, and most recently amended by Ordinance No. 245 on April 10, 2024; and

WHEREAS, on May 11, 2026, the California Department of Housing and Community Development ("HCD") transmitted a Letter of Technical Assistance to City Manager Arron Brown advising that the ADU ordinance on file with HCD may be outdated and out of compliance with current State ADU Law; and

WHEREAS, California Government Code § 66316 provides that if an existing ADU ordinance fails to meet the requirements of State ADU Law, the ordinance is null and void and the local jurisdiction must apply State ADU Law standards until it adopts a compliant ordinance; and

WHEREAS, the City Council finds that it is in the public interest to amend Chapter 9.32 of the Municipal Code to bring the City's ADU regulations into full compliance with State ADU Law, including amendments enacted in 2024 and 2025; and

WHEREAS, the proposed Ordinance amendment is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to Government Code § 65852.2, which exempts ADU ordinances adopted in compliance with State ADU Law from CEQA review.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference. The City Council expressly finds that the facts set forth in the recitals constitute the facts establishing the urgency for adoption of this Ordinance.

Section 2. **Municipal Code Amendment.** Section 9.32 of the City of Canyon Lake Municipal Code is hereby repealed and replaced as provided in Exhibit “A”, attached hereto and incorporated herein by reference.

Section 3. **CEQA.** Under the California Public Resources Code section 21080.17, the California Environmental Quality Act (“CEQA”) does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California’s accessory dwelling unit law, and which also regulates junior accessory dwelling units, as defined by section 65852.22. Therefore, the proposed ordinance implements the State’s accessory dwelling unit law.

Section 4. **Clerical Errors.** The City Council directs the City Clerk to correct any clerical errors found in this Ordinance, including, but not limited to, typographical errors, irregular numbering, and incorrect section references.

Section 5. **Severability.** Should any section, subsection, clause, or provision of this Ordinance for any reason be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance; it being hereby expressly declared that this Ordinance, and each section, subsection, sentence, clause, and phrase hereof would have been prepared, proposed, approved, and ratified irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid, unenforceable, or unconstitutional.

Section 6. **Submission to HCD.** City staff is hereby directed to submit this Ordinance to the California Department of Housing and Community Development (HCD) for review in response to the May 11, 2026, Technical Assistance Letter, consistent with Government Code § 66326

Section 7. **Effective Date.** This Ordinance shall take effect and be in force thirty (30) days from passage and adoption.

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Section 8. Publication. The City Clerk shall cause the Ordinance or a summary thereof to be published in accordance with state law.

PASSED, APPROVED, AND ADOPTED this ____ day of _____ 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jeremy Smith, Mayor

ATTEST & CERTIFIED:

I, Sheryl Garcia, City Clerk of the City of Canyon Lake, hereby attest to the Mayor’s signature above and certify that the City Council duly adopted this Ordinance as recorded in the vote tally stated herein.

Sheryl L. Garcia, MMC, CPM
City Clerk

APPROVED AS TO FORM:

Steven Pacifico, City Attorney

Exhibit "A"
Municipal Code Chapter 9.32: Accessory Dwelling Units

CHAPTER 9.32: ACCESSORY DWELLING UNITS

Section

- 9.32.010 Definitions.
- 9.32.020 General provisions.
- 9.32.030 Permitted zones.
- 9.32.040 On-site parking.
- 9.32.050 On-site parking, exceptions.
- 9.32.060 Parking location.
- 9.32.070 Square footage.
- 9.32.080 Height.
- 9.32.090 Setback.
- 9.32.100 Design and development standards.
- 9.32.110 Multifamily zones.
- 9.32.120 Junior ADU standards.
- 9.32.130 Short-term rentals.
- 9.32.140 Conveyance.
- 9.32.150 By right units-building permit approval only.

9.32.010 Definitions.

(a) "Accessory dwelling unit (ADU)" has the same meaning ascribed in Government Code Section 66632.3, as the same may be amended from time to time. An ADU means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following: (1) an efficiency unit, as defined in Section 17.958.1 of Health and Safety Code; and (2) a manufactured home, as defined in Section 18007 of the Health and Safety Code.

(b) "Junior accessory dwelling unit (Junior ADU or JADU)" means a residential dwelling unit that is no more than 500 square feet of interior livable space and contained entirely within an existing or proposed single-family structure. A junior accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing structure.

(c) "Efficiency unit," as defined in Section 17958.1 of the Health and Safety Code, may be permitted for occupancy by no more than two persons and shall not be less than 150 square feet in size. The efficiency unit shall have a bathroom facility and a partial kitchen, with a kitchen sink, cooking appliance, and refrigerator.

(d) Collectively, ADUs and junior ADUs may be referred to in this Chapter as accessory dwelling units.

9.32.020 General provisions.

Unless otherwise preempted by state law, the design and construction of all newly constructed accessory dwelling units shall comply with all applicable building, housing, zoning and site development standards of this Chapter, including but not limited to standards regarding setbacks, floor area ratio standards, height, and lot coverage. Applicants shall also comply with all applicable fee and charge requirements, and other applicable zoning requirements. Applications deemed complete for accessory dwelling units shall be approved ministerially with the applicable 60-day review period consistent with state law. The permitting agency shall determine whether an application for an ADU or JADU is complete and provide written notice of that determination not later than 15 business days after receipt of the application. If an application is determined to be incomplete, the written notice shall include a list of incomplete items and a description of how the application can be made complete. If a permit application is determined to be incomplete or is denied, the applicant shall have the right to appeal the determination, and the permitting agency shall provide a final written determination not later than 60 business days after receipt of the written appeal.

Consistent with Government Code Section 66315, as the same may be amended from time to time, the City shall not require owner-occupancy as a condition of issuing a permit for an accessory dwelling unit. This prohibition does not apply to junior accessory dwelling units, which are governed by the owner-occupancy requirements set forth in Section 9.32.120(b).

9.32.030 Permitted zones.

Accessory dwelling units shall be a permitted use within the City's single-family and multiple-family residential zones.

9.32.040 On-site parking.

(a) Required parking for accessory dwelling units shall not exceed one parking space per accessory dwelling unit or per bedroom, whichever is less.

(b) When an existing garage, carport, covered parking structure, or uncovered off-street parking space is demolished in conjunction with the construction of an accessory dwelling unit or is converted into an accessory dwelling unit, replacement parking for the primary dwelling unit shall not be required.

(c) When required, on-site parking can be covered, uncovered, tandem or provided through the use of a mechanical automobile parking lift. Tandem parking as defined in this division means that two or more automobiles are parked in a driveway or in any other location on a lot, lined up behind one another.

9.32.050 On-site parking, exceptions.

Notwithstanding the parking development standards for accessory dwelling units, accessory dwelling units that meet the following state provisions (consistent with Government Code Section 66323, as amended by SB 477, Chapter 7, Statutes of 2024) shall not be required to provide on-site parking in any of the following instances if:

- (a) The accessory dwelling unit is located within one-half mile walking distance of "public transit" within the meaning of Government Code Section 66323;
- (b) The accessory dwelling unit is located within an architecturally and historic significant historic district;
- (c) The accessory dwelling unit is part of the existing primary dwelling unit or an existing accessory structure;
- (d) When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit; or
- (e) When there is a car share vehicle located within one block of the accessory dwelling unit.
- (f) When a permit application for an accessory dwelling unit is submitted with a permit application to create a new single-family dwelling or a new multifamily dwelling on the same lot, provided that the accessory dwelling unit or the parcel satisfies any other criteria listed in this paragraph.

9.32.060 Parking location.

The parking provided on-site can be tandem and in an existing driveway or within any existing setback area, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site, topographical or fire and life safety conditions. When a designated parking area is provided and is not located in the driveway as tandem, the parking space must meet the minimum required turning radius and backup distance according to the requirements of the California Building Code and California Residential Code.

9.32.070 Square footage.

- (a) All new accessory dwelling units and additions to existing and permitted accessory dwelling units are exempt from compliance with the Floor Area Ratio (FAR), lot coverage, open space, or minimum lot size requirements noted in the Municipal Code unless otherwise specified herein.
- (b) All new detached accessory dwelling units shall not exceed 1,200 square feet of interior livable space.
- (c) When an accessory dwelling unit is attached to the existing primary dwelling unit, the maximum allowed size of that accessory dwelling unit shall be no more than fifty percent of the main dwelling size, or 850 or 1,000 square feet of interior livable space based on number of bedrooms as noted in preceding Subsection (b), whichever is less.

(d) When a balcony, porch or patio is provided in conjunction with an accessory dwelling unit, if said structure is covered, it shall count towards the total accessory dwelling unit square footage allowance.

(e) Pursuant to Government Code Section 66321, subdivisions (b)(2)(A), (b)(3) the city shall impose objective standards on accessory units that include a landing or a balcony, porch or patio for the purposes of square footage requirements.

(f) If a cover such as a porch or similar type structure is provided over the main entrance of the accessory dwelling unit, and is supported by posts, 25 square feet of the said cover will not count towards the maximum allowable square footage of the accessory dwelling unit.

(g) Accessory dwelling units may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. An expansion beyond the physical dimensions of the existing accessory structure shall be limited to accommodating ingress and egress.

9.32.080 Height.

(a) All new accessory dwelling units, attached to the main dwelling unit must comply with the height requirements, allowing up to 16 feet.

(b) When an accessory dwelling unit is constructed on top of a detached garage, accessory structure, or above another accessory dwelling unit when applicable under this Code, shall have a minimum allowable height of 18 feet.

(c) All new detached accessory dwelling units on a lot with an existing or proposed multifamily, multistory dwelling shall have a minimum allowable height of 18 feet.

(d) When an accessory dwelling unit is constructed on top of a garage or accessory structure, the accessory dwelling unit cannot touch grade level, except through support posts. The bottom of the finished floor of the accessory dwelling unit must be above the top of plate of the garage or accessory structure.

9.32.090 Setback.

(a) Unless otherwise provided in this Chapter, any new accessory dwelling units must have a minimum setback of four feet to the rear property line and four feet to the side-yard property line with the exception that accessory dwelling units on top of a garage shall maintain a minimum five feet setback from side and rear property lines.

(b) Any new accessory dwelling unit cannot be located closer to the front property line than the prevailing front yard setback for a single family residential zoned lot or minimum required front setback for a multifamily residential zoned lot.

(c) No setback shall be required for an accessory dwelling unit that is within an existing structure or new accessory dwelling unit that is constructed in the same location and with the same dimensions as an existing structure.

(d) New accessory dwelling units must maintain a five-foot separation from building face to building face, and a four foot separation from eave to eave of any adjacent structure.

- (e) No accessory dwelling unit may be located in a way that would prohibit access to a designated parking area or impede safe ingress and egress from a required side, rear, or front setback.
- (f) No setback shall be required when an accessory dwelling unit is constructed in the same location and to the same dimensions as an existing legal structure that is converted into an accessory dwelling unit or to a portion of an accessory dwelling unit, even when that structure has been demolished.
- (g) When a balcony, porch or patio is provided in conjunction with the accessory dwelling unit and is seven inches above grade level, the balcony, porch or patio must be setback from the rear and side property lines a minimum of four feet.
- (h) When a staircase or landing is provided for a new or existing second story accessory dwelling unit, whether attached or detached to the primary dwelling unit, that staircase or landing must provide a minimum four foot setback to the rear and side property line.

9.32.100 Design and development standards.

- (a) The exterior design of the accessory dwelling unit shall match that of the main dwelling in terms of building forms, materials, colors, exterior finishes, roof forms and style of doors and windows. The structure(s) shall retain the appearance of a single-family dwelling, and the accessory dwelling unit shall be integrated into the design of the existing primary dwelling unit on the property or as determined objectively and approved ministerially.
- (b) The accessory dwelling unit shall have the same design, architecture, colors and materials of the primary dwelling, and shall comply with any objective design standards adopted by the city, regardless of whether the use of the accessory dwelling unit is continued or terminated. If a separate entrance is provided, it shall be located on the side or rear of the structure and whenever possible located toward interior yard areas. The additional entrance is prohibited from being located on the front of the primary dwelling unit. The second entrance shall be well lit and free of concealment from landscaping to assure safe entrance and exit by the occupants.
- (c) Consistent with Government Code Section 66323 (a)(1)(B)(i) all visible facade elevations of accessory dwelling units from any public right of way shall comply with the objective design standards adopted by the city.
- (d) When a garage is converted into an accessory dwelling unit, the garage door must be removed and replaced with windows, door, or other design treatments that are compatible with the structure and the primary dwelling unit that can be uniformly verifiable by reference to an external and uniform benchmark
- (e) The accessory dwelling unit shall comply with the requirements under the Code pertaining to the adequacy of water, sewer, electrical, drainage, and fire and emergency services to the property on which the accessory dwelling unit will be located as well as all applicable codes pertaining to building, fire, health, and/or safety.
- (f) The main entrance of a detached accessory dwelling unit (ADU) shall align with the main entrance of the primary dwelling unit or face the side property lines, based on objective standards that prioritize compatibility with the neighborhood character. If an ADU entrance is proposed to

face an alley or rear property line, it shall be subject to review based on an objective standard and ministerial process.

9.32.110 Multifamily zones.

All of the provisions of this section shall apply to accessory dwelling units in the Multifamily Zones, unless otherwise stated in the following:

- (a) No more than eight detached accessory dwelling units may be constructed on a lot with an existing multifamily dwelling, provided that the number of detached ADUs does not exceed the number of existing dwelling units on the lot. These accessory dwelling units must be detached from the primary structure and may be attached or detached from each other.
- (b) Accessory dwelling units may be created within a multifamily dwelling structure in areas not used as livable space, such as storage rooms, boiler rooms, passageways, attics, basements, common areas or garages, so long as the converted space complies with state building standards for dwellings.
- (c) A minimum of one accessory dwelling unit or up to twenty-five percent of the existing multifamily unit total on the subject property, is permitted within an existing multifamily dwelling unit.

9.32.120 Junior ADU standards.

All of the provisions of this section shall apply to a junior ADU unless otherwise stated in the following:

- (a) A junior ADU is limited to 500 square feet.
- (b) A junior ADU requires owner-occupancy as follows: If the junior ADU shares sanitation facilities with the primary dwelling, the owner shall reside in either the remaining portion of the single-family residence or the newly created junior ADU. If the junior ADU has separate sanitation facilities, owner-occupancy shall not be required. This provision does not apply if the owner is a governmental entity, land trust or housing organization.
- (c) A deed restriction must be recorded and will run with the land prohibiting the sale of the junior ADU separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.
- (d) The deed restriction must include the size and attributes of the junior ADU that conforms to this Section.
- (e) The junior ADU shall be constructed within the walls of the proposed or existing single-family residence, as well as any enclosed uses within the residence. This area also includes enclosed, non-habitable rooms and uses, including but not limited to attached garages and storage rooms.
- (f) The junior ADU must include a separate entrance from the main entrance to the single-family residence and an interior entry to the main living area. A second interior doorway may be provided for sound attenuation. If a junior ADU shares a bathroom with the primary dwelling, the

junior ADU is required to have an interior entry to the primary dwelling's "main living area," independent of the exterior entrances of the junior ADU and primary dwelling.

(g) The junior ADU must include an efficiency kitchen, which shall include all the following:

(1) A cooking facility with appliances.

(2) A food preparation counter and storage cabinets that are of reasonable size in relation to the size of the Junior ADU.

(h) Additional parking may not be required as a condition to grant a permit for a junior ADU.

(i) An inspection, including the imposition of a fee for that inspection to determine whether the junior ADU is in compliance with applicable building standards may be required at any time after the junior ADU has been built.

(j) For the purposes of any fire or life protection ordinance or regulation, a junior ADU shall not be considered a separate or new dwelling unit. This Section shall not preclude the City from adopting an ordinance or regulation relating to fire and life protection requirements within a single-family residence that contains a junior ADU so long as the ordinance or regulation applies uniformly to all single-family residences within the zone regardless of whether the single-family residence includes a junior ADU or not.

(k) For the purposes of providing service for water, sewer, or power, including a connection fee, a junior ADU shall not be considered a separate or new dwelling unit.

(l) A recorded deed restriction is required, that shall run with the land, and shall be filed with the permitting agency, and shall include both of the following:

(1) A prohibition on the sale of the junior accessory dwelling unit separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.

(2) A restriction on the size and attributes of the junior accessory dwelling unit that conforms to this section.

(m) Fire sprinklers shall not be required for a junior accessory dwelling unit if fire sprinklers are not required for the primary dwelling unit. The addition of a junior accessory dwelling unit shall not trigger a requirement to install fire sprinklers in the primary dwelling unit. This subdivision shall apply notwithstanding any other provision of law, consistent with Government Code Section 66323, subdivision (d), as the same may be amended from time to time

9.32.130 Short-term rentals.

Unless otherwise provided for in the Canyon Lake Municipal Code, accessory dwelling units and junior accessory dwelling units (JADUs), which are rented, shall be rented for terms longer than 30 days.

9.32.135 Impact Fees – Prohibition for Small ADUs and JADU

- (a) No impact fee shall be imposed upon the development of an accessory dwelling unit that has 750 square feet of interior livable space or less.
- (b) No impact fee shall be imposed upon the development of a junior accessory dwelling unit that has 500 square feet of interior livable space or less.
- (c) Any impact fee imposed upon an accessory dwelling unit that has more than 750 square feet of interior livable space shall be charged proportionately in relation to the square footage of the primary dwelling unit, consistent with Government Code Section 66311.5, subdivisions (a) through (d), as the same may be amended from time to time.
- (d) An accessory dwelling unit or junior accessory dwelling unit that contains less than 500 square feet of interior livable space shall not be deemed to increase the assessable space of the parcel for purposes of property tax assessment, consistent with applicable state law.

9.32.140 Conveyance.

Any accessory dwelling unit may be rented separate from the primary residence and may be sold or otherwise conveyed separate from the primary residence to a qualified buyer.

9.32.150 By rights units - building permit approval only.

(a) An applicant shall not be required to submit an application for an ADU or JADU permit under this chapter and may instead seek building permit approval for an ADU or JADU that satisfies the requirements of Government Code Section 66323(e)(l), as the same may be amended from time to time, and the California Building Standards Code, as amended by the city.

(b) Pursuant to Government Code Section 66323(e), the city shall ministerially approve an application for a building permit within a residential or mixed-use zone to create any of the following:

(1) One ADU or JADU per lot with a proposed or existing single-family dwelling if all of the following apply:

(A) The ADU or JADU is within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. An expansion beyond the physical dimensions of the existing accessory structure shall be limited to accommodating ingress and egress.

(B) The space has exterior access from the proposed or existing singlefamily dwelling.

(C) The side and rear setbacks are sufficient for fire and safety.

(D) The JADU complies with the requirements of Section 66333 and with the requirements set forth in Section 9.32.120 above.

(2) One detached, new construction ADU that does not exceed four-foot side and rear yard setbacks for a lot with a proposed or existing single-family dwelling. The ADU may be

combined with a JADU described in subsection (b)(1) above. The ADU shall be no more than 800 square feet in size, with a height limit of 16 feet.

(3) One ADU within the portions of existing multifamily dwelling structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, if each unit complies with state building standards for dwellings. If requested, multiple ADUs shall be allowed, up to the number of ADUs that equals 25 percent of the existing multifamily dwelling units in the structure.

(4) Not more than eight detached ADUs located on a lot that has an existing multifamily dwelling, provided that the number of detached ADUs does not exceed the number of existing dwelling units on the lot, subject to a height limit of 16 feet and four-foot rear yard and side setbacks.

9.32.155 Certificate of Occupancy During State of Emergency

(a) Notwithstanding any other provision of this Chapter, the City shall issue a certificate of occupancy for an accessory dwelling unit constructed on a parcel located in a county subject to a proclamation of a state of emergency issued by the Governor on or after February 1, 2025, even if the primary dwelling unit on the same parcel has not yet been issued a certificate of occupancy, provided that all of the following conditions are satisfied:

(1) The primary dwelling unit was substantially damaged or destroyed by an event referenced in the state of emergency proclamation;

(2) The accessory dwelling unit satisfies all applicable building standards under the California Building Standards Code and this Chapter; and

(3) The occupancy of the accessory dwelling unit is intended to house the displaced residents of the primary dwelling unit.

(b) This section is consistent with Government Code Section 66328, as the same may be amended from time to time.

9.32.160 Unpermitted Accessory Dwelling Units Constructed Before January 1, 2020.

The City shall not deny a permit for an accessory dwelling unit or junior accessory dwelling unit that was constructed before January 1, 2020, solely on the basis of building code violations, unless the City makes a written finding that correcting the building code violation is necessary to comply with conditions that would otherwise render the structure substandard pursuant to applicable law. This section is consistent with Government Code Section 66332, subdivisions (a) through (c), as the same may be amended from time to time.