NOTICE OF MEETING

CITY OF PACIFIC GROVE

CITY COUNCIL

REGULAR MEETING AGENDA

Wednesday, May 4, 2022, 6:00 P.M.

Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

The Council will not begin consideration of any item on this agenda later than 10:00 p.m. unless such consideration is approved. Any items on this agenda not considered this evening will be continued to a future meeting.

Copies of the agenda packet are available for review at the Pacific Grove Library, in the Finance Department, and electronically at www.cityofpacificgrove.org/agendas. The most effective method of communication with the City Council is by sending an email to citycouncil@cityofpacificgrove.org. In order to allow the City Council adequate time to review communication related to an agenda item, it is recommended that the communication be sent no later than 9:00 AM on the day prior to the City Council meeting.

THIS MEETING WILL BE HELD IN PERSON AND VIRTUALLY (HYBRID).

CHAMBER CAPACITY SEATING IS LIMITED AND PROVIDED ON A FIRST COME, FIRST SERVED BASIS.

THE VIRTUAL MEETING IS COMPLIANT WITH THE GOVERNOR'S EXECUTIVE ORDERS ALLOWING FOR A DEVIATION OF TELECONFERENCE RULES REQUIRED BY THE BROWN ACT.

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:
https://us02web.zoom.us/j/209579290

To participate telephonically, call any number below:

888 788 0099 US (Toll-free)
877 853 5247 US (Toll-free)
669 900 9128
669 219 2599

Webinar ID: 209 579 290#
If prompted to enter a participant ID, press #.

Help Line 831-648-3128

MEETING INSTRUCTIONS

The public may also view the meeting on the Peninsula Channel 25.

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE: Councilmember Tomlinson

1. **APPROVAL OF AGENDA**

2. **PRESENTATIONS**

   A. Mayor's Proclamation: 53rd Annual Professional Municipal Clerks Week May 1 - 7, 2022
   PG 7
   Reference: Sandra Kandell, City Clerk and Kerry Lindstrom, Deputy City Clerk
   Recommended Action: Receive proclamation.
   CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

3. **COUNCIL AND STAFF ANNOUNCEMENTS (City-Related Items Only)**

   A. Report on Closed Session by City Attorney

   B. Other

4. **GENERAL PUBLIC COMMENT**
   General Public Comment must deal with matters subject to the jurisdiction of the City and the Council that are not on the Regular Agenda. This is the appropriate place to comment as to items on the Consent Agenda, only if you do not wish to have the item pulled for individual consideration by the Council. Comments from the public will be limited to three minutes and will not receive Council action. Comments regarding items on the Regular Agenda shall be heard prior to Council's consideration of such items at the time such items are called. Whenever possible, written correspondence should be submitted to the Council in advance of the meeting, to provide adequate time for its consideration.

CONSENT AGENDA

The Consent Agenda deals with routine and non-controversial matters, and may include action on resolutions, ordinances, or other public hearings for which testimony is not anticipated. The vote on the Consent Agenda shall apply to each item that has not been removed. Any member of Council, staff, or the public may remove an item from the Consent Agenda for individual consideration. When items are pulled for discussion, they will be automatically placed at the end of their respective section within the Regular Agenda. One motion shall be made to adopt all non-removed items on the Consent Agenda.

5. **APPROVAL OF CITY COUNCIL MEETING MINUTES**
   Items pulled from this section will be placed under 12. Unfinished and Ongoing Business

A. Minutes of the April 20, 2022 City Council Special and Regular Meetings **PG 9**

Reference: Sandra Kandell, City Clerk

Recommended Action: Approve minutes.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

6. **RESOLUTIONS**

Items pulled from this section will be placed under 12. Unfinished and Ongoing Business or 13. New Business

A. Declaring Results of the April 12, 2022 Special Election ***Action Required By 5/4/2022*** **PG 19**

Reference: Kerry Lindstrom, Deputy City Clerk

Recommended Action: Approve a resolution declaring the results of the April 12, 2022, Special Election.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Resolution and Contract Amendment to Facilitate the Examination of Measure A Transactions (Sales) and Use Tax Records ***Action Required By 5/4/2022*** **PG 43**

Reference: Lori Frati, Management Analyst

Recommended Action: Approve a Resolution Authorizing Examination of Transactions (Sales) and Use Tax Records

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. Authorize the City Manager to Execute Agreements with the California Department of Tax and Fee Administration Related to the Measure A, the New 0.50% Local Transactions and Use Tax ***Action Required By 5/4/2022*** **PG 47**

Reference: Lori Frati, Management Analyst

Recommended Action: Adopt a resolution authorizing the City Manager to execute a Preparatory Agreement and an Administration Agreement with the California Department of Tax and Fee Administration for Measure A, the new 0.50% local transactions and use tax.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

7. **ORDINANCES**

Items pulled from this section will be placed under 11. Public Hearings

8. **REPORTS – INFORMATION ONLY**

Items pulled from this section will be placed under 12. Unfinished and Ongoing Business or 13. New Business

A. Third Quarter Purchase Order Report **PG 68**
Reference: Jennifer Pope, Management Analyst
Recommended Action: Receive the Third Quarter Purchase Order Report.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Third Quarter Treasurer's Quarterly Report – Fiscal Year 2021-22 **PG 74**
Reference: Tori Hannah, Administrative Services Director/Assistant City Manager
Recommended Action: Receive the Report.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. Third Quarter Workers' Compensation Report **PG 77**
Reference: Audrey Cray, Management Analyst
Recommended Action: Receive the report.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

D. Third Quarter Budget Report **PG 81**
Reference: Tori Hannah, Administrative Services Director/Assistant City Manager
Recommended Action: Receive the report.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

E. Third Quarter Capital Improvement Budget Report **PG 87**
Reference: Tori Hannah, Administrative Services Director / Assistant City Manager
Recommended Action: Receive the report.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

9. **REPORTS – REQUIRING ACTION**
Items pulled from this section will be placed under 12. Unfinished and Ongoing Business or 13. New Business

A. Ratification of New Local Emergency Actions **PG 90**
Reference: Ben Harvey, City Manager
Recommended Action: Receive report of emergency directives/modifications.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Anna Mourlam Appointment to AEHOP **PG 92**
Reference: Bill Peake, Mayor

Recommended Action: Approve appointment of Anna Mourlam to Administrative Enforcement Hearing Officer Panel for a term ending January 31, 2024.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

10. **MEETING MINUTES OF COMMISSIONS, BOARDS, AND COMMITTEES**
Items pulled from this section will be placed under 13. New Business

A. Traffic Safety Commission Meeting Minutes: February 22, 2022 **PG 97**
Reference: Cathy Madalone, Chief of Police
Recommended Action: Received minutes
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

REGULAR AGENDA

11. **PUBLIC HEARINGS**
For public hearings involving a quasi-judicial determination by the Council, the proponent of an item may be given 10 minutes to speak and others in support of the proponent's position may be given three minutes each. A designated spokesperson for opposition to the item may be given 10 minutes to speak and all others in opposition may be given three minutes each. Very brief rebuttal and surrebuttal may be allowed in the sole discretion of the Council. In public hearings not involving a quasi-judicial determination by the Council, all persons may be given three minutes to speak on the matter. Public hearings on non-controversial matters or for which testimony is not anticipated may be placed on the Consent Agenda, but shall be removed if any person requests a staff presentation or wishes to be heard on the matter.

12. **UNFINISHED AND ONGOING BUSINESS**

A. FY20/21 Capital Improvement Plan Recap **PG 100**
Reference: Joyce Halabi, Deputy Public Works Director
Recommended Action: Receive report on the Fiscal Year 2020/2021 Capital Improvement Plan.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

13. **NEW BUSINESS**

A. Concept Review: Potential Ballot Measure for Proposed Commercial District Vacancy Tax **PG 135**
Reference: Ben Harvey, City Manager
Recommended Action: Create a City Council Subcommittee for the purposes of exploring a potential ballot measure for a proposed commercial district vacancy tax.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Five-Year Fiscal Forecast and Budget Workshop **PG 137**
Reference: Tori Hannah, Administrative Services Director/Assistant City Manager
Recommended Action: Receive report.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. Local Water Project Business Plan Peer Review ***To commence not later than 9:00 p.m.*** **PG 148**
Reference: Daniel Gho, Public Works Director / Deputy City Manager; Tori Hannah, Administrative Services Director / Assistant City Manager
Recommended Action: Receive the Peer Review of Pacific Grove Local Water Project Business Plan prepared by DTA, validating the City's assumptions noted in the Business Plan, and authorize staff to being negotiations with CourseCo; and approve a loan repayment plan for the Sewer Fund Interfund Loan.
CEQA: Environmental Impact Report

14. **FULL PRESENTATIONS**

15. **CLOSED SESSION**

ADJOURNMENT

NOTICE OF ADA COMPLIANCE: Pursuant to Title II of the Americans with Disabilities Act (Codified At 42 United States Code Section 12101 and 28 Code of Federal Regulations Part 35), and Section 504 of the Rehabilitation Act of 1973, the City of Pacific Grove does not discriminate on the basis of race, color, religion, national origin, ancestry, sex, disability, age or sexual orientation in the provision of any services, programs, or activities. The City of Pacific Grove does not discriminate against persons with disabilities. City Hall is an accessible facility. A limited number of assisted listening devices will be available at this meeting. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting or provide the requested agenda format.

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Sandra Kandell, City Clerk

MEETING DATE: May 4, 2022

SUBJECT: Mayor's Proclamation: 53rd Annual Professional Municipal Clerks Week May 1 - 7, 2022

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive proclamation.

Attachments

Proclamation

City of Pacific Grove

A Proclamation Declaring the
53rd ANNUAL PROFESSIONAL MUNICIPAL CLERKS WEEK
May 1 - 7, 2022

Whereas, The Office of the Professional Municipal Clerk, a time honored and vital part of local government exists throughout the world, and

Whereas, The Office of the Professional Municipal Clerk is the oldest among public servants, and

Whereas, The Office of the Professional Municipal Clerk provides the professional link between the citizens, the local governing bodies and agencies of government at other levels, and

Whereas, Professional Municipal Clerks have pledged to be ever mindful of their neutrality and impartiality, rendering equal service to all.

Whereas, The Professional Municipal Clerk serves as the information center on functions of local government and community.

Whereas, Professional Municipal Clerks continually strive to improve the administration of the affairs of the Office of the Professional Municipal Clerk through participation in education programs, seminars, workshops and the annual meetings of their state, provincial, county and international professional organizations.

Whereas, It is most appropriate that we recognize the accomplishments of the Office of the Professional Municipal Clerk.

Now, Therefore, I, Bill Peake, Mayor of the City of Pacific Grove, do recognize the week of May 1 through May 7, 2022, as Professional Municipal Clerks Week, and further extend appreciation to our Municipal Clerks, Sandra Kandell and Kerry Lindstrom and to all Professional Municipal Clerks for the vital services they perform and their exemplary dedication to the communities they represent.

Bill Peake

_____

Bill Peake, Mayor

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Sandra Kandell, City Clerk

MEETING DATE: May 4, 2022

SUBJECT: Minutes of the April 20, 2022 City Council Special and Regular Meetings

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Approve minutes.

Attachments

Draft Minutes

DRAFT MEETING MINUTES

CITY OF PACIFIC GROVE

CITY COUNCIL

CLOSED SESSION MEETING

Wednesday, April 20, 2022, 5:00 P.M.
Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

**THIS MEETING WILL BE HELD IN PERSON AND VIRTUALLY (HYBRID).
CHAMBER CAPACITY SEATING IS LIMITED AND PROVIDED ON A
FIRST COME, FIRST SERVED BASIS.
THE VIRTUAL MEETING IS COMPLIANT WITH THE GOVERNOR'S EXECUTIVE ORDERS ALLOWING FOR A DEVIATION OF TELECONFERENCE RULES REQUIRED BY THE BROWN ACT.**

Join the Zoom Meeting to participate live at:
https://us02web.zoom.us/j/692219855

draft

CALL TO ORDER
Mayor Peake called the meeting to order at 5:00 p.m. City Clerk Kandell conducted roll call with the following Council presenting in person: Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti and Smith. Councilmembers Tomlinson presented via Zoom Webinar. Councilmember Poduri presented via Zoom Webinar and joined the meeting at approximately 5:10 p.m. Absent: Councilmember Amelio.

APPROVAL OF AGENDA

Action: Upon motion by Councilmember Smith and seconded by Councilmember Coletti, the Council approved the agenda.

Motion carried 5-0-2, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Smith, and Tomlinson.
NOES:	None.
ABSENT:	Councilmembers Amelio and Poduri.

CLOSED SESSION

PUBLIC COMMENT ON CLOSED SESSION MATTERS

No public comment was received.

A. Conference with Labor Negotiators (Government Code Section 54957.6)
City Negotiators: Ben Harvey, City Manager, Tori Hannah, Administrative Services Director and Leticia Livian, Human Resources Director, Donna Williamson, Liebert Cassidy Whitmore
Employee Organization: Police Officers Association

B. Conference with Legal Counsel – Pending Litigation (Gov. C. §54956.9)
Mark A. Enayati v. City of Pacific Grove, and DOES 1 through 25, inclusive
Monterey Superior Court Case No. 22CV001017

DRAFT MEETING MINUTES

CITY OF PACIFIC GROVE

CITY COUNCIL

AMENDED REGULAR MEETING

Wednesday, April 20, 2022, 6:00 P.M.

Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

THIS MEETING WILL BE HELD IN PERSON AND VIRTUALLY (HYBRID).
CHAMBER CAPACITY SEATING IS LIMITED AND PROVIDED ON A FIRST COME, FIRST SERVED BASIS.
THE VIRTUAL MEETING IS COMPLIANT WITH THE GOVERNOR'S EXECUTIVE ORDERS ALLOWING FOR A DEVIATION OF TELECONFERENCE RULES REQUIRED BY THE BROWN ACT.

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:
https://us02web.zoom.us/j/209579290

draft

CALL TO ORDER

Mayor Peake called the meeting to order at 6:00 p.m. City Clerk Kandell conducted roll call with the following Council present in Chamber: Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti and Smith. Councilmember Poduri presented via Zoom Webinar. Councilmember Tomlinson presented via Zoom Webinar and joined the meeting at approximately 6:06 p.m. Absent: Councilmember Amelio.

PLEDGE OF ALLEGIANCE

Councilmember Smith led the pledge of allegiance.

1. **APPROVAL OF AGENDA**

Action: City Manager Ben Harvey recommended Regular Agenda item 12D be removed from the agenda to be routed through the Planning Commission first.

Action: Mayor Peake made two recommendations: 1) that Regular Agenda items 11A, 12A, and 12B continued from the April 6, 2022 meeting be heard directly following the Consent Agenda; and 2) that the Regular Agenda items 11B, 13A, and 13B with action required by 4/20/2022 be heard next with Regular Agenda item 12C heard thereafter.

Action: Upon motion by Councilmember Smith and seconded by Mayor Pro Tem McAdam, the Council approved the agenda as amended.

Motion carried 5-0-2, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Poduri, and Smith.
NOES:	None.
ABSENT:	Councilmember Amelio and Tomlinson.

2. **PRESENTATIONS**

3. **COUNCIL AND STAFF ANNOUNCEMENTS (City-Related Items Only)**

A. Report on Closed Session by City Attorney

Conference with Labor Negotiators (Government Code Section 54957.6)
City Negotiators: Ben Harvey, City Manager, Tori Hannah, Administrative Services Director and Leticia Livian, Human Resources Director, Donna Williamson, Liebert Cassidy Whitmore Employee Organization: Police Officers Association

Conference with Legal Counsel – Pending Litigation (Gov. C. §54956.9) Mark A. Enayati v. City of Pacific Grove, and DOES 1 through 25, inclusive Monterey Superior Court Case No. 22CV001017

City Attorney Dave Laredo reported Council met in closed session with respect to the two items above. As to both items, presentations were provided by staff/legal counsel, Council provided general direction, but no specific reportable action was taken.

B. Council and staff made general announcements.

4. **GENERAL PUBLIC COMMENT**

General public comment was received from Peter Mounteer, Vincent Tuminello, Carmelita Garcia, Debby Beck, and Lisa Ciani.

CONSENT AGENDA

Action: Upon motion by Councilmember Smith and seconded by Mayor Pro Tem McAdams, Council approved the Consent Agenda.

Motion carried 6-0-1, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Poduri, Smith, and Tomlinson.
NOES:	None.
ABSENT:	Councilmember Amelio.

5. **APPROVAL OF CITY COUNCIL MEETING MINUTES**

A. Minutes of the April 6, 2022 City Council Special and Regular Meetings
Action: Approved minutes.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

6. **RESOLUTIONS**

A. Resolution of Intention to Levy the Annual Assessment for the Downtown Business Improvement District (BID) ***Action Required by 4/20/2022.***
Action:

1. Approved the attached Resolution of Intention to Levy an Assessment for the Downtown Business Improvement District for Fiscal Year 22-23 (Resolution No.

draft

22-015).
2. Approved a public hearing for May 18, 2022 to hear protests and determining whether to levy the assessment.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Resolution of Intention to Levy the Annual Assessment for the Hospitality Improvement District ***Action Required by 4/20/2022.***

Action:
1. Approved a Resolution of Intention to Levy an Assessment for the Hospitality Improvement District for Fiscal Year 2022-23 (Resolution No. 22-016).
2. Directed staff to notice a public hearing to be held on May 18, 2022 for the purpose of hearing any protests and determining whether to levy the assessment.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

7. **ORDINANCES**

A. Second Reading of an ordinance to add Pacific Grove Municipal Code Section 11.45 Military Equipment ***Action Required by 4/20/2022.***

Action: Held second reading and adopted Ordinance No. 22-003 adding Pacific Grove Municipal Code Section 11.45 Military Equipment

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Second Reading of an Ordinance Amending the Fiscal Year 2021-22 Budget

Action: Held second reading and adopted Ordinance No. 22-004 amending the Fiscal Year 2021-22 Operating and Capital Improvement Budget

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

8. **REPORTS – INFORMATION ONLY**

A. Check Register Report – March 2022

Action: Received the report.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Core Revenue Report Status for March 2022

Action: Received the Core Revenue Status Report for March 2022.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. Monterey Salinas Transit Board Minutes for March 14, 2022

Action: Received minutes.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

9. **REPORTS – REQUIRING ACTION**

A. Ratification of New Local Emergency Actions

Action: Received report of emergency directives/modifications.

draft

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. FY21/22 Crack & Slurry Seal Award of Contract ***Action required by 4/20/2022.***
Action: Authorized an agreement with Graham Contractors Inc. for the FY21/22 Crack and Slurry Seal project in an amount not to exceed $240,792 plus a 10% contingency.
CEQA: Categorical Exemption, CEQA Guidelines Section 15301, Class I, Existing Facilities

C. California Coastal Trail Emblem at Lovers Point Park
Action: Approved installation of California Coastal Trail Emblem at Lovers Point Park
CEQA: Categorical Exemption, CEQA Guidelines Section 15301, Class I, Existing Facilities

D. Removal of Library Fines and Forgiveness of Current Outstanding Overdue Fines
Action required by 4/20/2022.
Action: Directed the City Manager to return with a resolution and amendment to the Master Fee Schedule.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

E. Economic Development Commission Appointment
Action: Approved appointment of Kelsea Richmond to the Economic Development Commission for a term ending January 31, 2024.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

10. **MEETING MINUTES OF COMMISSIONS, BOARDS, AND COMMITTEES**

A. Diversity, Equity and Inclusion Task Force Minutes: February 14, 2022
Action: Received minutes.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

REGULAR AGENDA

11. **PUBLIC HEARINGS**

A. Adoption of an Amendment to PGMC Chapter 23.73.050 pertaining to Permit Time Limits and Extensions ***At the 4/6/22 meeting, this item was pulled and then continued due to time constraints.***
Public comment was received from Don Murphy.

Action: A motion by Councilmember Smith and seconded by Councilmember Coletti for Council to hold second reading and adopt an ordinance amending Chapter 23.73.050 of the Pacific Grove Municipal Code, to remove language in the sixth "Whereas" relative to the 7 expired permits on the list, to amend language in the tenth "Whereas" to include the 11 properties and listing said property addresses, and to direct the City Attorney to add language for limitations on the Wait Water List, was substituted by a motion from Councilmember Tomlinson.

Action: Upon motion by Councilmember Tomlinson and seconded by Councilmember Poduri, the Council held second reading and adopted Ordinance No. 22-005 amending Chapter 23.73.050 of the Pacific Grove Municipal Code, with a friendly amendment by

draft

Councilmember Coletti add language to sunset new additions to the Wait Water List, was accepted by the maker and seconder of the substituted motion.

Motion carried 6-0-1, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Poduri, Smith, and Tomlinson.
NOES:	None.
ABSENT:	Councilmember Amelio.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Resolution adopting the Master Fee Schedule for Fiscal Year 2022-23 ***Action required by 4/20/2022.***
No public comment was received.

Action: Upon motion by Mayor Pro Tem McAdams and seconded by Councilmember Smith, the Council approved Resolution No. 22-017 adopting the master fee schedule for Fiscal Year (FY) 2022-23, including the annual Consumer Price Index (CPI) adjustment and other changes as directed by Council.

Motion carried 6-0-1, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Poduri, Smith, and Tomlinson.
NOES:	None.
ABSENT:	Councilmember Amelio.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

12. **UNFINISHED AND ONGOING BUSINESS**

A. Resolution Supporting an Application for Coastal Commission Grant Funding Relating to Coastal Hazards LCP Amendment ***At the 4/6/22 meeting this item was pulled and then continued due to time constraints. Action required by 4/20/2022.***
Public comment was received from Lisa Ciani and Inge Lorentzen Daumer.

Action: Upon motion by Councilmember Smith and seconded by Councilmember Coletti, the Council approved Resolution No. 22-018 supporting an application for Coastal Commission Grant Funding to update the Coastal Hazards Section of the Local Coastal Program (LCP).

Motion carried 4-2-1, by the following roll call vote:

AYES:	Councilmembers Coletti, Poduri, Smith, and Tomlinson.
NOES:	Mayor Peake, Mayor Pro Tem McAdams.
ABSENT:	Councilmember Amelio.

draft

CEQA: Statutory Exemption, CEQA Guidelines Section 15265, Adoption of Coastal Plans and Programs

B. Purchasing Authorization ***This item was continued from the 4/6/22 meeting.***
Public comment was received from Jane Haines, Inge Lorentzen Daumer, Marsha, Lisa Ciani, Jill Kleiss, and Janet Cohen.

Action: Council discussed in concept an ordinance amending PGMC 2.16.
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. Cannabis Tax Measure and Cannabis Advisory Measure
Public comment was received from Jill Kleiss, Debby Beck, Inge Lorentzen Daumer, Jane Haines, Marsha, Colleen Ingram, Tammy Jennings, and Tina Rau.

Action: Upon motion by Councilmember Smith and seconded by Mayor Pro Tem McAdams, the Council

1. Directed staff to prepare two measures for the November 2022 general election for purposes of sales of recreational and medicinal cannabis:
    a. An advisory measure assessing support for the amendment of the PGMC to allow not more than 1 (one) cannabis retail storefront; and
    b. An implementing measure to impose a general tax on sale or delivery of cannabis and cannabis products, including hemp, to not exceed 6% of gross sales.

Motion carried 6-0-1, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Poduri, Smith, and Tomlinson.
NOES:	None.
ABSENT:	Councilmember Amelio.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

D. Near-and Mid-Term Actions to Increase Housing Capacity and Meet State Law ***This item was removed from the agenda with the recommendation to be routed through the Planning Commission.***
Reference: Anastacia Wyatt, Senior Housing Program Manager
Recommended Action: Council received a presentation on Near-and Mid-Term Actions to Increase Housing Capacity, Meet State Law, and Provide Recommendations
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

13. **NEW BUSINESS**

A. Resolution Recognizing Gerry Low Sabado ***Action required by 4/20/2022.***
Public comment was received from Janet Cohen, Randy Sabado, and Michael Ipson.

Action: Upon motion by Mayor Pro Tem McAdams and seconded by Councilmember

draft

Coletti, the Council received and approved a Posthumous Resolution recognizing the life and legacy of Gerry Low Sabado and the May 14, 2022 Walk of Remembrance in her memory (Resolution No. 22-019).

Motion carried 6-0-1, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Coletti, Poduri, Smith, and Tomlinson.
NOES:	None.
ABSENT:	Councilmember Amelio.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. 4Leaf, Inc. Contract Amendment - Multiple Services ***Action required by 4/20/2022.***
Public comment was received from Jill Kleiss, Lisa Ciani, Jane Haines, and Inge Lorentzen Daumer.

Action: Upon motion by Councilmember Tomlinson and seconded by Councilmember Poduri, the Council authorized the City Manager to approve a contract amendment with 4Leaf, Inc. not to exceed $230,000 for services related to:

- Interim Community Development Director,
- Tree Permit Audit,
- Senior Inspector,
- Planning Services, and
- Estimated Plan Check work required for an anticipated large-scale project submittal.

Motion carried 5-1-1, by the following roll call vote:

AYES:	Mayor Peake, Mayor Pro Tem McAdams, Councilmembers Poduri, Smith, and Tomlinson.
NOES:	Councilmember Coletti.
ABSENT:	Councilmember Amelio.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

14. **FULL PRESENTATIONS**

15. **CLOSED SESSION**

ADJOURNMENT
Council adjourned the regular meeting at approximately 10:21 p.m.

Respectfully Submitted,

draft

Sandra Kandell
City Clerk

Approved by Mayor: _____Date_____

Attest by City Manager: _____Date_____

draft

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Kerry Lindstrom, Deputy City Clerk

MEETING DATE: May 4, 2022

SUBJECT: Declaring Results of the April 12, 2022 Special Election ***Action Required By 5/4/2022***

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION
Approve a resolution declaring the results of the April 12, 2022 Special Election.

DISCUSSION
City Charter Article 9 requires that the results of Municipal Elections be declared by action of the Council at its first public meeting after certification of the election results. California Elections Code §10263 also requires that the Council declare elected the persons for whom the highest number of votes were cast for each office.

Council's adoption of the attached resolution will accomplish this declaration for the measure approved by the voters of the City of Pacific Grove. The City's declaration follows the receipt of the Statement of Votes Cast, produced by the Monterey County Elections Department attached to the resolution.

The official Statement is hereby attached hereto.

OPTIONS
N/A

FINANCIAL IMPACT:
While the City Council makes policy that can have a financial impact, the adoption of this resolution does not have an immediate fiscal effect.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Resolution

Exhibit A

Exhibit B

RESOLUTION NO. 22-xxx

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE DECLARING THE RESULTS OF THE SPECIAL MUNICIPAL ELECTION HELD IN THE CITY OF PACIFIC GROVE ON TUESDAY, APRIL 12, 2022

WHEREAS, on December 15, 2021, the City Council adopted Resolution No. 21-035 declaring the existence of an emergency that requires the immediate and urgent enactment of a tax measure to preserve public peace, health, and safety of the city; and

WHEREAS, on December 15, 2021, the City Council adopted Resolution No. 21-036 calling a Special Election on April 12, 2022, placing a ballot measure on the Special Election, and requesting County Elections conduct the Election for the City of Pacific Grove; and

WHEREAS, the returns from all of the consolidated election precincts regularly established for holding said election have been duly received by this Council in the form of a document entitled "Statement of Votes Cast, Pacific Grove Special Tax Measure, Tuesday, April 12, 2022," attached hereto, marked Exhibit A, and incorporated herein by this reference; and

WHEREAS, this Council, pursuant to law and the City Charter has met on this 4th day of May, 2022, to canvass the returns and to declare the results of the election; and

WHEREAS, this Council then and there, in public, proceeded to and did canvass the returns of the election, according to law and the City Charter; and

WHEREAS, it appearing to this Council that all absent voter ballots have been received and returned and accounted for, and the Council, as the canvassing board of the City, having canvassed the returns from all voting precincts, including the absent voter ballots, has determined the results of the general municipal election;

WHEREAS, this action does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council determines that each Finding set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.

SECTION 2. The City Clerk hereby is authorized and directed to enter upon the records of this Council a statement of the results of the April 12, 2022 special election, which are hereby declared to be as follows: the total number of votes cast at the special election in each of said voting precincts, and in all of said City; the total number of vote by mail ballots cast at the election; the total number of votes cast at the election; and the passing by majority vote by the people of the City of Pacific Grove for Measure A *Amending Chapter 6.07 of the Pacific Grove Municipal Code to Increase the General Purpose Transactions and Use Tax (Sales Tax) Rate by*

an Additional Half-Percent(0.50%)Thereby Establishing a New Transactions and Use Tax Rate of One and One-Half Percent (1.5%) to be Administered by the California Department of Tax and Fee Administration, Subject to Adoption by the Electorate; as is set forth in Exhibit B.

SECTION 3. Measure A *Amending Chapter 6.07 of the Pacific Grove Municipal Code to Increase the General Purpose Transactions and Use Tax (Sales Tax) Rate by an Additional Half-Percent(0.50%)Thereby Establishing a New Transactions and Use Tax Rate of One and One-Half Percent (1.5%) to be Administered by the California Department of Tax and Fee Administration, Subject to Adoption by the Electorate*, having received the highest number of votes cast at said election, 2,411, receives the majority vote and hereby approved by a majority vote by the people of the City of Pacific Grove.

SECTION 4. This resolution shall take effect immediately following passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 4th day of May, 2022, by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
BILL PEAKE, Mayor

ATTEST:
DATED:_____

_____
SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

_____
DAVID C. LAREDO, City Attorney

Statement of Votes Cast

Pacific Grove Special Tax Measure Election

Tuesday, April 12, 2022

COMPILED BY THE OFFICE OF THE MONTEREY COUNTY REGISTRAR OF VOTERS

MONTEREY COUNTY ELECTIONS

1441 Schilling Place-North Building
Salinas, CA 93901

PO Box 4400
Salinas, CA 93912

831-796-1499 Phone
831-755-5485 Fax

www.MontereyCountyElections.us

elections@co.monterey.ca.us

Gina Martinez
Registrar of Voters

Jessica Cedillo
Assistant Registrar of Voters

CERTIFICATION OF REGISTRAR OF VOTERS OF THE RESULTS OF THE CANVASS OF THE APRIL 12, 2022, CITY OF PACIFIC GROVE SPECIAL TAX MEASURE ELECTION

STATE OF CALIFORNIA
COUNTY OF MONTEREY } ss.

I, Gina Martinez, Registrar of Voters for the County of Monterey, State of California, do hereby certify that, in pursuance of the provisions of Elections Code section §15300, et seq., I did canvass the results of the votes cast in the City of Pacific Grove Special Tax Measure Election held in the City of Pacific Grove on April 12, 2022, and that Statement of Votes Cast, to which this certificate is attached is full, true and correct.

I hereby set my hand and official seal this 21st day of April 2022, at the County of Monterey.

Gina Martinez
Registrar of Voters
County of Monterey
State of California

MONTEREY COUNTY ELECTIONS

1441 Schilling Place-North Building
Salinas, CA 93901

PO Box 4400
Salinas, CA 93912

831-796-1499 Phone
831-755-5485 Fax

www.MontereyCountyElections.us

elections@co.monterey.ca.us

Gina Martinez
Registrar of Voters

Jessica Cedillo
Assistant Registrar of Voters

HELP AMERICA VOTE ACT OF 2002
CERTIFICATION OF ELECTION OFFICIAL

STATE OF CALIFORNIA
COUNTY OF MONTEREY } ss.

Pursuant to the statewide voter registration list requirements set forth in the Help America Vote Act of 2002 (HAVA) (Pub. L. No. 107-252 (2002) 116 Stat. 1666, 42 U.S.C. §15483),

I, Gina Martinez, Registrar of Voters for the County of Monterey, State of California, hereby certify that, I complied with all provisions of Chapter 2 of Division 7 of Title 2 of the California Code of Regulations for the election held on the 12th day of April 2022, in the City of Pacific Grove, State of California, and all elections consolidated therewith.

I hereby set my hand and official seal this 21st day of April 2022, at the County of Monterey.

SEAL

Gina Martinez
Registrar of Voters
County of Monterey
State of California

MONTEREY COUNTY ELECTIONS

1441 Schilling Place-North Building
Salinas, CA 93901

PO Box 4400
Salinas, CA 93912

831-796-1499 Phone
831-755-5485 Fax

www.MontereyCountyElections.us

elections@co.monterey.ca.us

Gina Martinez
Registrar of Voters

Jessica Cedillo
Assistant Registrar of Voters

REPORT OF THE MANUAL TALLY
CITY OF PACIFIC GROVE SPECIAL TAX MEASURE ELECTION
SEPTEMBER 14, 2021

1% Manual Tally of Paper Ballots: The 1% manual tally is defined by Election Codes §336.5 as the public process of manually tallying votes in one percent of the vote by mail batches and polling place voting precincts selected at random by the elections official and one batch and precinct for each race not included in the random selections. This procedure is conducted during the official canvass to verify the accuracy of the automated count. This tally includes paper ballots cast at the polling place and by mail.

On Friday, April 15, 2022, Monterey County Elections emailed to interested parties and published the Public Observation Calendar informing the public of when and where the 1% manual tally was to take place. Additionally, a press release was also published on Thursday, April 15, 2022. Both the Observation Calendar and the press release were available on the Monterey County Elections website. Finally, a notice was placed on the Department's public bulletin board informing observers of the 1% manual tally activities and location.

On Wednesday, April 13, 2022, at 11:00 a.m., the Elections Department publicly randomly selected the following for the 1% manual tally per Elections Code §15360(2):

- 1% vote by mail batches.
- 1% of polling places

Vote by mail batches were selected using three 10-sided dice where the first die was used to select one of 3 tabulators (6, 7 or 8) and the remaining two was used to select the last 2 digits of 3-digit batch sequence number. (Within the batch range 001 - 023)

One of three polling places was selected using one 10-sided die.

The following batch was selected to achieve 1% of the vote my mail batches covering all contests:

- Tabulator 6, Batch 003

The following polling place was randomly selected to achieve 1% of all polling place covering all contests.

- Pacific Grove Adult School, located at 1025 Lighthouse Ave, Pacific Grove, CA.

Results of the 1% Manual Tally of paper ballots: During the 1% manual tally, the Elections Department did not encounter any variances; confirming the accuracy of the results from the ImageCast™ Central (ICC) paper ballot tabulating machines and adjudication machines. The 1% Manual Tally was completed at 2:00 p.m. on Monday, April 18, 2022.

Gina Martinez
Registrar of Voters
County of Monterey

Monterey
Monterey 2022 Pacific Grove
April 12, 2022
Final Official Report

	Registered Voters	Turnout
Total Registration and Turnout	10,450	4,015
Polling Place (PP)		28
Vote by Mail (VBM)		3,987

City of Pacific Grove - Measure A

(7 of 7 precincts reported)

YES	2,411	60.05%
NO	1,604	39.95%
Total	**4,015**	

Statement of Votes Cast by Precinct
CITY OF PACIFIC GROVE SPECIAL TAX MEASURE ELECTION
County of Monterey
Tuesday, April 12, 2022

Precinct	Registered Voters	Turnout	% Turnout
Countywide			
Electionwide			
5111			
Polling Place (PP)	1,568	1	0.06%
Vote by Mail (VBM)	1,568	610	38.90%
Total	1,568	611	38.97%
5112			
Polling Place (PP)	1,576	1	0.06%
Vote by Mail (VBM)	1,576	633	40.16%
Total	1,576	634	40.23%
5113			
Polling Place (PP)	1,498	9	0.60%
Vote by Mail (VBM)	1,498	625	41.72%
Total	1,498	634	42.32%
5114			
Polling Place (PP)	1,405	4	0.28%
Vote by Mail (VBM)	1,405	494	35.16%
Total	1,405	498	35.44%
5115			
Polling Place (PP)	1,383	8	0.58%
Vote by Mail (VBM)	1,383	596	43.09%
Total	1,383	604	43.67%
5116			
Polling Place (PP)	1,640	3	0.18%
Vote by Mail (VBM)	1,640	570	34.76%
Total	1,640	573	34.94%
5117			
Polling Place (PP)	1,380	2	0.14%
Vote by Mail (VBM)	1,380	459	33.26%
Total	1,380	461	33.41%
Electionwide - Total	10,450	4,015	38.42%
Countywide - Total	10,450	4,015	38.42%
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%

City of Pacific Grove - Measure A (Vote for 1)

**** - *Insufficient Turnout to Protect Voter Privacy*

Precinct	Turnout	Registered Voters	YES		NO		Total Votes
Countywide							
Electionwide							
5111							
Polling Place (PP)	1	1,568	****	****	****	****	****
Vote by Mail (VBM)	610	1,568	393	64.43%	217	35.57%	610
Total	611	1,568	393	64.32%	218	35.68%	611
5112							
Polling Place (PP)	1	1,576	****	****	****	****	****
Vote by Mail (VBM)	633	1,576	380	60.03%	253	39.97%	633
Total	634	1,576	380	59.94%	254	40.06%	634
5113							
Polling Place (PP)	9	1,498	****	****	****	****	****
Vote by Mail (VBM)	625	1,498	360	57.60%	265	42.40%	625
Total	634	1,498	363	57.26%	271	42.74%	634
5114							
Polling Place (PP)	4	1,405	****	****	****	****	****
Vote by Mail (VBM)	494	1,405	298	60.32%	196	39.68%	494
Total	498	1,405	301	60.44%	197	39.56%	498
5115							
Polling Place (PP)	8	1,383	****	****	****	****	****
Vote by Mail (VBM)	596	1,383	374	62.75%	222	37.25%	596
Total	604	1,383	377	62.42%	227	37.58%	604
5116							
Polling Place (PP)	3	1,640	****	****	****	****	****
Vote by Mail (VBM)	570	1,640	320	56.14%	250	43.86%	570
Total	573	1,640	322	56.20%	251	43.80%	573
5117							
Polling Place (PP)	2	1,380	****	****	****	****	****
Vote by Mail (VBM)	459	1,380	274	59.69%	185	40.31%	459
Total	461	1,380	275	59.65%	186	40.35%	461
Electionwide - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
Countywide - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015

Statement of Votes Cast by District
CITY OF PACIFIC GROVE SPECIAL TAX MEASURE ELECTION
County of Monterey
Tuesday, April 12, 2022

District	Registered Voters	Turnout	% Turnout
Countywide			
Electionwide			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
Electionwide - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
STATE			
CALIFORNIA			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
CALIFORNIA - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
Congressional			
19th Congressional District			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
19th Congressional District - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
Senatorial Districts			
17th State Senatorial District			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
17th State Senatorial District - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
Assembly Districts			
30th State Assembly District			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
30th State Assembly District - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
Board Of Equalization			
2nd State Board Equal District			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
2nd State Board Equal District - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
Supervisorial Districts			
5th Supervisorial District			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
5th Supervisorial District - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
City Districts			
City of Pacific Grove			
Polling Place (PP)	10,450	28	0.27%
Vote by Mail (VBM)	10,450	3,987	38.15%
City of Pacific Grove - Total	10,450	4,015	38.42%
Vote by Mail (VBM)	10,450	3,987	38.15%
City Districts sub-district			
Unincorporated Area			

City of Pacific Grove - Measure A (Vote for 1)

**** - *Insufficient Turnout to Protect Voter Privacy*

District	Turnout	Registered Voters	YES		NO		Total Votes
Countywide							
Electionwide							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
Electionwide - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
CALIFORNIA							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
CALIFORNIA - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
19th Congressional District							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
19th Congressional District - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
17th State Senatorial District							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
17th State Senatorial District - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
30th State Assembly District							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
30th State Assembly District - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
2nd State Board Equal District							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
2nd State Board Equal District - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
5th Supervisorial District							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
5th Supervisorial District - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
City of Pacific Grove							
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
City of Pacific Grove - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015
Polling Place (PP)	28	10,450	12	42.86%	16	57.14%	28
Vote by Mail (VBM)	3,987	10,450	2,399	60.17%	1,588	39.83%	3,987
Unincorporated - Total	4,015	10,450	2,411	60.05%	1,604	39.95%	4,015

Voting Pct/Absentee Pct/Regular Pct Xref (Detail)

City of Pacific Grove Special Tax Measure Election - 4/12/2022

Voting Precinct	Ballot Type	Absentee Pct	Regular Pct	CONG	SEN	ASMB	SUPV	CITY (DISTRICT)	Mail Ballot?	Pct Registration
5111 - Pacific Grove 1 **Pacific Grove Adult School** **1025 Lighthouse Ave** **Pacific Grove, CA 93950**									**NO**	
	1	8005111	5PG3111-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,568
									Total for Voting Pct 5111:	**1,568**
5112 - Pacific Grove 2 **Pacific Grove Adult School** **1025 Lighthouse Ave** **Pacific Grove, CA 93950**									**NO**	
	1	8005112	5PG3112-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,576
									Total for Voting Pct 5112:	**1,576**
5113 - Pacific Grove 3 **Pacific Grove Community Center** **515 Junipero Ave** **Pacific Grove, CA 93950**									**NO**	
	1	8005113	5PG3113-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,498
									Total for Voting Pct 5113:	**1,498**
5114 - Pacific Grove 4 **Pacific Grove Community Center** **515 Junipero Ave** **Pacific Grove, CA 93950**									**NO**	
	1	8005114	5PG3114-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,405
									Total for Voting Pct 5114:	**1,405**
5115 - Pacific Gtove 5 **Pacific Grove Community Center** **515 Junipero Ave** **Pacific Grove, CA 93950**									**NO**	
	1	8005115	5PG3115-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,224
	1	8005115	5PG3115-02	CO19	SE17	AS30	SU5	Precincts - CI3500		159
									Total for Voting Pct 5115:	**1,383**
5116 - Pacific Grove 6 **Pacific Grove High School - Dance Room** **615 Sunset Dr** **Pacific Grove, CA 93950**									**NO**	
	1	8005116	5PG3116-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,640
									Total for Voting Pct 5116:	**1,640**

Voting Precinct	Ballot Type	Absentee Pct	Regular Pct	CONG	SEN	ASMB	SUPV	CITY (DISTRICT)	Mail Ballot?	Pct Registration
5117 - Pacific Grove 7 **Pacific Grove High School - Dance Room** **615 Sunset Dr** **Pacific Grove, CA 93950**									**NO**	
	1	8005117	5PG3117-01	CO19	SE17	AS30	SU5	Precincts - CI3500		1,380
									Total for Voting Pct 5117:	**1,380**

Voting Precinct	Ballot Type	Absentee Pct	Regular Pct	CONG	SEN	ASMB	SUPV	CITY (DISTRICT)	Mail Ballot?	Pct Registration

Polling Place Precincts:	**7**	**Total Polling Place Precinct Registration:**	**10,450**
Mail Ballot Precincts:	**0**	**Total Mail Ballot Precinct Registration:**	
Total Precincts:	**7**	**Total Registration:**	**10,450**

		---------- Voting Precinct Statistics by District ----------				
MAJOR DISTRICT TYPE	**DISTRICT ID**	**MAIL BALLOT**	**POLLING PLACE**	**TOTAL**	**TOTAL REGISTRATION**	**ABSENTEE PRECINCTS**
Congressional Districts	CO18	0	0	0		0
	CO19	0	7	7	10,450	7
Senatorial Districts Districts	SE17	0	7	7	10,450	7
Assembly Districts Districts	AS29	0	0	0		0
	AS30	0	7	7	10,450	7
Supervisorial Districts Districts	SU1	0	0	0		0
	SU2	0	0	0		0
	SU3	0	0	0		0
	SU4	0	0	0		0
	SU5	0	7	7	10,450	7

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

ORDINANCE NO. 21-032

AN URGENCY ORDINANCE OF THE COUNCIL OF THE CITY OF PACIFIC GROVE AMENDING CHAPTER 6.07 OF THE PACIFIC GROVE MUNICIPAL CODE TO INCREASE THE GENERAL PURPOSE TRANSACTIONS AND USE TAX (SALES TAX) RATE BY AN ADDITIONAL HALF-PERCENT (0.50%) THEREBY ESTABLISHING A NEW TRANSACTIONS AND USE TAX RATE OF ONE AND ONE-HALF PERCENT (1.5%) TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, SUBJECT TO ADOPTION BY THE ELECTORATE

FACTS

1. The City Council has the authority under Elections Code Section 9222, Revenue and Taxation Code Section 7285.9, and Government Code Sections 53723 and 53724 to place a ballot measure before the voters to establish a local transactions and use tax (sales tax) for general municipal purposes; and

2. The City currently imposes a 1% local transactions and use tax as previously approved by the electorate of the City, which is a significant revenue source for the City as it generates an estimated $ 2.3 million a year; and

3. Pursuant to Revenue and Taxation Code Sections 7251.1, the combined rate of all transaction and use taxes imposed by the City and County is capped at 2%, there is remaining capacity within the local transactions and use tax cap, and the City is authorized to increase and extend the tax contingent on voter approval; and

4. The City seeks to increase the local transactions and use tax rate by an additional one-half percent (0.5%) to establish a new transaction and use tax rate of one and one-half percent (1.5%) (replacing the former one percent (1.0%) tax), in order to generate additional revenue that may be used immediately to mitigate spending reductions that will need to be enacted as part of the upcoming budget to assist with long-term financial stability; and

5. Article XIII C of the California Constitution requires new or increased taxes be submitted to the voters prior to becoming effective. Article XIII C, Section 2(b) also requires that an election to approve a general tax measure be consolidated with a City Council election unless an emergency is declared by a unanimous vote of the City Council; and

6. The City faces an emergency that necessitates the placement of this measure on the ballot prior to the next regularly scheduled City Council municipal election; and

7. Voter approval on April 12, 2022 would provide the City with financial certainty regarding the long-term viability of this revenue; and

8. Pacific Grove Municipal Charter, Article 15, paragraph (g), provides in part "no action… levying of any tax… shall be taken except by ordinance."; and

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

9. Pacific Grove Municipal Charter, Article 15, paragraph (d), provides in part "any ordinance declared by the Council to be necessary as an emergency measure for preserving the public peace, health, safety or public welfare, and containing the reasons for its urgency, may be introduced and if passed by a vote of no fewer than five members of the Council shall become effective immediately."; and

10. The City Council unanimously declares this ordinance is necessary as an emergency measure; reasons for this declaration of urgency are that financial circumstances of the City immediate and urgent enactment of a new tax measure to increase revenues to the City and to preserve the public peace, health, safety and welfare of the community, to avoid work stoppages and service disruptions that may result from additional staff cuts or reductions in force, and to avoid permanent impairment of valued community services provided by the library, recreation department, and other cultural resources within the City. The financial emergency may also result in the crippling consequence of budget depletion; and

11. The City Council finds this ordinance is not a project under the California Environmental Quality Act by virtue of the State CEQA Guidelines, 14 Code of California Regulations section 15378, subdivision (b)(3) and, therefore, no environmental impact assessment is necessary.

THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES ORDAIN, SUBJECT TO ADOPTION BY THE ELECTORATE, as follows:

SECTION 1: The foregoing Facts are adopted as findings of the City Council as though set forth fully herein.

SECTION 2: The provisions of Chapter 6.07 of the Pacific Grove Municipal Code shall be deleted in their entirety, and in its place, the following provisions shall be enacted as Chapter 6.07.

6.07.010. TITLE. The ordinance enacting this Chapter shall be known as the Pacific Grove General Transactions and Use Tax Ordinance. The City of Pacific Grove hereinafter shall be called "City." Title 6.07 shall be applicable in the incorporated territory of the City.

6.07.020. PURPOSE. This Chapter is enacted to achieve, among other purposes, the following, and directs its provisions be interpreted in order to accomplish those purposes:

A. To impose a retail Transactions and Use Tax increase in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax increase at an election called for that purpose.

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

B. To adopt a retail Transactions and Use Tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail Transactions and Use Tax ordinance that imposes a tax increase and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail Transactions and Use Tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the Transactions and Use Taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

6.07.030. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this Transactions and Use Tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

6.07.040. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

6.07.050. PLACE OF SALE. For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

6.07.060. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1.5% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

6.07.060. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

6.07.070. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California.

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

1. "A retailer engaged in business in the District" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars ($500,000). For purposes of this section, a person is related to another person if both persons are related

to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

6.07.080. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

6.07.090. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state administered Transactions and Use Tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code

with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

6.07.100. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

6.07.110. TERMINATION. The taxes imposed by this article shall continue until terminated by a majority of the electors voting in an election.

SECTION 3. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

SECTION 4. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 5. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 6. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the City Transactions and Use Taxes and shall take effect immediately if the tax is imposed by a simple majority of the voters voting on the question at the April 12, 2022, election. Taxes authorized by this measure shall be collected at the first date allowed by the California Revenue and Taxation Code, section 7265.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 15th day of December, by the following vote:

AYES:	Mayor Peake, Mayor Pro Tem Smith, Councilmembers Amelio, Coletti, McAdams, Poduri, and Tomlinson.
NOES:	None.
ABSENT:	None.

APPROVED:

DocuSigned by:
Bill Peake
2E6F9DE48137414...

BILL PEAKE, Mayor

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

ATTEST:
DATED: 12/16/2021

DocuSigned by:
Sandra Kandell
4F11A61C850B4E1...

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DocuSigned by:
David C. Laredo
F06545E32B2846E...

DAVID C. LAREDO, City Attorney

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Lori Frati, Management Analyst

MEETING DATE: May 4, 2022

SUBJECT: Resolution and Contract Amendment to Facilitate the Examination of Measure A Transactions (Sales) and Use Tax Records ***Action Required By 5/4/2022***

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Approve a Resolution Authorizing Examination of Transactions (Sales) and Use Tax Records

DISCUSSION

In April 2022, voters approved Measure A, a 0.50% additional transactions and use tax. The City is in the process of entering into an Agreement with the California Department of Tax and Fee Administration (CDTFA) to implement and administer the new tax. As part of the implementation process, the CDTFA also requires a resolution to authorize representatives to examine the City's confidential transactions and use tax records (Attachment 1).

Pursuant to the Revenue and Taxation Code 7056, the attached resolution provides the City Manager and the Administrative Services Director with the authorization to designate positions that are authorized to examine confidential transaction and use tax records.

All documents that are required to implement Measure A must be submitted to the CDTFA, no later than June 6, 2022.

OPTIONS

1. Approve resolution and agreement
2. Provide alternate direction.

FINANCIAL IMPACT:

There is no fiscal impact associated with implementing this resolution.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Resolution

RESOLUTION NO._____

A RESOLUTION OF THE CITY OF PACIFIC GROVE AUTHORIZING THE EXAMINATION OF TRANSACTIONS (SALES) AND USE TAX RECORDS

FINDINGS

1. WHEREAS, pursuant to Ordinance No. 21-032 of Pacific Grove hereinafter called District and Section 7270 of the Revenue and Taxation Code, the District entered into a contract with the California Department of Tax and Fee Administration (CDTFA) to perform all functions incident to the administration and operation of the Transactions and Use Tax Ordinance; and

2. WHEREAS, the District deems it desirable and necessary for authorized representatives of the District to examine confidential transactions and use tax records of the California Department of Tax and Fee Administration pertaining to transactions and use taxes collected by the Board for the District pursuant to that contract; and

3. WHEREAS, Section 7056 of the Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of California Department of Tax and Fee Administration records and establishes criminal penalties for the unlawful disclosure of information contained in or derived from, the transactions and use tax records of the Board;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE AS FOLLOWS:

Section 1. That the Administrative Services Director, Deputy Director of Finance, Management Analyst, Accountant, City Manager or other officer or employee of the District designated in writing by the City Manager or the Administrative Services Director (hereafter referred to as the CDTFA) is hereby appointed to represent the District with authority to examine transactions and use tax records of the CDTFA pertaining to transactions and use taxes collected for the District by the CDTFA pursuant to the contract between the District and the CDTFA. The information obtained by examination of CDTFA records shall be used only for purposes related to the collection of the District's transactions and use taxes by the CDTFA pursuant to the contract.

2. That the Administrative Services Director, Deputy Director of Finance, Finance Manager, Management Analyst, Accountant, City Manager or other officer or employee of the District designated in writing by the City Manager or Administrative Services Director to the California Dept of Tax and Fee Administration is hereby appointed to represent the District with authority to examine those transactions and use tax records of the Board for purposes related to the following governmental functions of the District:

a) City administration;
b) Revenue management and budgeting;
c) Tracking of economic data;
d) Forecasting and budget related functions;
e) Detection of misallocations and deficiencies;
f) Community and economic development; and
g) Business license tax administration

The information obtained by examination of CDTFA records shall be used only for those governmental functions of the District listed above.

BE IT FURTHER RESOLVED that the information obtained by examination of Board records shall be used only for purposes related to the collection of District's transactions and use taxes by the Board pursuant to the contracts between the District and Board.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 4th day of May, 2022.

AYES: _____

NOES: _____

ABSENT: _____

APPROVED:

ATTEST:

_____
SANDRA KANDELL, City Clerk

_____
BILL PEAKE, Mayor

APPROVED AS TO FORM:

_____
DAVID C. LAREDO, City Attorney

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Lori Frati, Management Analyst

MEETING DATE: May 4, 2022

SUBJECT: Authorize the City Manager to Execute Agreements with the California Department of Tax and Fee Administration Related to the Measure A, the New 0.50% Local Transactions and Use Tax ***Action Required By 5/4/2022***

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute a Preparatory Agreement and an Administration Agreement with the California Department of Tax and Fee Administration for Measure A, the new 0.50% local transactions and use tax.

DISCUSSION

The City placed Measure A on the April 12, 2022 ballot to increase the City's 1% transaction and use tax (sales tax) to 1.5%. Prior to COVID-19, this initiative was projected to yield approximately $1.1 million annually. The additional revenue generated by Measure A would be used to fund capital needs, maintain public safety and emergency preparation; enhance the City's infrastructure of parks, trails, beaches and trees; invest in community facilities and spaces; and provide general local City services. This initiative was approved by 60% of the voters.

To prepare and administer Measure A, the California Department of Tax and Fee Administration (CDTFA) requires the City to enter into a standard Preparatory Agreement and an Administration Agreement. Due to implementation timelines, this tax will become effective in October 2022.

Information on these agreements are provided below:

Preparatory Agreement (one-time cost)
The Preparatory Agreement authorizes CDTFA to commence preparations to administer and operate Measure A, in accordance with Part 1.6 of Division 2 of the Revenue and Taxation Code; and pay for the related costs. These costs could include staff time, operating expenses, data processing time; and printing and postage costs of notifying taxpayers, accountants, enrolled agents, and sometimes adjacent counties.

By law, the maximum preparatory cost to implement a new transactions and use tax initiative is $175,000. While this amount is stated in the agreement, CDTFA has indicated that the actual amount

charged is typically less than $175,000, particularly in smaller cities and counties where reduced notification is needed. The preparatory fee is also influenced by how many new transactions and use taxes are implemented concurrently. If multiple jurisdictions implement taxes at the same time, the fee is lower because of the efficiencies achieved through group implementation. CDTFA has indicated that preparatory costs over the past five years have been as low as $3,900 (City of Angels Camp) to as high as $18,500 (City of Sacramento) when there were 47 new transaction and use taxes implemented at the same time. They have also been as high as $124,500 (Los Angeles County) when there was a single, large jurisdiction implementing a new tax. In the November 2020 election, the preliminary results indicated that 48 new local general sales tax measures were approved by voters. Based on this information, staff is estimating that the preparatory costs should be less than $40,000.

Administrative Cost (ongoing)
CDTFA administers and collects sales tax revenue for Cities, Counties, and special tax jurisdictions. This Agreement allows for CDTFA to collect and deposit funds in the State Treasury and remit entitled revenues to the City no less twice in each calendar quarter. The cost to administer the program is based on a legislatively approved costing model in administering the local entity's tax ordinance (Revenue and Taxation Code 7204.3 and 7273). Costs are allocated based on revenues, with the state bearing most of the administrative costs because of its higher tax rate. The Fiscal Year 22/23 administrative fee that is applicable to a tax rate of 0.50% is 1.15% of the revenue. If Measure A revenues were to perform as anticipated at $1.1 million, the annual administrative costs would be approximately $12,650.

OPTIONS

1. Provide alternate direction.

FINANCIAL IMPACT:

The estimated annual revenues generated from Measure A were anticipated to be $1.1 million, with approximately three quarters of that amount applicable to Fiscal Year 22/23. This amount may be adjusted in response to the local economy. The fees associated with preparatory costs are anticipated to be less than $40,000, while the annual on-going costs are expected to be $12,650 or 1.15% of the Measure A revenues.

The preparatory costs will be paid from the Measure A revenues generated in Fiscal Year 22/23; and the on-going costs will be deducted from the corresponding revenues. The costs will be included in the Proposed Fiscal Year 22/23 Budget.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION FOR IMPLEMENTATION OF A LOCAL TRANSACTIONS AND USE TAX.

FINDINGS

1. WHEREAS, on December 15th, 2021, the City Council approved Ordinance No. 21-032 amending the City Municipal Code and providing for a local transactions and use tax; and

2. WHEREAS, the California Department of Tax and Fee Administration (Department) administers and collects the transactions and use taxes for all applicable jurisdictions within the state; and

3. WHEREAS, the Department will be responsible to administer and collect the transactions and use tax for the City; and

4. WHEREAS, the Department requires that the City enter into a "Preparatory Agreement" and an "Administration Agreement" prior to implementation of said taxes, and

5. WHEREAS, the Department requires that the City Council authorize the agreements;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

1. The "Preparatory Agreement" attached as Exhibit A and the "Administrative Agreement" attached as Exhibit B are hereby approved and the City Manager is hereby authorized to execute each agreement.

This Resolution shall become effective immediately following passage and adoption thereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 4th day of May, 2022, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ATTEST: APPROVED:

_____ _____
SANDRA KANDELL, City Clerk BILL PEAKE, Mayor

APPROVED AS TO FORM:

_____
DAVID C. LAREDO, City Attorney

Exhibit A

AGREEMENT FOR PREPARATION TO ADMINISTER AND OPERATE CITY'S TRANSACTIONS AND USE TAX ORDINANCE

In order to prepare to administer a transactions and use tax ordinance adopted in accordance with the provision of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, the City of Pacific Grove, hereinafter called *City*, and the CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, hereinafter called *Department*, do agree as follows:

1. The Department agrees to enter into work to prepare to administer and operate a transactions and use tax in conformity with Part 1.6 of Division 2 of the Revenue and Taxation Code which has been approved by a majority of the electors of the City and whose ordinance has been adopted by the City.

2. City agrees to pay to the Department at the times and in the amounts hereinafter specified all of the Department's costs for preparatory work necessary to administer the City's transactions and use tax ordinance. The Department's costs for preparatory work include costs of developing procedures, programming for data processing, developing and adopting appropriate regulations, designing and printing forms, developing instructions for the Department's staff and for taxpayers, and other appropriate and necessary preparatory costs to administer a transactions and use tax ordinance. These costs shall include both direct and indirect costs as specified in Section 11256 of the Government Code.

3. Preparatory costs may be accounted for in a manner which conforms to the internal accounting and personnel records currently maintained by the Department. The billings for costs may be presented in summary form. Detailed records of preparatory costs will be retained for audit and verification by the City.

4. Any dispute as to the amount of preparatory costs incurred by the Department shall be referred to the State Director of Finance for resolution, and the Director's decision shall be final.

5. Preparatory costs incurred by the Department shall be billed by the Department periodically, with the final billing within a reasonable time after the operative date of the ordinance. City shall pay to the Department the amount of such costs on or before the last day of the next succeeding month following the month when the billing is received.

6. The amount to be paid by City for the Department's preparatory costs shall not exceed one hundred seventy-five thousand dollars ($175,000) (Revenue and Taxation Code Section 7272.)

7. Communications and notices may be sent by first class United States mail. Communications and notices to be sent to the Department shall be addressed to:

California Department of Tax and Fee Administration
P.O. Box 942879 MIC: 27
Sacramento, California 94279-0027

Attention: Administrator
Local Revenue Branch

Communications and notices to be sent to City shall be addressed to:

City of Pacific Grove
Tori Hannah, Administrative Services Director
300 Forest Avenue
Pacific Grove, CA 93950

8. The date of this agreement is the date on which it is approved by the Department of General Services. This agreement shall continue in effect until the preparatory work necessary to administer City's transactions and use tax ordinance has been completed and the Department has received all payments due from City under the terms of this agreement.

CITY OF Pacific Grove

By _____

Ben Harvey

City Manager

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

By _____
Administrator
Local Revenue Branch

(Rev. 11/17)

Exhibit B

AGREEMENT FOR STATE ADMINISTRATION OF CITY TRANSACTIONS AND USE TAXES

The City Council of the City of Pacific Grove has adopted, and the voters of the City of Pacific Grove (hereafter called "City" or "District") have approved by the required majority vote, the City of Pacific Grove Transactions and Use Tax Ordinance (hereafter called "Ordinance"), a copy of which is attached hereto. To carry out the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code and the Ordinance, the California State Department of Tax and Fee Administration, (hereinafter called the "Department") and the City do agree as follows:

ARTICLE I

DEFINITIONS

Unless the context requires otherwise, wherever the following terms appear in the Agreement, they shall be interpreted to mean the following:

1. "District taxes" shall mean the transactions and use taxes, penalties, and interest imposed under an ordinance specifically authorized by Revenue and Taxation code Section 7285.9, and in compliance with Part 1.6, Division 2 of the Revenue and Taxation Code.

2. "City Ordinance" shall mean the City's Transactions and Use Tax Ordinance referred to above and attached hereto, Ordinance No. 21-032 as amended from time to time, or as deemed to be amended from time to time pursuant to Revenue and Taxation Code Section 7262.2.

ARTICLE II

ADMINISTRATION AND COLLECTION OF CITY TAXES

A. Administration. The Department and City agree that the Department shall perform exclusively all functions incident to the administration and operation of the City Ordinance.

B. Other Applicable Laws. City agrees that all provisions of law applicable to the administration and operation of the Department Sales and Use Tax Law which are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code shall be applicable to the administration and operation of the City Ordinance. City agrees that money collected pursuant to the City Ordinance may be deposited into the State Treasury to the credit of the Retail Sales Tax Fund and may be drawn from that Fund for any authorized purpose, including making refunds, compensating and reimbursing the Department pursuant to Article IV of this Agreement, and transmitting to City the amount to which City is entitled.

C. Transmittal of money.

1. For the period during which the tax is in effect, and except as otherwise provided herein, all district taxes collected under the provisions of the City Ordinance shall be transmitted to City periodically as promptly as feasible, but not less often than twice in each calendar quarter.

2. For periods subsequent to the expiration date of the tax whether by City's self-imposed limits or by final judgment of any court of the State of California holding that City's ordinance is invalid or void, all district taxes collected under the provisions of the City Ordinance shall be transmitted to City not less than once in each calendar quarter.

3. Transmittals may be made by mail or electronic funds transfer to an account of the City designated and authorized by the City. A statement shall be furnished at least quarterly indicating the amounts withheld pursuant to Article IV of this Agreement.

D. Rules. The Department shall prescribe and adopt such rules and regulations as in its judgment are necessary or desirable for the administration and operation of the City Ordinance and the distribution of the district taxes collected thereunder.

E. Preference. Unless the payor instructs otherwise, and except as otherwise provided in this Agreement, the Department shall give no preference in applying money received for state sales and use taxes, state-administered local sales and use taxes, and district transactions and use taxes owed by a taxpayer, but shall apply moneys collected to the satisfaction of the claims of the State, cities, counties, cities and counties, redevelopment agencies, other districts, and City as their interests appear.

F. Security. The Department agrees that any security which it hereafter requires to be furnished by taxpayers under the State Sales and Use Tax Law will be upon such terms that it also will be available for the payment of the claims of City for district taxes owing to it as its interest appears. The Department shall not be required to change the terms of any security now held by it, and City shall not participate in any security now held by the Department.

G. Records of the Department.

When requested by resolution of the legislative body of the City under section 7056 of the Revenue and Taxation Code, the Department agrees to permit authorized personnel of the City to examine the records of the Department, including the name, address, and account number of each seller holding a seller's permit with a registered business location in the City, pertaining to the ascertainment of transactions and use taxes collected for the City. Information obtained by the City from examination of the Department's records shall be used by the City only for purposes related to the collection of transactions and use taxes by the Department pursuant to this Agreement.

H. Annexation. City agrees that the Department shall not be required to give effect to an annexation, for the purpose of collecting, allocating, and distributing District transactions and use taxes, earlier than the first day of the calendar quarter which commences not less than two months after notice to the Department. The notice shall include the name of the county or counties annexed to the extended City boundary. In the event the City shall annex an area, the boundaries of which are not coterminous with a county or counties, the notice shall include a description of the area annexed and two maps of the City showing the area annexed and the location address of the property nearest to the extended City boundary on each side of every street or road crossing the boundary.

ARTICLE III

ALLOCATION OF TAX

A. Allocation. In the administration of the Department's contracts with all districts that impose transactions and use taxes imposed under ordinances, which comply with Part 1.6 of Division 2 of the Revenue and Taxation Code:

1. Any payment not identified as being in payment of liability owing to a designated district or districts may be apportioned among the districts as their interest appear, or, in the discretion

of the Department, to all districts with which the Department has contracted using ratios reflected by the distribution of district taxes collected from all taxpayers.

2. All district taxes collected as a result of determinations or billings made by the Department, and all amounts refunded or credited may be distributed or charged to the respective districts in the same ratio as the taxpayer's self-declared district taxes for the period for which the determination, billing, refund or credit applies.

B. Vehicles, Vessels, and Aircraft. For the purpose of allocating use tax with respect to vehicles, vessels, or aircraft, the address of the registered owner appearing on the application for registration or on the certificate of ownership may be used by the Department in determining the place of use.

ARTICLE IV

COMPENSATION

The City agrees to pay to the Department as the State's cost of administering the City Ordinance such amount as is provided for by law. Such amounts shall be deducted from the taxes collected by the Department for the City.

ARTICLE V

MISCELLANEOUS PROVISIONS

A. Communications. Communications and notices may be sent by first class United States mail to the addresses listed below, or to such other addresses as the parties may from time to time designate. A notification is complete when deposited in the mail.

Communications and notices to be sent to the Department shall be addressed to:

California State Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, California 94279-0027

Attention: Administrator
Local Revenue Branch

Communications and notices to be sent to the City shall be addressed to:

City of Pacific Grove
Tori Hannah, Administrative Services Director
300 Forest Avenue
Pacific Grove, CA 93950

Unless otherwise directed, transmittals of payment of District transactions and use taxes will be sent to the address above.

B. Term. The date of this Agreement is the date on which it is approved by the Department of General Services. The Agreement shall take effect on October 1, 2022. This Agreement shall continue until December 31 next following the expiration date of the City Ordinance, and shall thereafter be renewed automatically from year to year until the Department completes all work necessary to the administration of the City Ordinance and has received and disbursed all payments due under that Ordinance.

C. Notice of Repeal of Ordinance. City shall give the Department written notice of the repeal of the City Ordinance not less than 110 days prior to the operative date of the repeal.

ARTICLE VI

ADMINISTRATION OF TAXES IF THE
ORDINANCE IS CHALLENGED AS BEING INVALID

A. Impoundment of funds.

1. When a legal action is begun challenging the validity of the imposition of the tax, the City shall deposit in an interest-bearing escrow account, any proceeds transmitted to it under Article II. C., until a court of competent jurisdiction renders a final and non-appealable judgment that the tax is valid.

2. If the tax is determined to be unconstitutional or otherwise invalid, the City shall transmit to the Department the moneys retained in escrow, including any accumulated interest, within ten days of the judgment of the trial court in the litigation awarding costs and fees becoming final and non-appealable.

B. Costs of administration. Should a final judgment be entered in any court of the State of California, holding that City's Ordinance is invalid or void, and requiring a rebate or refund to taxpayers of any taxes collected under the terms of this Agreement, the parties mutually agree that:

1. Department may retain all payments made by City to Department to prepare to administer the City Ordinance.

2. City will pay to Department and allow Department to retain Department's cost of administering the City Ordinance in the amounts set forth in Article IV of this Agreement.

3. City will pay to Department or to the State of California the amount of any taxes plus interest and penalties, if any, that Department or the State of California may be required to rebate or refund to taxpayers.

4. City will pay to Department its costs for rebating or refunding such taxes, interest, or penalties. Department's costs shall include its additional cost for developing procedures for processing

the rebates or refunds, its costs of actually making these refunds, designing and printing forms, and developing instructions for Department's staff for use in making these rebates or refunds and any other costs incurred by Department which are reasonably appropriate or necessary to make those rebates or refunds. These costs shall include Department's direct and indirect costs as specified by Section 11256 of the Government Code.

5. Costs may be accounted for in a manner, which conforms to the internal accounting, and personnel records currently maintained by the Department. The billings for such costs may be presented in summary form. Detailed records will be retained for audit and verification by City.

6. Any dispute as to the amount of costs incurred by Department in refunding taxes shall be referred to the State Director of Finance for resolution and the Director's decision shall be final.

7. Costs incurred by Department in connection with such refunds shall be billed by Department on or before the 25th day of the second month following the month in which the judgment of a court of the State of California holding City's Ordinance invalid or void becomes final. Thereafter Department shall bill City on or before the 25th of each month for all costs incurred by Department for the preceding calendar month. City shall pay to Department the amount of such costs on or before the last day of the succeeding month and shall pay to Department the total amount of taxes, interest, and penalties refunded or paid to taxpayers, together with Department costs incurred in making those refunds.

CITY OF Pacific Grove

By _____

_____
Ben Harvey

_____
City Manager

CALIFORNIA STATE DEPARTMENT OF
TAX AND FEE ADMINISTRATION

By _____
Administrator
Local Revenue Branch

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

ORDINANCE NO. 21-032

AN URGENCY ORDINANCE OF THE COUNCIL OF THE CITY OF PACIFIC GROVE AMENDING CHAPTER 6.07 OF THE PACIFIC GROVE MUNICIPAL CODE TO INCREASE THE GENERAL PURPOSE TRANSACTIONS AND USE TAX (SALES TAX) RATE BY AN ADDITIONAL HALF-PERCENT (0.50%) THEREBY ESTABLISHING A NEW TRANSACTIONS AND USE TAX RATE OF ONE AND ONE-HALF PERCENT (1.5%) TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, SUBJECT TO ADOPTION BY THE ELECTORATE

FACTS

1. The City Council has the authority under Elections Code Section 9222, Revenue and Taxation Code Section 7285.9, and Government Code Sections 53723 and 53724 to place a ballot measure before the voters to establish a local transactions and use tax (sales tax) for general municipal purposes; and

2. The City currently imposes a 1% local transactions and use tax as previously approved by the electorate of the City, which is a significant revenue source for the City as it generates an estimated $ 2.3 million a year; and

3. Pursuant to Revenue and Taxation Code Sections 7251.1, the combined rate of all transaction and use taxes imposed by the City and County is capped at 2%, there is remaining capacity within the local transactions and use tax cap, and the City is authorized to increase and extend the tax contingent on voter approval; and

4. The City seeks to increase the local transactions and use tax rate by an additional one-half percent (0.5%) to establish a new transaction and use tax rate of one and one-half percent (1.5%) (replacing the former one percent (1.0%) tax), in order to generate additional revenue that may be used immediately to mitigate spending reductions that will need to be enacted as part of the upcoming budget to assist with long-term financial stability; and

5. Article XIII C of the California Constitution requires new or increased taxes be submitted to the voters prior to becoming effective. Article XIII C, Section 2(b) also requires that an election to approve a general tax measure be consolidated with a City Council election unless an emergency is declared by a unanimous vote of the City Council; and

6. The City faces an emergency that necessitates the placement of this measure on the ballot prior to the next regularly scheduled City Council municipal election; and

7. Voter approval on April 12, 2022 would provide the City with financial certainty regarding the long-term viability of this revenue; and

8. Pacific Grove Municipal Charter, Article 15, paragraph (g), provides in part “no action… levying of any tax… shall be taken except by ordinance.”; and

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

9. Pacific Grove Municipal Charter, Article 15, paragraph (d), provides in part "any ordinance declared by the Council to be necessary as an emergency measure for preserving the public peace, health, safety or public welfare, and containing the reasons for its urgency, may be introduced and if passed by a vote of no fewer than five members of the Council shall become effective immediately."; and

10. The City Council unanimously declares this ordinance is necessary as an emergency measure; reasons for this declaration of urgency are that financial circumstances of the City immediate and urgent enactment of a new tax measure to increase revenues to the City and to preserve the public peace, health, safety and welfare of the community, to avoid work stoppages and service disruptions that may result from additional staff cuts or reductions in force, and to avoid permanent impairment of valued community services provided by the library, recreation department, and other cultural resources within the City. The financial emergency may also result in the crippling consequence of budget depletion; and

11. The City Council finds this ordinance is not a project under the California Environmental Quality Act by virtue of the State CEQA Guidelines, 14 Code of California Regulations section 15378, subdivision (b)(3) and, therefore, no environmental impact assessment is necessary.

THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES ORDAIN, SUBJECT TO ADOPTION BY THE ELECTORATE, as follows:

SECTION 1: The foregoing Facts are adopted as findings of the City Council as though set forth fully herein.

SECTION 2: The provisions of Chapter 6.07 of the Pacific Grove Municipal Code shall be deleted in their entirety, and in its place, the following provisions shall be enacted as Chapter 6.07.

6.07.010. TITLE. The ordinance enacting this Chapter shall be known as the Pacific Grove General Transactions and Use Tax Ordinance. The City of Pacific Grove hereinafter shall be called "City." Title 6.07 shall be applicable in the incorporated territory of the City.

6.07.020. PURPOSE. This Chapter is enacted to achieve, among other purposes, the following, and directs its provisions be interpreted in order to accomplish those purposes:

A. To impose a retail Transactions and Use Tax increase in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax increase at an election called for that purpose.

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

B. To adopt a retail Transactions and Use Tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail Transactions and Use Tax ordinance that imposes a tax increase and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail Transactions and Use Tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the Transactions and Use Taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

6.07.030. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this Transactions and Use Tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

6.07.040. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

6.07.050. PLACE OF SALE. For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

6.07.060. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1.5% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

6.07.060. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

6.07.070. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California.

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

1. “A retailer engaged in business in the District” shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars ($500,000). For purposes of this section, a person is related to another person if both persons are related

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

6.07.080. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

6.07.090. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state administered Transactions and Use Tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

6.07.100. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

6.07.110. TERMINATION. The taxes imposed by this article shall continue until terminated by a majority of the electors voting in an election.

SECTION 3. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

SECTION 4. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 5. **SEVERABILITY.** If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 6. **EFFECTIVE DATE.** This ordinance relates to the levying and collecting of the City Transactions and Use Taxes and shall take effect immediately if the tax is imposed by a simple majority of the voters voting on the question at the April 12, 2022, election. Taxes authorized by this measure shall be collected at the first date allowed by the California Revenue and Taxation Code, section 7265.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 15th day of December, by the following vote:

AYES:	Mayor Peake, Mayor Pro Tem Smith, Councilmembers Amelio, Coletti, McAdams, Poduri, and Tomlinson.
NOES:	None.
ABSENT:	None.

APPROVED:

DocuSigned by:
Bill Peake
2E6F9DE48137414...

BILL PEAKE, Mayor

DocuSign Envelope ID: 53C24EE6-AB9E-4117-8C02-6783B75260CB

ATTEST:
DATED: 12/16/2021

DocuSigned by:
Sandra Kandell
4F11A61C850B4E1...

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DocuSigned by:
David C. Laredo
F06545E32B2846E...

DAVID C. LAREDO, City Attorney

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Jennifer Pope, Management Analyst

MEETING DATE: May 4, 2022

SUBJECT: Third Quarter Purchase Order Report

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive the Third Quarter Purchase Order Report.

DISCUSSION

The Third Quarter Purchase Order Report includes information on open purchase orders that were issued under $40,000. This report is intended to be consistent with the new reporting requirement in Section 2.16.160 of the City's Purchasing Systems and Procedures.

Purchase orders are issued for all purchases of supplies, services, materials, equipment, and contractual services over $5,000.

The Purchase Order Report includes:

- Vendor name
- Date the purchase order was issued
- Description of the encumbered funds
- Purchase order amount
- Year-to-date expenses for the Second Quarter

This report was previously a part of the Quarterly Budget Report, but based on the recommendation from the Finance Subcommittee it is now presented independently.

OPTIONS

N/A - This is an informational report.

FINANCIAL IMPACT:

There is no financial impact associated with receiving this report.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Purchase Order Report

Open Purchase Orders - Less Than $40,000
Third Quarter FY 21/22

PO	DEPARTMENT	DIVISION	PROJECT	VENDOR NAME	DATE	DESCRIPTION	PURCHASE ORDER AMOUNT	YEAR TO DATE EXPENSE
22000021-01	ADMINISTRATIVE SERVICES	131		WELLS FARGO VENDOR FINANCE	07/20/21	KONICA LEASE FY 21/22	15,035.00	10,651.89
22000073-01	ADMINISTRATIVE SERVICES	131		NOLAND, HAMERLY, ETIENNE	08/25/21	ASSISTANCE WITH PURCHASING MANUAL	19,500.00	10,910.00
22000016-01	ADMINISTRATIVE SERVICES	131		BARTEL ASSOCIATES, LLC	07/12/21	GASB 75 ACTUARIAL VALUATION	19,000.00	9,472.00
22000015-01	ADMINISTRATIVE SERVICES	131		CHAVAN & ASSOCIATES, LLP	07/12/21	AUDIT AND ACCOUNTING SERVICES	39,300.00	36,800.00
22000063-01	ADMINISTRATIVE SERVICES	131		QUADIENT LEASING USA, IN	08/10/21	MAIL MACHINE	1,885.12	942.06
22000096-01	ADMINISTRATIVE SERVICES	131		SUPERION, LLC	10/06/21	CONSULTING & PROJECT MGT	18,180.00	405.00
22000004-01	CEMETERY	601		LLORIN-VELASQUEZ CORPORA	07/08/21	CEMETERY HEADSTONE TRIMMING	31,500.00	20,875.00
22000185-01	CITY ATTORNEY	111		SHUTE, MIHALY & WEINBERG	03/14/22	LEGAL SERVICES - BLUE WAVE VS. CITY OF PG	8,301.00	1,113.50
22000136-01	CITY ATTORNEY	111		COLANTUONO, HIGHSMITH	12/10/21	LEGAL ASSISTANCE - HOBBS	17,000.00	14,927.50
22000121-01	CITY ATTORNEY	111		NOLAND, HAMERLY, ETIENNE	11/15/21	LEGAL SERVICES - ENYATI	39,000.00	30,905.16
22000142-01	CITY COUNCIL	101		ASSOCIATED RIGHT OF WAY	03/09/22	REFRESH APPRAISAL - SLOAT AVENUE	5,937.50	3,157.50
22000191-01	CITY COUNCIL	101		CSI HR GROUP	02/24/22	ASSISTANCE - PERFORMANCE REVIEW	20,000.00	8,400.00
22000169-01	CITY MANAGER	121		BOB MURRAY & ASSOCIATES	01/28/22	CDD DIRECTOR RECRUITMENT	27,500.00	18,791.59
22000190-01	CITY MANAGER	121		CSI HR GROUP	02/24/22	PERSONNEL PERFORMANCE	10,000.00	440.00
22000072-01	CITY MANAGER	121		NOLAND, HAMERLY, ETIENNE	08/25/21	ASSISTANCE WITH EMPLOYEE MANUAL	3,500.00	665.00
22000168-01	CITY MANAGER	121		MEYERS NAVE	01/28/22	LEGAL SERVICES	30,000.00	26,188.98
22000170-01	CITY MANAGER	121		BRYCE CONSULTING INC.	01/28/22	COMPENSATION STUDY	23,000.00	680.00
22000171-01	CITY MANAGER	121		NOLAND, HAMERLY, ETIENNE	01/28/22	DISCIPLINARY APPEAL	25,000.00	4,680.25
22000206-01	CITY MANAGER	121		PECKHAM & MCKENNEY	03/18/22	EXECUTIVE RECRUITMENT	28,600.00	-
22000188-01	CITY MANAGER	121		ELLIS INVESTIGATIONS LAW	03/14/22	IMPARTIAL WORPLACE INVESTIGATION	39,000.00	-
22000178-01	CITY MANAGER	121		HDL ECONSOLUTIONS	02/02/22	ECONOMIC DEVELOPMENT	39,999.00	5,970.00
22000152-01	COMMUNITY DEVELOPMENT	201		HARRIS & ASSOCIATES, INC	01/19/22	CONTRACT PLANNING SERVICES	8,820.00	8,800.00
22000127-01	COMMUNITY DEVELOPMENT	225	TRC19-04	KIMLEY HORN	03/16/22	CEQA/EIR FOR ATC/COMSTOCK	9,242.85	-
22000210-01	COMMUNITY DEVELOPMENT	201		RINCON CONSULTANTS, INC	03/29/22	ON CALL PEER REVIEW	20,000.00	-

Open Purchase Orders - Less Than $40,000
Third Quarter FY 21/22

PO	DEPARTMENT	DIVISION	PROJECT	VENDOR NAME	DATE	DESCRIPTION	PURCHASE ORDER AMOUNT	YEAR TO DATE EXPENSE
22000131-01	COMMUNITY DEVELOPMENT	201		BEST BEST & KRIEGER ATTO	12/07/21	ASSIST & REVIEW HOUSING POLICY	39,000.00	7,806.50
22000164-01	COMMUNITY DEVELOPMENT	202		BENEVATE INC	01/23/22	SOFTWARE FOR HOUSING PROGRAM	9,700.00	
22000212-01	FIRE DEPARTMENT	351		WILSON'S PLUMBING & HEAT	03/30/22	REPLACE BROKEN HEATER	6,076.00	-
22000097-01	INFORMATION TECHNOLOGY	133		RICHARD PETTY ELECTRIC	10/13/21	INSTALL POWER TO NEW AC UNIT	6,300.00	-
22000197-01	INFORMATION TECHNOLOGY	133		CDW GOVERNMENT INC	03/10/22	FIREWALL & WIFI SOFTWARE	12,264.65	-
22000130-01	INFORMATION TECHNOLOGY	133		PROTEL COMMUNICATIONS	12/07/21	MITEL - MAINT & SUPPORT	12,000.00	5,808.20
22000101-01	INFORMATION TECHNOLOGY	133		ESRI, INC	10/13/21	ARCGIS SOFTWARE	20,500.00	2,950.00
22000189-01	INFORMATION TECHNOLOGY	133		PEOPLE INFORMATION EARTH	02/21/22	MAINTAIN & UPDATE GIS SYS	18,737.50	13,265.00
22000099-01	INFORMATION TECHNOLOGY	133		GEOGRAPHIC TECHNOLOGIES	10/13/21	GIS IMPLEMENTATION SERVICE	23,950.00	-
22000075-01	INFORMATION TECHNOLOGY	105		ACCESS MONTEREY PENINSULA	08/27/21	TELEVISED BROADCAST	39,000.00	10,638.55
22000179-01	LIBRARY	402		CROZIER STUDIOS	02/04/22	ART CURATION FOR THE LIBRARY	20,000.00	1,260.00
22000176-01	LIBRARY	403		BAKER & TAYLOR COMPANIES	02/02/22	BOOKS AND MATERIALS	25,689.96	16,060.68
22000208-01	LOCAL WATER PROJECT	741		FPZ, INC	03/23/22	LWP BLOWER REPLACEMENT	6,968.17	6,692.21
22000041-01	LOCAL WATER PROJECT	741		TROJAN TECHNOLOGIES	07/27/21	LWP UV SYSTEM PARTS REPLACEMENT	9,501.80	9,196.01
22000166-01	LOCAL WATER PROJECT	741		DTA	01/28/22	LOCAL WATER PROJECT BUSINESS PLAN	12,500.00	-
22000014-01	MUSEUM	411		PURE JANITORIAL LLC	07/12/21	JANITORIAL SERVICE	27,630.00	18,114.00
22000036-01	POLICE DEPARTMENT	301		IPS GROUP, INC	07/28/21	PARKING METER MAINTENANCE	5,000.00	4,581.30
22000038-01	POLICE DEPARTMENT	301		SYSTEMS FOR PUBLIC SAFETY	07/28/21	BACKGROUND INVESTIGATIONS	5,000.00	1,350.00
22000040-01	POLICE DEPARTMENT	301		MORELAND INVESTIGATIONS	07/28/21	BACKGROUND INVESTIGATIONS	5,000.00	2,540.00
22000057-01	POLICE DEPARTMENT	301		ARAMARK UNIFORM & CAREER	08/06/21	LINEN SERVICES	5,000.00	3,293.19
22000033-01	POLICE DEPARTMENT	301		SPEAK WRITE BILLING DEPT	07/28/21	TRANSCRIPTION SERVICES	7,000.00	4,055.11
22000028-01	POLICE DEPARTMENT	301		STAPLES CREDIT PLAN	07/28/21	OFFICE SUPPLIES	7,500.00	4,741.88
22000030-01	POLICE DEPARTMENT	301		VERIZON WIRELESS	07/28/21	VERIZON WIRELESS MOBILE	7,500.00	4,608.32
22000139-01	POLICE DEPARTMENT	301		ULINE	12/14/21	TRAINING ROOM FURNITURE	8,089.45	5,766.76

Open Purchase Orders - Less Than $40,000
Third Quarter FY 21/22

PO	DEPARTMENT	DIVISION	PROJECT	VENDOR NAME	DATE	DESCRIPTION	PURCHASE ORDER AMOUNT	YEAR TO DATE EXPENSE
22000032-01	POLICE DEPARTMENT	301		VERIZON BUSINESS	07/28/21	VERIZON PORT ACCESS	9,000.00	4,665.78
22000104-01	POLICE DEPARTMENT	304		LC ACTION POLICE SUPPLY	10/19/21	SERVICE PISTOLS	9,161.34	8,044.48
22000031-01	POLICE DEPARTMENT	301		LEXIPOL LLC	07/28/21	POLICY MANAGEMENT	13,000.00	6,600.32
22000202-01	POLICE DEPARTMENT	301		WATSONVILLE FORD	03/14/22	PD UNIT 5 - TRANSMISSION	10,958.10	-
22000027-01	POLICE DEPARTMENT	301		SPCA OF MONTEREY COUNTY	07/28/21	SPCA MONTEREY COUNTY	12,000.00	8,134.00
22000037-01	POLICE DEPARTMENT	301		AT&T MOBILITY	07/28/21	AT&T FIRSTNET CELLPHONES	20,000.00	12,716.26
22000035-01	POLICE DEPARTMENT	301		IPS GROUP, INC	07/28/21	IPS METER BANK FEES	25,000.00	10,427.89
22000167-01	POLICE DEPARTMENT	301		FLAGSTONE INVESTIGATIONS	01/28/22	INTERNAL INVESTIGATION	25,000.00	-
22000046-01	POLICE DEPARTMENT	304		ENTERPRISE FM TRUST	07/28/21	LEASED VEHICLES	26,000.00	19,130.40
22000045-01	POLICE DEPARTMENT	304		AXON ENTERPRISE, INC	07/28/21	BODY WORN AND IN-CAR CAMERAS	26,300.00	19,859.00
22000162-01	POLICE DEPARTMENT	304		CROSSROADS SOFTWARE, INC	01/18/22	ELECTRONIC CITATION SYSTEM	36,900.00	-
22000187-01	POLICE DEPARTMENT	301		THE FORD STORE MORGAN HILL	02/11/22	ANIMAL CONTROL VAN	37,000.00	-
22000165-01	POLICE DEPARTMENT	304		LIFTSHIFT LLC	01/23/22	MOVING REPORTS FROM TRACNET	39,500.00	9,767.09
22000163-01	POLICE DEPARTMENT	304		BOYDD PRODUCTS	01/18/22	PC50 APR ASSEMBLY TWIN PO	9,778.80	
22000094-01	PUBLIC WORKS	631	TRC21-02	CLIENT FIRST CONSULTING	10/05/21	TEMPORARY CONNECTIVITY	8,690.00	6,516.25
22000056-01	PUBLIC WORKS	631	TRC21-02	WILLIAMS SCOTSMAN, INC	08/06/21	PW MOBILE OFFICE	16,077.98	11,513.26
22000018-01	PUBLIC WORKS	631	TRC21-02	AURUM CONSULTING ENGINEE	07/14/21	PW YARD ELECTRICAL ENGINE	18,750.00	16,160.00
22000128-01	PUBLIC WORKS	631	CIP22-15	SCUDDER ROOFING COMPANY	12/01/21	LIBRARY ROOF REPAIR	21,009.60	17,508.00
22000213-01	PUBLIC WORKS	505		STRESSCRETE	03/30/22	LED FIXTURES	5,860.00	-
22000149-01	PUBLIC WORKS	505		SCL NORTH	01/04/22	LIGHT FIXTURES DOWNTOWN	6,372.75	-
22000138-01	PUBLIC WORKS	508		WCT PRODUCTS	12/14/21	PURCHASE OF STREET BARRICADES	6,786.50	-
22000161-01	PUBLIC WORKS	503		BEACH HOUSE BAR AND GRILL	01/18/22	BEACH HOUSE BATHROOMS	7,200.00	1,800.00
22000077-01	PUBLIC WORKS	519	CIP20-17	COASTAL FABRICATION	08/31/21	LOVERS POINT STAIRS	8,358.49	2,100.00
22000148-01	PUBLIC WORKS	505		SCL NORTH	01/04/22	STREET LIGHT REPLACEMENT	8,577.11	-

Open Purchase Orders - Less Than $40,000
Third Quarter FY 21/22

PO	DEPARTMENT	DIVISION	PROJECT	VENDOR NAME	DATE	DESCRIPTION	PURCHASE ORDER AMOUNT	YEAR TO DATE EXPENSE
22000156-01	PUBLIC WORKS	513		CREEKSIDE CENTER FOR	01/18/22	MONARCH BUTTERFLY HABITAT	10,000.00	4,000.00
22000182-01	PUBLIC WORKS	508		MIKE HARVEY'S CONCRETE	02/10/22	SIDEWALK DEVELOPMENT POLICY	14,000.00	-
22000051-01	PUBLIC WORKS	501		MISSION UNIFORM SERVICE	07/30/21	LINEN AND UNIFORM CLEANING	20,170.28	15,277.48
22000006-01	PUBLIC WORKS	503		GACHINA LANDSCAPE MANAGE	07/08/21	MOWING SERVICES	14,244.00	10,047.00
22000042-01	PUBLIC WORKS	505		CALIFORNIA MARINE SANCTUARY	07/27/21	WATER QUALITY MONITORING	18,319.50	-
22000047-01	PUBLIC WORKS	519	CIP20-17	MILLER & ASSOCIATES	07/28/21	LOVERS POINT BEACH ACCESS	20,000.00	-
22000214-01	SEWER	612	CIP22-01	DUDEK	03/30/22	ST REHAB - ARCHAEOLOGICAL MONITORING	11,392.00	-
22000005-01	SEWER	611		NEILL ENGINEERS CORP.	07/08/21	ADMINISTRATIVE ENGINEERING	12,000.00	9,000.00
22000086-01	SEWER	611		RINCON CONSULTANTS, INC	09/10/21	ARCHAEOLOGICAL & TRIBAL MONITORING	20,376.19	5,572.50
22000154-01	SEWER	611		MONTEREY ONE WATER	01/07/22	PUMP STATION 16 - MAINTENANCE	39,000.00	-

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Tori Hannah, Administrative Services Director/Assistant City Manager

MEETING DATE: May 4, 2022

SUBJECT: Third Quarter Treasurer's Quarterly Report – Fiscal Year 2021-22

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION
Receive the Report.

DISCUSSION
Article 19, Section (K) of the City Charter requires that a quarterly statement of all funds in the treasury be submitted to the Council. The Treasurer's report allows the Council and public to verify that the City's funds are invested in a safe and prudent manner, and that such investments comply with City policy and state law. The Treasurer's Report is different from a budget report, as its purpose is to report on cash balances.

This report reflects the City's balances as of March 31, 2021 and shows that cash and investments held citywide, with a market value of $23,784,715. All investments are in government securities, certificates of deposit (CD), or other approved investment vehicles. The maturity dates are laddered, to ensure liquidity. All bank balances are insured. The City does not actively tra de either certificates of deposits or federal agency securities but hold investments in the portfolio for maturity.

Date	Description	Rate	Dollar Amt/ Face Value	Activity
01/31/2022	Ally Bank, Sandy, UT, CD	2.90%	$246,000	Maturity
01/31/2022	Federal Farm Credit Bank, US Treasury	1.47%	$530,000	Purchase

Investment Notes:

- The average yield on the City's portfolio for the quarter is 1.24%. This represents a yield rate that is 0.03% less than prior quarter and 0.11% less the same quarter in the prior year.

OPTIONS
N/A – This is an informational report.

FINANCIAL IMPACT:
There is no fiscal impact. This is informational only.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Third Quarter Treasurers Report

City of Pacific Grove
Treasurers' Report
As Of March 31, 2022

DEPOSITORY	ACCOUNT	DESCRIPTION OF SECURITY	MATURITY DATE	INTEREST RATE/YIELD	DOLLAR/PAR AMOUNT	MARKET VALUE
State of California	Local Agency Investment Fund (LAIF)		Immediate	0.22%	8,369,988.81	8,369,988.81
					8,369,988.81	8,369,988.81
Bank of America	Checking	Pooled Cash	Immediate	0.00%	4,087,221.01	4,087,221.01
					4,087,221.01	4,087,221.01
N/A	Petty Cash	General	Immediate	0.00%	685.00	685.00
					685.00	685.00
Concourse Financial Grc	Cash	Sweep Money Market Fund		0.03%	16,419.44	16,419.44
Concourse	Certificate of Deposit	Amerant Bk Natl Assn Coral Gables FL	12/3/2025	0.45%	249,000.00	230,392.23
Concourse	Certificate of Deposit	BMW Bk North Amer Salt Lake City Utah	11/20/2025	0.50%	249,000.00	231,104.37
Concourse	Certificate of Deposit	Bank Baroda New YorK Brh	7/22/2025	0.65%	249,000.00	233,937.99
Concourse	Certificate of Deposit	Baycoast Bnk Swansea Mass CTF	1/24/2025	1.70%	247,000.00	241,832.76
Concourse	Certificate of Deposit	Bell Bank Fargo ND CTF Dep	3/24/2023	0.85%	249,000.00	247,969.14
Concourse	Certificate of Deposit	Bridgewater Bk St Louis Pk, MN	11/28/2025	0.45%	249,000.00	230,464.44
Concourse	Certificate of Deposit	Capital One Natl Assn McLean VA CTF	8/7/2024	2.25%	247,000.00	246,856.74
Concourse	Certificate of Deposit	Centerstate Bank Fla Winterhaven Fla	3/30/2023	0.90%	242,000.00	241,041.68
Concourse	Certificate of Deposit	Enerbank Salt Lake City UT CTF	6/28/2023	3.20%	246,000.00	251,141.40
Concourse	Certificate of Deposit	Goldman Sachs Bk USA New York CTF	11/22/2022	2.40%	247,000.00	249,348.97
Concourse	Certificate of Deposit	Industrial & Coml Bk China USA Natl Assn NY CTF	2/11/2026	0.45%	249,000.00	229,470.93
Concourse	Certificate of Deposit	JPMorgan Chase BK NA Columbus OH CTF Dep	12/15/2025	0.50%	248,000.00	229,811.68
Concourse	Certificate of Deposit	Live Oak Bkg Co Wilmington NC CTF Dep	11/27/2024	1.85%	249,000.00	245,446.77
Concourse	Certificate of Deposit	Medallion Bk Salt Lake City Utah CTF Dep	9/19/2022	1.70%	249,000.00	250,023.39
Concourse	Certificate of Deposit	Merrick Bk South Jordan Utah	1/31/2025	1.80%	249,000.00	244,368.60
Concourse	Certificate of Deposit	Minnwest Bk Redwood Falls Minn Ctf Dep	7/15/2025	0.50%	249,000.00	232,790.10
Concourse	Certificate of Deposit	Morgan Stanley Bk N A Salt Lake City Ut CTF	1/25/2023	2.65%	246,000.00	249,190.62
Concourse	Certificate of Deposit	Morgan Stanley Private Bk Natl Assn Pur N Y	12/6/2023	3.55%	245,000.00	251,815.90
Concourse	Certificate of Deposit	New York Cmnty Bk Westbury N Y	7/1/2026	0.70%	249,000.00	229,936.56
Concourse	Certificate of Deposit	Preferred Bk Los Angeles Calif Ctf Dep	8/16/2024	2.00%	249,000.00	247,356.60
Concourse	Certificate of Deposit	Raymond Jmes Bk Natl Assn St Petersburg FL CTF Dep	11/8/2023	1.75%	247,000.00	246,797.46
Concourse	Certificate of Deposit	Sallie Mae Bk Salt Lake City UT CTF	5/23/2023	3.20%	246,000.00	250,964.28
Concourse	Certificate of Deposit	Synchrony Bk Retail CTF Dep Citigroup Instl CTF Dep	12/10/2026	1.25%	248,000.00	233,380.40
Concourse	Certificate of Deposit	TIAA FSB Jacksonville FLA CTF	11/22/2022	2.20%	247,000.00	249,032.81
Concourse	Certificate of Deposit	Texas Exchange Bk SSB Crowley Ctf Dep	11/25/2025	0.60%	249,000.00	230,474.40
Concourse	Certificate of Deposit	UBS Bk USA Salt Lake City Ut	6/23/2026	0.75%	249,000.00	230,454.48
Concourse	Certificate of Deposit	Wells Fargo Natl BkWest Las Vegas N V	1/30/2023	1.90%	249,000.00	250,695.69
Concourse	U.S. Treasury Securities	United Sts Treas NTS	9/30/2025	0.60%	250,000.00	231,202.50
Concourse	U.S. Treasury Securities	United Sts Treas NTS	5/31/2026	0.70%	250,000.00	232,792.50
Concourse	U.S. Government Bonds	Federal Farm Cr Bks Cons Systemwide Bds	6/1/2022	1.550%	1,016,000.00	1,017,107.44
Concourse	U.S. Government Bonds	Federal Farm Cr Bks Cons Systemwide Bds	1/11/2027	1.470%	530,000.00	504,374.50
Total Concourse - General					8,753,419.44	8,507,996.77
TOTAL GENERAL INVESTMENTS					21,211,314.26	20,965,891.59
Concourse	Cash	Sweep Money Market Fund		0.03%	1,128.74	1,128.74
Concourse	Fixed Income	Bank Hapoalim B M New York BRH Ctf Dep	12/15/2025	0.50%	205,000.00	189,963.25
Concourse	U.S. Government Bonds	Federal Farm Cr Bks Cons Systemwide BDS Cons Bond	6/1/2022	1.55%	180,000.00	180,196.20
Concourse	U.S. Government Bonds	Federal Farm Cr Bks Cons Systemwide BDS	9/16/2025	0.55%	96,000.00	89,781.12
Concourse	U.S. Government Bonds	Federal Farm Cr Bks Cons Systemwide	5/13/2026	0.88%	170,000.00	159,976.80
Concourse	U.S. Government Bonds	Federal Farm Cr Bks Cons Systemwide BDS	1/11/2027	1.47%	97,000.00	92,310.05
Concourse	U.S. Government Bonds	Federal Agric Mtg corp Madium Terms Nts Fed	1/15/2026	0.48%	95,000.00	88,156.20
Total Concourse - Endowments					844,128.74	801,512.36
TOTAL INVESTMENTS HELD FOR ENDOWMENTS					844,128.74	801,512.36
Umpqua Bank	Money Market			0.01%	2,017,311.39	2,017,311.39
Total Umpqua Bank					2,017,311.39	2,017,311.39
TOTAL RESERVE INVESTMENT					2,017,311.39	2,017,311.39
GRAND TOTAL					24,072,754.39	23,784,715.34

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Audrey Cray, Management Analyst

MEETING DATE: May 4, 2022

SUBJECT: Third Quarter Workers' Compensation Report

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive the report.

DISCUSSION

On November 4, 2015, the Council approved a five-year Workers' Compensation phased refunding plan to bring the designated internal service fund into compliance with the Council's Budget and Financial Management Policy. At that time, Staff recommended that Council receive a quarterly status report on case statistics and Workers' Compensation Fund balances. Case statistics for the quarter ending March 31, 2022 is included in Attachment A.

The City Workers' Compensation program is a type of insurance that provides compensation and medical care for employees who become injured during the course of their employment. The City is now a member of the California Joint Powers Insurance Authority (CJPIA). This Authority provides excess Workers' Compensation liability coverage above the City's self-insured retention amount of $150,000 per occurrence. Workers' Compensation provides for: Payments in place of wages functioning as a type of disability insurance, compensation for past and future economic loss, reimbursement or payment of medical expenses, and benefits payable to the dependents of workers killed during employment functioning as a form of life insurance.

OPTIONS

N/A - Information Only

FINANCIAL IMPACT:

There is no financial impact. This is informational only.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

City of Pacific Grove

Third Quarter Workers' Compensation Statistics – Fiscal Year 21/22

Projected Fund Balance

The Workers' Compensation Internal Service Fund (ISF) is used to separately budget and account for services provided to General Fund departments, as well as Enterprise Funds. Contributions to the ISF are calculated on a cost recovery basis, with charges apportioned to City departments based on claim trends and number of participants.

The status of the internal service fund for Workers' Compensation is provided in the tables below.

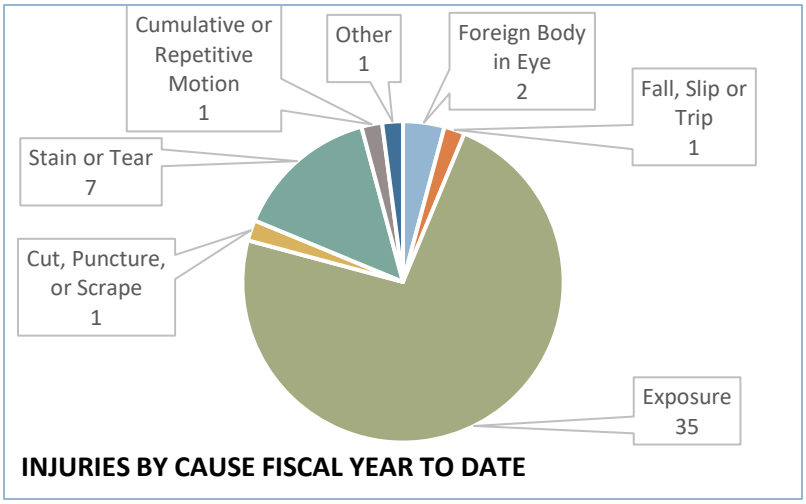
Workers' Compensation Fund (Fund 71)	Amount
Fund Balance, July 1st, 2021	$ 177,540
Revenues: Through March 31, 2022	$459,595
Expenditures: Through March 31, 2022	($633,523)
Estimated Fund Balance, Third Quarter	$3,612

Consistent with Council's direction, the Workers' Compensation fund ended Fiscal Year 20/21 with a positive fund balance. The Workers' Compensation expenditures through the third quarter of FY 21/22 represent approximately 91% of the budgeted amount. The revenues reported represent 78% of the budgeted amount; and reflect departmental contributions and excess claim refunds. An additional transfer is planned as part of the midyear process update. The estimated ending fund balance is anticipated to be positive at the end of Fiscal Year 21/22.

Cumulative Claims Outstanding

The City meets quarterly with the City's third-party administrator to evaluate and proactively manage claims. At the close of the third quarter, the number of outstanding claims went up by six to 53. This included an increase of five claims to the Non-Litigated/Disability or Lost Time category; a decrease of one claim to the Litigated/Medical Only category; and an increase of two claims to the Litigated Disability or Lost Time category.

Summary of Open/Reopen Claims as of 3/31/2022			
	Non-Litigated	Litigated	Total
Future Medical	14	18	32
Disability or Lost Time	11	6	17
Medical Only	3	0	3
First Aid	1	0	1
Total Open Claims	29	24	53



INJURIES BY CAUSE FISCAL YEAR TO DATE

New Claims – Third Quarter

In the third quarter of Fiscal Year 21/22, there were seven new claims from three Departments. The adjacent chart provides an overview of the claims by cause. Although Exposure (COVID) represents the highest number of claims for the fiscal year to date, majority of these incidents are filed for reporting purposes only. All but four of these claims were closed at the end of the quarter. At the end of the third quarter, only six new claims remained open with four expected to close at the end of this month.

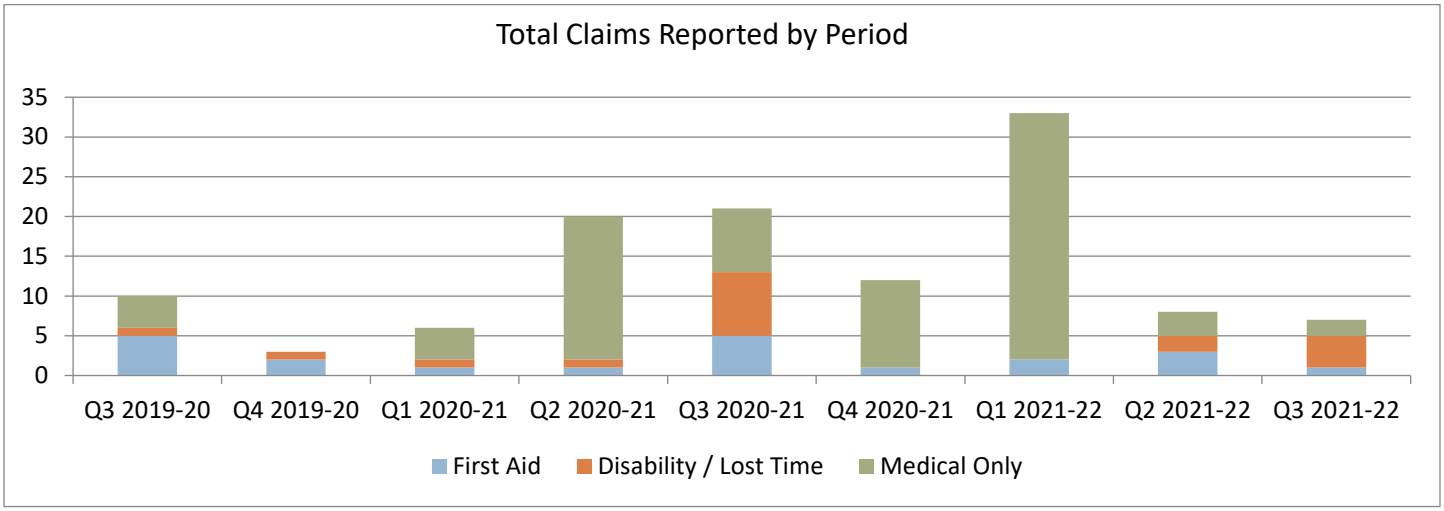
The Safety Program has been very active this fiscal year with onsite training opportunities which have included Ergonomics, Driver Safety, and CPR/First Aid/AED. The Safety Program is continuing this trend with upcoming training opportunities in May and June of 2022. Staff looks forward to scheduling the Kick Off to the Safety Incentive Program in the next couple of months. Safety calendars, created by the Safety Committee members, were distributed to all City staff containing monthly safety tidbits and reminders. Staff is continuing to update the Covid Exposure Control Plan with the latest updates from CalOSHA.

The table listed below provides a comparison of claims over the last two fiscal years. In Fiscal Year 21/22, there is one additional claim when compared to the prior Fiscal Year. The increase in claims is related to the Report Only requirement for COVID exposure and vaccine reaction claims.

New Claims by Type

	Quarter to Date		Year to Date	
	Current Year	Prior Year	Current Year	Prior Year
New Claims Received During the Period				
Disability or Lost Time	4	8	6	10
Medical	2	8	36	30
First Aid	1	5	6	7
Total Claims by Type	7	21	48	47

The following chart provides an overview of quarterly trends.



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Tori Hannah, Administrative Services Director/Assistant City Manager

MEETING DATE: May 4, 2022

SUBJECT: Third Quarter Budget Report

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION
Receive the report.

DISCUSSION
The Administrative Services Department produces quarterly financial reports to assist in evaluating the City's fiscal condition. The attached report provides details on General Fund revenues and expenditures, as well as a summary related to enterprise funds.

Additional opportunities to review City financial information are listed below:
- Five-Year Forecast - This Council Meeting
- Proposed Budget - The Council Meeting scheduled for June 1, 2022

The annual budget, as well as supplementary information regarding City finances, can be accessed from the following link: City Finance Information.

OPTIONS
N/A. This is informational only.

FINANCIAL IMPACT:
There is no fiscal impact. The report is informational only.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Third Quarter Budget Report

City of Pacific Grove

Third Quarter Budget Report – Fiscal Year 21/22

Fund Summaries

The following tables provide an overview of current revenues and expenditures for each major fund. A summary of each fund, along with additional details on the General Fund are provided in the subsequent sections.

Revenues Fund		FY 21/22 Amended	YTD Transactions	% of Budget	Prior YTD Transactions
01	General Fund	$28,531,159	$18,329,268	64%	$13,882,757
74	Local Water Project	741,000	528,259	71%	811,603
75	Cemetery	620,500	582,438	94%	408,456
76	Sewer Fund	3,599,693	2,360,092	66%	1,244,177
77	Golf	371,500	592,500	159%	263,929

Expenditures		FY 21/22 Amended	YTD Transactions	% of Budget	Prior YTD Transactions
01	General Fund	$27,950,634	$19,037,682	68%	$17,395,859
74	Local Water Project	752,250	634,573	84%	527,526
75	Cemetery	515,802	339,209	66%	345,957
76	Sewer Fund	3,595,002	1,798,021	50%	5,580,961
77	Golf	334,044	299,284	90%	360,368

General Fund Overview

General Fund revenues and expenditures are trending relatively consistent with the budgetary projections. The differences between the year-to-date (YTD) revenues and expenditures are primarily related to signs of economic recovery in Fiscal Year 21/22. This can be contrasted to Fiscal Year 20/21 when the impacts of COVID-19 resulted in revenue reductions; and the implementation of cost savings initiatives to balance the budget.

At the close of the third quarter, expenditures exceeded revenues by approximately $708,414. This variance is due to uneven revenue receipting patterns, combined with a significant debt service payment at the beginning of the year. This third quarter deficit is also evident in the prior year. Specific information related to major revenue categories and departmental expenditures are provided within this section.

The City continually monitors the budget on a regular basis. If any significant budgetary variances are identified, a budget amendment will be requested as part of the mid-year budget process; or through a separate budget amendment during the year. The amounts reflected in the Amended Budget column represent the mid-year budget amendment.

General Fund Revenues

The subsequent chart provides an overview of the General Fund revenue receipts. All revenues are trending consistent with the prior year or the annual budget. Any significant variances are listed below the chart.

Revenues	Amended Budget	YTD Transactions	% Used / Rec'd	Prior YTD Transactions
Taxes:				
Property Taxes	$8,518,000	$4,877,380	57%	$4,629,757
Transient Occupancy Tax	5,699,000	3,994,948	70%	1,925,727
Transient Use Licenses	80,000	74,003	93%	81,358
Sales and Use Tax	4,309,000	2,473,614	57%	2,290,565
Business License Tax	322,000	315,549	98%	328,990
Franchise Tax	1,386,000	722,413	52%	696,397
Utility User Tax	1,874,000	1,250,094	67%	1,206,134
Other Tax	229,000	145,786	64%	144,203
Total Taxes	**$22,417,000**	**$13,853,787**	**62%**	**$11,303,131**
Other:				
Licenses and Permits	1,276,000	669,218	52%	610,036
Intergovernmental	73,000	89,484	123%	112,426
Charges for Services	1,586,000	1,153,210	73%	1,039,644
Fines and Forfeitures	37,000	23,859	64%	17,774
Interest, Rents, Conc.	296,000	210,466	71%	189,167
Other Revenues	821,600	675,330	82%	513,079
Interfund Transfers	2,024,559	1,653,914	82%	97,500
Totals	**$28,531,159**	**$18,329,268**	**64%**	**$13,882,757**

Transient Occupancy Tax (TOT)

At the close of the third quarter, the City received close to $4.0 million in transient occupancy revenues, which includes eight months of transactions. This is consistent with the number of monthly transactions in the prior year-to-date column. In Fiscal Year 20/21, additional COVID-19 travel restrictions were imposed during the winter season. These limitations, as well as a gradual recovery within the hospitality industry, contributed to the prior year reduced revenues.

Sales Tax

The Fiscal Year 21/22 amount represents seven months of sales tax receipts, which is equivalent to the amount of months received in the prior year. In Fiscal Year 20/21 sales tax revenues exceeded budgetary projections, with significant performance seen in the fourth quarter.

Franchise Taxes

This category of revenues has uneven receipting patterns, with two utilities typically submitting a single large payment during the fourth quarter. The revenues are performing just above the prior year amounts.

Licenses and Permits

Licenses and permit revenues are performing similar to the prior year. This category primarily reflects building and planning activities. The budgetary estimate includes the collection of approximately $300,000 in fees associated with a significant development project. The majority of these one-time fees are anticipated to be offset by corresponding building contract services in the next fiscal year.

Charges for Services

The third quarter annual difference can be primarily attributed to increases in parking meter and recreation program fees. Both of these revenue sources were impacted in the prior year due to COVID-19.

Intergovernmental

The third quarter and budgetary difference reflects the timing of grant reimbursement requests. These amounts could vary each year based on the availability and use of grant funds.

Other Revenues

In Fiscal Year 21/22, a true-up of prior year Fire contract costs resulted in a refund of $82,336; and a Franchise Change of Ownership Transfer Fee of $44,547, contributed to unanticipated revenues within this category.

Interfund Transfers

In Fiscal Year 21/22, the amount represents approximately three quarters of the budgeted transfers. These funds include a transfer from the Operating Donation Fund to assist in supporting Library operations; as well as ARPA Funds to match corresponding expenditures.

General Fund Expenditures

During the first year, department expenditures may not typically trend with the percentage of year that has elapsed. The primary exception would be the underlying salary and benefit costs, which are trending consistently with the number of completed payperiods. In the prior year, the City initiated 10% furloughs and reduced staffing in the Library and Recreation Departments due to COVID-19. In Fiscal Year 21/22, all City staff returned to regular schedules and all frozen positions were reinstated. This change, along with rising unfunded liability costs, contribute to the annual increase. Additional information specific to departments is listed below the table.

Expenditures	FY 21/22 Amended	YTD Transactions	% of Budget	Prior YTD Transactions
City Council	$351,725	$233,251	66%	$182,178
City Manager	1,235,782	769,543	62%	652,263
City Attorney	710,280	489,568	69%	313,359
Finance	1,299,804	828,419	64%	790,018
Information Services	811,048	464,589	57%	399,108
Police	7,218,601	5,159,767	71%	4,762,702
Fire	3,952,961	2,841,794	72%	2,991,187
Public Works	3,849,244	2,499,287	65%	2,211,271
Community Development	2,792,219	1,394,294	50%	1,328,331
Library	1,026,476	714,040	70%	502,353
Recreation	792,694	471,053	59%	425,850
Museum	307,770	229,081	74%	171,965
Subtotal	$24,348,604	$16,094,685	66%	$14,730,586
Capital Outlay	113,053	468	0%	38,722
Transfers to CIP Fund	701,173	499,280	71%	375,000
Debt Service	2,170,418	2,162,610	100%	2,094,051
Interfund Transfers	617,386	280,640	45%	157,500
Total Expenditures	$27,950,634	$19,037,682	68%	$17,395,859

City Council

The annual difference primarily relates to the timing of City memberships in local organizations and the City's increased contribution to the Monterey County Convention and Visitors Bureau, which is based on the anticipated TOT revenues.

Information Services

Information Technology expenditures include various software subscriptions for multiple departments, salaries, and technology equipment. While some of the budgetary variance can be attributed to timing, there is also a half-time vacancy; and an employee on extended leave within the department. These factors, combined with a corresponding delay in projects contribute to the annual budgetary difference.

Community Development

The budgetary variance is primarily related to timing of contract services. Some of these expenditures correlate to revenues, such as intergovernmental grants and building fees.

Library and Recreation

In Fiscal Year 20/21 Recreation and Library service operations were significantly reduced due to COVID-19. The increase in expenditures in Fiscal Year 21/22 is primarily related to reinstating all staff and restoring regular funding. It is anticipated that Recreation expenditures will trend closer to the budgeted amount when seasonal programs are offered.

Capital Outlay

In Fiscal Year 21/22, a budget adjustment in December added approximately $99,000 in capital outlay appropriations. It is anticipated that these funds will be expended or encumbered by the end of the fiscal year.

Interfund Transfers

In Fiscal Year 21/22, the year-to-date Interfund Transfers include funding for 9-1-1 emergency services, a transfer of water entitlement sales to the Local Water Project, $60,386 in funds allocated to assist with the purchase of a fire truck, and $12,000 to cover estimated additional Liability Fund costs. The amount transferred includes water entitlement sales of $168,140 that was received during the first half of the fiscal year. The Interfund Transfer budget was amended at mid-year to also include additional contributions to the internal service funds to support a positive fund balance or meet reserve requirements.

Other Funds

Local Water Project

In the first three quarters of Fiscal Year 21/22, LWP revenues include $360,119 in operating revenues; and a transfer of $168,140 in supplemental water entitlement sales. The transferred amount represents all water entitlement sales receipted in the General Fund through the third quarter. In Fiscal Year 20/21, the year-to-date LWP revenues include operating revenues of $361,603 and a $450,000 partial transfer of the loan proceeds. The operating expenditures in Fiscal Year 21/22 includes two months of additional payments for contract services; and additional utility payments, when compared to the prior year. A peer review of a draft Local Water Project Business Plan has been completed, with a presentation tentatively scheduled in May.

Cemetery

The Cemetery expenditures are trending relatively close to the budget, while Cemetery sales are exceeding the prior year and are likely to exceed the Fiscal Year 21/22 budget. An internal review of the revenue receipts is planned in the fourth quarter to ensure that Cemetery Endowment Fund contributions have not been applied to the Cemetery Fund.

Sewer Fund

The City contracts with Monterey One Water to collect sewer use fees. The Fiscal Year 21/22 revenues primarily reflect four bi-monthly payments of regular sewer service fees, while the Fiscal Year 20/21 revenues reflect two payments. In the prior year, there was a delay in remitting payments to the City due to COVID-19. The annual variance in expenditures is primarily related to the amount of budget appropriated for capital projects and the timing of the related expenditures.

Golf Course

Golf Course revenues are trending much better than anticipated due to the receipt of $256,459. This amount represents a percentage of annual rents in excess of a baseline calculation. It is anticipated that some of the excess funds will be used to support the City's share of annual golf course capital improvements. Expenditures are trending relatively consistently with the prior year, with reductions in utilities primarily related to a prior period adjustment. CourseCo, the primary concessionaire for the golf course operations, plans to provide an update on golf course activities and capital improvements at a Council Meeting in the summer.

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Tori Hannah, Administrative Services Director / Assistant City Manager

MEETING DATE: May 4, 2022

SUBJECT: Third Quarter Capital Improvement Budget Report

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive the report.

DISCUSSION

In Fiscal Year 19/20, the City added capital improvement budgetary updates to the Quarterly Budget Report. In response to recommendations received from the Council Finance Reporting Subcommittee, this information is now presented in a separate report.

The attached report provides information on the Amended Budgets for each capital improvement project. This information is presented by fund and includes the year-to-date expenditures and project balances. At the close of the third quarter, 42% of all budgeted funds have been expended.

Additional enhancements to this report may take place in the new fiscal year.

OPTIONS

N/A

FINANCIAL IMPACT:

There is no financial impact associated with receiving this report.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Third Quarter CIP Project Report

FY 21/22 Capital Improvement Project Expenditure Report

Third Quarter - Fiscal Year 21/22

Project		Fund	Account	Project Name	Total Budget	Expenditures as of 03/31/22
CIP22-04	Museum Impvt	8	6021	PG Museum Window Replacement & Lead Abatement	40,000	925
CIP22-05	Museum Impvt	8	6021	PG Museum Fire Sprinkler & Head Replacement	12,000	10,685
CIP22-06	Museum Impvt	8	6021	PG Museum Roof Repair	40,000	-
		8 Total			**92,000**	**11,610**
CIP20-22	Civic Center	14	6021	City Hall - Admin Services Flooring (Laminate & Bathrooms)	15,085	15,085
		14 Total			**15,085**	**15,085**
CIP21-01	Measure X	17	6041	FY 20/21 Street Rehab on Lower Lighthouse Ave & Funston Ave	450,456	447,366
CIP22-01	Measure X	17	6041	FY21/22 Street Rehabilitation	466,015	-
CIP22-02	Measure X	17	6041	FY21/22 Crack and Slurry Seal	104,757	-
		17 Total			**1,021,228**	**447,366**
CIP20-14	Reacreation Donation	25	6021	Heater - Youth Center	12,000	-
		25 Total			**12,000**	**-**
CIP22-07	Chautauqua	26	6021	Chautauqua Hall Repair	18,654	3,485
		26 Total			**18,654**	**3,485**
CIP22-09	Yount	41	6031	George Washington Park Mgmt Plan	46,000	22,170
CIP22-14	Yount	41	6031	Gutter Replacement PW Yard	-	5,705
		41 Total			**46,000**	**27,875**
CIP20-19	Strong Disbursement	46	6021	Electric Vehicle Charging	158,775	75,000
CIP21-05	Strong Disbursement	46	6021	Park ADA Compliance Assessment and Transition Plan	50,000	308
CIP21-07	Strong Disbursement	46	6021	Police Department Server Room Improvements	5,126	4,626
CIP22-08	Strong Disbursement	46	6021	City Hall Downspout Replacement	26,500	-
CIP22-14	Yount	41	6031	Gutter Replacement PW Yard	8,879	-
		46 Total			**249,280**	**79,933**
CIP22-01	RMRA (SB1)	47	6041	FY21/22 Street Rehabilitation	310,428	-
		47 Total			**310,428**	**-**
CIP18-46	General Fund	63	6031	Tide Pool & Point Pinos	1,575,973	1,129,959
CIP22-01	General Fund	63	6041	FY21/22 Street Rehabilitation	300,000	45,272
CIP22-02	General Fund	63	6041	FY21/22 Crack and Slurry Seal	200,000	155
CIP22-12	General Fund	63	6021	Del Monte Blvd Strm Water	150,000	15,739
CIP22-15	General Fund	63	6021	Library Roof Repair	21,010	17,508
CIP22-17	General Fund	63	6031	Caledonia Park Children's Playground	6,173	-
CIP22-18	General Fund	63	6031	Jewell Park Gazebo Repair	20,000	20,110
CIP22-21	General Fund	63	6031	George Washington Park Children's Playground	25,000	-
TRC21-02	General Fund	63	6021	PW Fire and Reconstruction	1,034,566	146,950
		63 Total			**3,332,722**	**1,375,693**
CIP20-13	Sewer	76	6051	Main Sewer Line Imp (Ocean View w/Phase 4 Urban Diversion)	184,398	38,670
CIP21-01	Sewer	76	6051	FY 20/21 Street Rehab on Lower Lighthouse Ave & Funston Ave	315,427	318,517
CIP22-01	Sewer	76	6051	FY21/22 Street Rehabilitation	400,000	81,249
CIP22-03	Sewer	76	6051	Phase 9 Sewer Improvements	250,000	16,565
		76 Total			**1,149,825**	**455,000**
CIP22-11	Golf Course	77	6021	HVAC Replacement Golf Course Clubhouse	25,000	-
		77 Total			**25,000**	**-**

FY 21/22 Capital Improvement Project Expenditure Report

Third Quarter - Fiscal Year 21/22

Project		Fund	Account	Project Name	Total Budget	Expenditures as of 03/31/22
CIP18-84	ASBS Grant	79	6026	ASBS Storm Water Capture and Diversion	447,198	447,198
		79 Total			**447,198**	**447,198**
CIP20-17	Mc Indoo	92	6031	Beach Access	4,000	2,100
CIP21-10	Mc Indoo	92	6031	Drinking Fountain at Lover's Point Park	25,057	14,875
CIP22-13	Mc Indoo	92	6031	Replace Backstop - PG Municipal Ball Park	-	-
		92 Total			**29,057**	**16,975**
CIP20-25	Koo Estate	93	6042	Downtown Iconic Cypress Tree Moon Lighting	11,870	11,575
CIP22-10	Koo Estate	93	6031	Lover's Point Pier Repair	100,000	167
CIP22-13	Koo Estate	93	6031	Replace Backstop - PG Municipal Ball Park	-	-
		93 Total			**111,870**	**11,741**
		Grand Total			**6,860,346**	**2,891,962**

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Ben Harvey, City Manager

MEETING DATE: May 4, 2022

SUBJECT: Ratification of New Local Emergency Actions

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive report of emergency directives/modifications.

DISCUSSION

The City Manager during this Local Emergency is authorized to directly mitigate effects of the Local Emergency to protect life or property.

This report apprises the City Council of emergency directives taken under the continuing local emergency proclaimed by Resolution 20-007. This report fulfills the City Council's review obligation under that Resolution and Government Code 8630. This agenda item also enables ratification of select actions taken since the City Council's last review.

City expenditures for legal services related to COVID-19 issues (specifically to related to COVID 19-COM (Communications); COVID 19-TRN (Training); COVID 19-LAW (Legal Support); and COVID-19 (Other)) are eligible for State and Federal Emergency Service reimbursement, including but not limited to FEMA or other emergency grant funding.

Actions not subject to Ratification. Since the time of the revised Monterey County Shelter in Place Order issued Friday, April 3, 2020, the City Manager has taken the following new or modified actions pursuant to the Emergency Proclamation:

- None to report at this time.

No action is necessary with respect to the above new or modified measures, as each is responsive to requirements of the revised Monterey County Shelter in Place Order falling within the regular management discretion of the City Manager.

Actions subject to Ratification. Certain mitigation measures that have been enacted by the City Manager in response to the Monterey County Shelter in Place Order issued Friday, May 8, 2020, and in accord with Council's Local Emergency under Article 19, subparagraph l, of the Pacific Grove City Charter, and Chapter 3.20 of the Pacific Grove Municipal Code (PGMC), are subject to ratification. Any mitigation measures that qualify are subject to ratification as required by Government Code 8630

and City Council Resolution 20-007, and are listed below:

1. None to report at this time.

Discussion of Circumstances Needing Emergency Response. The discussion part of this item allows comment on circumstances which may benefit from further or different emergency responses. Matters identified will be referred to the City Manager for appropriate consideration in accord with the Emergency Management System protocols set by PGMC Chapter 3.20. These delegate exclusive emergency management response authority to the City Manager.

CEQA Exemption. Actions taken to prevent or mitigate an emergency are exempt from CEQA pursuant to section 15260 of the CEQA Guidelines.

OPTIONS

Actions not subject to ratification are reported for information only.

FINANCIAL IMPACT:

There is no financial impact in receiving the report.

GOAL ALIGNMENT: Not Applicable.

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Bill Peake, Mayor
MEETING DATE: May 4, 2022
SUBJECT: Anna Mourlam Appointment to AEHOP
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION
Approve appointment of Anna Mourlam to Administrative Enforcement Hearing Officer Panel for a term ending January 31, 2024.

DISCUSSION
Boards, commissions, and committees (committees) play a vital role in city government and provide opportunities for residents to become engaged in civic activities and work to improve local governance.

Mayoral appointments to City committees must be confirmed by Council (Charter Article 26). Further regulations and policy regarding appointments can be found in PGMC Chapter 3.02 and Policy 000-5.

Terms are 2 years for non-Charter committees and generally end January 31 of that year.

OPTIONS
N/A

FINANCIAL IMPACT:
There is no fiscal impact.

GOAL ALIGNMENT: Not Applicable.

Attachments

Redacted Application
Redacted Resume

CITY OF PACIFIC GROVE

www.cityofpacificgrove.org

Application for Appointment to a Public Board, Commission, or Committee

Persons interested in being appointed to serve on a board, commission, or committee of the City of Pacific Grove are invited to complete the following application.

Name: Anna C. Mourlam

Street Address: [redacted]

City: Pacific Grove	**State: CA**	**ZIP Code: 93950**

Residence Telephone Number: N/A	**Work Telephone Number:** [redacted]	**E-Mail Address:** [redacted]

Name of Board, Commission, or Committee on which you would like to serve: Administrative Enforcement Hearing Officer Panel

Brief Description of Background and Qualifications (Additional Information May Be Attached on Separate Sheets and Attachment of Resume is Desirable):

I am pleased to submit my application for the Administrative Enforcement Hearing Officer Panel. Please find the attached professional resume for your reference.

As it reflects, I currently have the pleasure of serving as product counsel for Amazon, Alexa Devices. My role frequently includes matters of domestic regulatory compliance, which I believe will translate well to this volunteer opportunity. I have also worked previously in government as a post-bar law clerk and volunteer deputy district attorney for the Santa Clara County District Attorney's Office. There I had the opportunity to manage the misdemeanor hearings calendar, argue under supervision several felony matters, and acted as second chair in the successful prosecution of a high-profile homicide trial.

On a personal note, I grew up in this area and am grateful to be able to raise my own family here. I am currently the Executive Committee Vice President to the Alumnae Counsel of Directors for Santa Catalina School, my alma mater, but I would like to do more to give back to the community that has provided me with so much. Thank you for your consideration, and please let me know if I can provide any further information.

I hereby certify that I am a registered voter of the City of Pacific Grove (not required for EDC appointees).

Signature of Applicant: Anna C. Mourlam
Date: 04/10/22

FOR CITY USE ONLY Appointed to:
_____ Date of Appointment: _____ Expiration: _____ Date of Reappointment: _____ End of Term: _____ Date Certification of Appreciation Awarded: _____

ANNA C. MOURLAM

• CALIFORNIA BAR #312015 •

• PHONE [redacted] • E-MAIL [redacted] •

EXPERIENCE AND EMPLOYMENT

Corporate Counsel, Amazon.com Services LLC (2021 to present).
Associate Corporate Counsel, Amazon.com Services LLC (2020 to 2021).

- End-to-end product counsel for Alexa devices, including privacy and data security, regulatory compliance, AI/ML research and automation, UX/CX design, and customer-facing communications (TOS, CS, marketing and advertising).
- Negotiates IP licenses and technology transactions, data processing addenda, vendor service agreements, and third-party developer terms and agreements.
- Member of the Alexa Information Sharing Committee and Alexa-Legal Diversity, Equity & Inclusion.
- Member of the Digital Pro Bono Working Group and liaison for The Law Foundation of Silicon Valley.

Legal Counsel, WhatsApp Inc. (2019 to 2020).

- Seconded to build a regulatory compliance program for the California Consumer Privacy Act of 2018 (CCPA) and the Brazilian General Data Protection Law (LGPD).
- Advised on developing legislation, including China's Personal Information Protection Law (PIPL) and India's Personal Data Protection Bill (PDPB).

Associate Attorney, Perkins Coie LLP (2018 to 2020).

- Handled privacy and data security matters, including representation of global technology and e-commerce companies in high-stakes litigation.
- Counseled clients on General Data Protection Regulation (GDPR) compliance, the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks, and the California Consumer Privacy Act of 2018 (CCPA).
- Success in the U.S. Supreme Court on behalf of the National Association of Criminal Defense Lawyers (NACDL) in the matter of *Rehaif v. U.S*.

Associate Attorney, Gordon Rees Scully Mansukhani, LLP (2017 to 2018).

- Law and motion practice on behalf of commercial clients in product liability matters.
- Obtained a defense verdict for the Gordon Rees Scully Mansukhani, LLP in-house trial advocacy program.

Law Clerk, Santa Clara County District Attorney's Office (2016 to 2017).

EDUCATION AND ACHIEVEMENTS

University of Notre Dame Law School, Notre Dame, Indiana
J.D. (2016).

- Recipient of the Diana Lizzadro Romano Law Fellowship (2013 to 2016).
- Notre Dame Law School Moot Court Board, Philip C. Jessup International Law Team Oralist (2014 to 2016).
- Notre Dame Journal of International and Comparative Law Executive Board, Notes Editor (2015 to 2016).
    - Note published in *Notre Dame Journal of International and Comparative Law, Vol. 6, No. 1*
- Winner of the Indiana State Bar Association Legal Ethics Writing Competition (2016).

Northwestern University, Evanston, Illinois
B.A. in Communications (2010).

PUBLICATIONS AND PRESENTATIONS

Recent Publications

- February 2021, "In-House Counsel or Law Firm Partner?," *American Bar Association*
- January 2020, "Business Solutions for CCPA Compliance," *Privacy Quick Tips*
- January 2020, "Chapter 6: Dominique Shelton Leipzig, Anna C. Mourlam and Megan Von Borstel, Perkins Coie, Privacy Quick Tips, Business Solutions for CCPA Compliance," *TechLaw Institute 2020: The Digital Evolution*
- August 2019, "Leveraging What You Know About GDPR for CCPA Compliance," *Corporate Compliance Insights*
- August 2019, "Reconciling Blockchain Technology With California Consumer Privacy Act," *Cointelegraph*
- August 2019, "CCPA 12-Month Compliance Series Part 6: Retaining and Deleting Data," *Privacy Quick Tips*
- July 2019, "Blockchain Week in Review: Week of June 28, 2019," *Virtual Currency Report*
- July 2019, "China and the US: Promoting and Regulating Artificial Intelligence," *The Daily Journal*
- June 2019, "Pseudonymized Personal Information on Blockchain Not Sufficient Under CCPA," *Privacy Quick Tips*
- April 2019, "Promoting and Regulating Artificial Intelligence," *Privacy Quick Tips*
- April 2019, "Blockchain Week in Review: Week of April 8-12, 2019," *Virtual Currency Report*
- December 2018, "Unarmed Attacks: Cyber Combatants and the Right to Defend," *California International Law Journal, Vol. 26, No. 1*
- December 2018, "The SEC and Digital Assets—A Busy Year End," *Perkins Coie's Client Updates*
- October 2018, "Keep Your Shield Up: FTC Settles With Four Companies Falsely Claiming They Comply With Privacy Shield," *Perkins Coie's Client Updates*
- June 2018, "Use a Third-Party Platform? You Might Be a 'Data Controller,'" *Perkins Coie's Client Updates*

Recent Presentations

- March 2021, "The Future of Women's History: Networking Night with Young Alumni," *Notre Dame Law School*
- January 2021, "Career Planning Top Tips for Midlevel In-House and Outside Counsel Associates," *Perkins Coie*
- July 2019, "Don't Reinvent the Wheel: How to Leverage Your GDPR Compliance & Reduce Your CCPA Enforcement Risk," *Perkins Coie*
- July 2019, "The California Consumer Privacy Act and Blockchain," *Perkins Coie*

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Vincent Garcia, Administrative Technician

MEETING DATE: May 4, 2022

SUBJECT: Traffic Safety Commission Meeting Minutes: February 22, 2022

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Received minutes

Attachments

Minutes

CITY OF PACIFIC GROVE

300 FOREST AVENUE PACIFIC GROVE, CALIFORNIA 93950

TELEPHONE (831) 648-3100 • FAX (831) 375-9863

Minutes of February 22, 2021 Regular Meeting

TRAFFIC SAFETY COMMISSION

DATE & TIME: February 22, 2021: 4:00 p.m.

LOCATION: Council Chamber – City Hall – 300 Forest Avenue

MEETING AGENDA

CALL TO ORDER AND ROLL CALL. In attendance were Commissioners Kubica, Kim, Prock, Munoz-Flores, Brown, Greening, Murray. Also in attendance were Councilman Joe Amelio, PGPD Chief Madalone and Commander Santos, and Public Works Director Gho.

1. APPROVAL OF THE AGENDA – Passed unanimous

2. APPROVAL OF MINUTES – Passed Unanimous

A. Approval of Minutes of Prior Meetings
Minutes of the Traffic Safety Commission Meeting of January 25, 2021.
Recommended Action: Approved unanimous

3. PUBLIC COMMENT

A. Written Communications
Email from:

1. Linda Downey: Flow of traffic and safety on Park Place during Farmers Market. *Comment received.*
2. Elizabeth Murray: Traffic calming and pedestrian safety on David Avenue in front of Monterey Bay Charter School. *Comment received.*

B. Oral Communications *(Comments must deal with matters subject to the jurisdiction of the Traffic Commission and will be limited to three minutes. Comments from the audience will not receive Traffic Safety Commission action at this meeting. Whenever possible, letters should be submitted to the Commission in advance of the meeting.)*

4. *Elizabeth Murray: Commented on excessive speed in front of charter school on David Avenue. Police to monitor.*COMMISSIONER AND STAFF ANNOUNCEMENTS (City Related Items Only

A. Announcements

1. Minutes for this meeting were prepared by Tony Prock for the Traffic Safety Commission.

B. Staff and Commissioner's meeting attendance of interest to this Commission

1. Reports from any relevant meetings that occurred between January 26, 2021 and February 21, 2021.

- *Councilperson Amelio gave a brief summary of the last concilmeeting.*
- *Commissioner Kim briefed on activities at TAMC.*
- *Public Works Director Gho updated on electric charging stations with an expected completion in March 2021.*

5. REGULAR AGENDA:

A. PUBLIC HEARINGS:

1. None.

B. UNFINISHED BUSINESS:

1. *Subject: 600 block of Forest Avenue Speed. Gho presented a 14 day, 40483 vehicle traffic count study showing that most drove within 5 mph of the speed limit. PGPD also conducted a radar study resulting in 84% of vehicles within 31 mph. Gho stated that Public Works will refresh street markings and ensure that appropriate signage is installed. Item closed*

C. NEW BUSINESS:

1. CIP projects: Public Works Director Gho
Recommended Action: Receive Report, Discuss, and take Appropriate Action.
Out of seven project proposals, Items 2 - Wig-wag lights at Robert Down school, 3 – Add or replace sidewalks on Patterson, Pine andother streets on the way to school, and 5 – Increase improvements of roads, remove pot holes, add bike lanes were selected for recommending to council. Vote to recommend unanimous.
2. Dates for 2022 Commission meetings approved unanimous.
3. Selection of Chairperson, Vice Chairperson and Secretary.
Chairperson: Andrew Kubica, **Vice Chairperson**: Al Munoz-Flores, Secretary: Kari Murray

D. REPORTS FROM SUB-COMMITTEES:

1. Monthly status reports (as available)
None

6. ADJOURNMENT

This meeting is open to the public and all interested persons are welcome to attend. The City of Pacific Grove does not discriminate against individuals with disabilities and meetings are held in accessible facilities

---

Respectfully Submitted: Tony Prock, Acting Traffic Safety Commission Secretary

Andrew Kubica
Andrew Kubica (Apr 27, 2022 09:39 PDT)

Approved by Commission April 26, 2022

Andrew Kubica - Chairman

Cathy Madalone (Apr 27, 2022 09:47 PDT)

Date: Apr 27, 2022

Chief Cathy Madalone - City Staff

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Joyce Halabi, Deputy Public Works Director

MEETING DATE: May 4, 2022

SUBJECT: FY20/21 Capital Improvement Plan Recap

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive report on the Fiscal Year 2020/2021 Capital Improvement Plan.

DISCUSSION

Background

Before the start of each fiscal year, the City adopts an annual budget. There are two primary components to the City's annual budget: the Capital Improvement Plan (CIP) and the Operating Budget. Council Policy 400-6 defines a capital improvement or asset as buildings, machinery, or equipment, with an original cost in excess of $5,000 and a useful life of three years or more.

At the May 6, 2020, City Council meeting, staff presented, and Council approved the FY20/21 CIP which included 5 projects to be funded from the General Fund and 15 projects funded from various non-general fund sources (Non-General Fund Projects).

The CIP serves as a living document to drive the City's larger maintenance and asset management needs; as a result, it may require amendments and updates throughout the year to reflect changes that arise during implementation. The following table provides a chronology of subsequent FY20/21 CIP amendments approved by the City Council:

Date of Council Review	**Overview of Amendments***
November 4, 2020	A budget adjustment was authorized to carry forward 8 projects from the FY19/20 CIP to the FY20/21 CIP (Ord. 20-025): • 6 Non-General Fund projects • 2 General Fund project
March 17, 2021	Revised year-end estimates for multiyear projects were approved. This adjusted projects budgets in accordance with anticipated expenditures for FY20/21 (Ord. 21-006).

May 5, 2021	A budget amendment was approved to increase budgets for three (3) Non-General Fund projects (Ord. 21-012): 1. FY20/21 Street Rehabilitation (adding a sewer fund allocation) 2. Community Center Gutter, Fascia, and Downspouts 3. Beach Access Steps

**All relevant amendment details corresponding to the individual projects can be found in Attachments 1 & 2 under the "FY20/21 Project Funding/Budget Notes" column.*

The amended FY20/21 CIP included 7 General Fund projects and 21 Non-General Fund projects. The table below reflects the project funding breakdown by funding source:

Funding Source	FY20/21 Budget
General Fund	$2,485,450
Sewer Fund	$7,308,372
Area of Special Biological Significance (ASBS) Fund	$3,961,766
Measure X	$1,454,332
Road Maintenance and Rehabilitation Account (RMRA)	$508,215
Strong Disbursement Fund	$344,925
Museum Improvement Fund	$75,000
McIndoo Donation	$48,730
Civic Center Fund	$19,100
Koo Estate Donation	$17,000
Recreation Donation Fund	$12,000

The FY20/21 CIP included a variety of projects ranging from vital city facility repairs, road rehabilitation and maintenance activities, and pedestrian/safety improvements to commencing and/or continuing construction of large-scale, multiyear projects.

Throughout the fiscal year, staff worked diligently on executing the CIP. Successfully completing a project generally requires progression through the following project phases:

1. **Project Development Phase.** This starting phase for each new project requires staff to determine vital project details in anticipation of the RFP/bid phase. This often requires the development of specifications and/or construction drawings and plans.
2. **RFP/Bid Phase.** This phase requires solicitation and review of proposals/bids, as well as a selection of a consultant or contractor to provide the specific commodity or service within the parameters outlined in the Pacific Grove Municipal Code.
3. **Contract Phase.** The contract phase ensures the City has legally binding agreements with the entities performing work. This phase also requires City Council authorization of agreements over $40,000.
4. **Construction/Work in Progress.** This phase of the project often includes street closures and ground disturbance to install new infrastructure and/or repair existing infrastructure. CIP projects are not solely limited to traditional construction projects, the City has several essential projects that are more inconspicuous. Examples include interior improvements to city facilities and preparation of environmental documents or plan sets for multiyear infrastructure projects. In the latter scenario, the first year of funding is often designated solely for design or environmental

document preparation, and subsequent years for construction.

FY20/21 CIP RECAP

Before the end of each fiscal year, Staff analyzes the progress of each CIP project. Depending on the level of progress made and the funding priorities for the subsequent fiscal year CIP, projects are classified as follows:

- **Complete.** The scope of work has been executed and the project is considered finished. For a project to be deemed complete, the City inspects the final work and submits the necessary documentation to the City, County, and/or State if applicable.
- **Complete & Carried Over.** This status applies to multiyear projects in which the planned scope of work for the fiscal year is complete and the next phase of the project is funded in the following fiscal year's CIP.
- **Carried Over.** This status indicates the scope of work for a given project was not fully complete and the project has been budgeted for completion in the following fiscal year.
- **Deferred.** This status applies to projects that were determined to be infeasible in the given fiscal year. Infeasibility can be determined by a variety of factors including time or budgetary constraints, scheduling conflicts, readiness, and additional information obtained during project development. Projects in the deferred category have the potential to return to future CIPs.
- **Deferred Indefinitely.** The status indicates the project has not been completed and has been deemed infeasible by staff. Infeasibility in this scenario is not contingent upon budgetary or time constraints, but rather due to general project impracticality. Projects in the deferred indefinitely category will not be recommended for funding by staff in any future CIP.

The COVID-19 pandemic brought forth unprecedented challenges as it relates to CIP execution. Challenges included staffing furloughs for the full fiscal year, notable delays in manufactured materials, facility closures, and a pivot to fully virtual methods of community feedback. Despite these challenges, tremendous progress was made on the FY20/21CIP.

GENERAL FUND PROJECT RECAP

Of the 7 General Fund Projects:

- 5 were complete
- 1 was complete & carried forward
    - This refers to a multiyear project where the specific FY20/21 scope of work was complete, and the remaining work was budgeted in the FY21/22 CIP
- 1 was carried over to the FY21/22 CIP to allow for project completion

Notable General Fund project highlights include:

- Completion of significant pavement rehabilitation and maintenance treatments, including:
    - Crack and slurry sealing of 544,200 SF of roadways and city-owned parking lots; a notable maintenance task to preserve pavement and prevent potholes due to inclement weather
    - Engineering, bidding, and construction commencement of 118,100 SF of pavement rehabilitation treatment, and various other road and drainage improvements, as part of the Street Rehabilitation Project on Lower Lighthouse Ave & Funston Ave
- Notable Point Pinos Trail Project milestones including:
    - Securing an additional $763,922 of grant funding, closing the project construction funding gap and bringing the total grant award to $2.5 million
    - Commencing construction and making notable construction progress
- Completing construction of the trash enclosure at the city-owned parking lot adjacent to Fandango Restaurant – constructed entirely by talented in-house Public Works crews
- Completion of the Perkins Park Landscape Plan, providing the City with a blueprint for how to enhance the park and beloved annual blooms

- Installation of new solar light infrastructure on Olmstead Ave, Spaizer Ave and Hillcrest Ave; this new environmentally conscious infrastructure replaces the deteriorated and irreparable light infrastructure installed in the 1920's

Attachment 1 provides a list and status of all General Fund projects. Attachment 3 provides before and after project photos.

NON-GENERAL FUND PROJECT RECAP

Of the 21 Non-General Fund Projects:

- 9 were complete
- 3 were complete and carried forward
    - This refers to a multiyear project where the specific FY20/21 scope of work was complete, and the remaining work was budgeted in the FY21/22 CIP
- 9 were carried forward
    - Several of the project carry forwards were a result of delays related to shipping equipment and materials. Despite significant delays progress was made, laying the groundwork for project completion in early FY21/22.

Notable Non-General Fund project highlights include:

- Completion of the multiyear, multimillion dollar Library Renewal Project, which was completed under budget and ahead of schedule; this project transformed the library interior, honoring the past, enhancing the present, and preparing for the future
- Completion of vital sewer infrastructure improvements at various locations throughout the City, including 7,110 LF of sewer line replacement (~1.3 miles!) and rehabilitation/reconstruction of 43 manholes (completed via the SCSMP 3, 4, 5 & 8 and Phase 8 projects).
- Vital city facility improvements including:
    - Replacing deteriorated and rotting roofing infrastructure at the Community Center
    - Replacing deteriorated heating infrastructure at the Pacific Grove Museum of Natural History
- Transformation of Gardner's Alley which included substantial accessibility and drainage improvements
- Significant progress on several multiyear, multimillion-dollar construction projects, including:
    - The $4.4 million grant funded PG ASBS Wet-Dry Weather Stormwater Capture and Reuse Project
    - Sewer Collection System Master Plan (SCSMP) projects 3, 4, 5 & 8, and
    - The Point Pinos Trail Project
- Significant pedestrian safety improvements at the intersection of Pine Ave and Eardley Ave

Attachment 2 provides a list and status of all Non-General Fund projects. Attachment 3 provides before and after project photos.

On October 20, 2021, a budget adjustment was authorized carrying forward 9 projects from the FY20/21 CIP to the FY21/22 CIP (Ord. 21-026).

OPTIONS

N/A

FINANCIAL IMPACT:

There is no fiscal impact associated with receiving this report.

GOAL ALIGNMENT: City Asset Stewardship: Repair, maintain and improve City assets, including streets, sidewalks, sewer systems, buildings, and parks and trails.

Attachments

Attachment 1 - General Fund Project Recap

Attachment 2 - Non-General Fund Project Recap

Attachment 3 - Project Photos

FY20/21 GENERAL FUND PROJECT LIST

CIP RECAP

	CIP Code	General Fund or Non-General Fund?	Fund	Status	Project Name	Project Description/ Justification	Project Status	FY20/21 Project Funding/Budget Notes	City Council Goal Alignment	FY20/21 Budget	FY20/21 Expended	FY20/21 Balance
1	CIP 21-01	General Fund	**Fund 63 Capital Improvement Project Fund**	**CARRIED OVER**	**Street Rehabilitation (Lower Lighthouse Avenue & Funston Avenue)**	This project entails street rehabilitation on Lower Lighthouse Ave & Funston Ave. This project will address the aging road infrastructure network, increase the PCI on two streets that are in "poor" condition, and ensure the City remains eligible for external funding by meeting Maintenance of Effort (MOE) requirements. Lower Lighthouse Ave: This portion of the project will include street rehabilitation on Lower Lighthouse from Eardley Ave to 13th St. This segment serves as a main arterial and an entryway into the City. The existing pavement condition is "poor" with a PCI rating ranging from 32-45; this segment has not received treatment in over 30 years. Funston Ave: This portion of the project will address Funston Ave from Presidio Ave to Montecito Ave. This segment of roadway is in poor condition with a PCI of 49. This segment serves as one of the main entryways into the Del Monte Park Neighborhood and is one of the only streets in this neighborhood that hasn't received a maintenance/rehabilitation treatment in the last 5 years. ***MOE Requirement: Annually, the City must meet a MOE requirement in order to be eligible for SB1 and Measure X funds. The $300,000 allocation toward the Street Rehabilitation on Lower Lighthouse Ave & Funston Ave, paired with the $200,000 allocation for the Crack and Slurry Seal will help ensure the City meets MOE requirements.***	**STATUS: CARRIED OVER** In FY20/21 this vital street rehabilitation project was engineered, put out to bid, and a contract was awarded at the April 21, 2021 City Council meeting. Construction formally commenced in early May 2021 (FY20/21). The project was carried forward to the FY21/22 CIP to allow for project completion. Project completion occurred in September 2021. The full scope of work completed for each road segment is noted below. Lower Lighthouse Ave Scope of Work: 70,500 SF of pavement reconstruction, 2,000 SF of 2" AC overlay, reconstruction of 14 curb ramps, installation of 4 catch basins and 1,410 LF of subdrain, reconstruction of 85 LF of curb and gutter, reconstruction of 3 manholes, 4 sewer spot repairs, and replacement of 310 LF of sewer line. Funston Ave Scope of Work: 41,000 SF of 2.5" AC overlay, 4,600 SF of pavement reconstruction, construction of 2 catch basins, and 6 sewer spot repairs. **Completed: September 2021 (FY21/22)**	This project is funded from various sources: General Fund: $300,000 Senate Bill 1: $242,234 Measure X: $ 326,530 Sewer Fund: $485,426 **TOTAL PROJECT FUNDING: $1,354,190** **The General Fund project allocation was expended in FY20/21 to meet MOE requirements.** Remaining SB1, Measure X, and Sewer Funds (reflected on the "Non General Fund Project List") were carried forward to the FY21/22 CIP to allow for project completion. This action was authorized at the October 21, 2021 City Council meeting (Ordinance 21-025).	Complete Streets/City Asset Stewardship	**$300,000**	**$299,933**	**$67**
2	CIP 21-02	General Fund	**Fund 63 Capital Improvement Project Fund**	**COMPLETE**	**Crack and Slurry Seal Project**	Crack and Slurry sealing is a vital maintenance activity that helps preserve the City's roadways against rapid deterioration and potholes due to inclement weather. This is a cost effective maintenance treatment that helps ensure roads remain in good condition for years to come. Streets to receive the crack & slurry seal treatment were identified via the City's 2019 Pavement Management Program, maintenance logs, and in-field observations. In total the city will crack and slurry seal: -13 roadways at various location, and -9 City owned parking lots **MOE Requirement : Annually the City must meet a MOE requirement in order to be eligible for SB1 and Measure X funds. The $300,000 allocation toward the Street Rehabilitation on Lower Lighthouse Ave & Funston Ave, paired with the $200,000 allocation for the Crack and Slurry Seal from the General Fund will help ensure the City meets MOE requirements.**	**STATUS: COMPLETE** In FY20/21 the project was engineered, put out to bid, and a construction contract was authorized by the City Council on March 3, 2021. Construction commenced in April 2021 and concluded in May 2021. The scope of work for the project included the crack and slurry seal of 544,200 SF of roadway throughout the City, including 13 road segments and 9 City-owned parking lots, and application of new thermoplastic pavement markings/striping. **Completed: May 2021**	This project is funded from various sources: General Fund: $200,000 Measure X: $ 100,000 **TOTAL PROJECT FUNDING: $300,000**	Complete Streets/City Asset Stewardship	**$200,000**	**$199,999**	**$1**
3	CIP 18-41	General Fund	**Fund 63 Capital Improvement Project Fund**	**COMPLETE**	**Library Renewal Project**	***MULTI-YEAR PROJECT*** The Library Renewal Project is an extensive interior remodel of the Pacific Grove Public Library. The project includes 6 major areas of improvement: (1) ADA, safety and accessibility upgrades (2) Lighting and efficiency upgrades (3) Interior painting (4) Ceiling, wall and door repairs (5) Interior construction and modifications, and (6) Flooring This project is funded by a City-Community Partnership. Through generous funding from the City, foundations, and members of the community, approximately $3 million was collected to bring this project to fruition. **FY18/19 Scope of Work:** design, development of construction drawings/specifications **FY19/20 Scope of Work:** bid phase, contract phase, commence construction **FY20/21 Scope of Work:** construction	**STATUS: COMPLETE** The Library Renewal Project was a multi-year effort that commenced in FY18/19 and concluded in FY20/21. In FY18/19, design and development of construction drawings/specifications occurred. In FY19/20, a call for bids was issued, contract executed, construction commenced, and 62% of construction activities were completed. In FY20/21, construction concluded and the project was deemed complete. The scope of work included an extensive interior remodel of the library with 3 primary components -- preserving the community's past, enhancing the present and preparing for the future. Before/after photos and monthly construction memorandums, issued by the Public Works Director, documenting construction progress, expenditures, change orders, and project completion percentages over the course of construction is available on the City's website at: https://www.pacificgrovelibrary.org/about/library_renewal_project/index.php **Completed: January 2021**	At the time of FY20/21 CIP development, staff estimated the remaining project budget to determine the carry forward amount. Following the close of FY19/20, the FY20/21 project budget was adjusted to $410,606; this reflects the true carry forward based on previous year project expenditures. This figure includes capital campaign and general fund contributions. The project budget is reflected within Fund 63, the Capital Improvement Fund, because the project is comprised of general fund contributions and capital campaign contributions which were received to the General Fund.	City Asset Stewardship	**$410,606**	**$403,608**	**$6,998**

4	CIP 21-10	General Fund	**Fund 63 Capital Improvement Project Fund**	**COMPLETE**	**Perkins Park Landscape Plan**	***MULTI-YEAR PROJECT*** This project will develop a vegetation management plan for Perkins Park from Lovers Point to Esplanade. The document will provide the City with a plan to ensure the purple carpet flourishes and a plan of action for maintenance activities for the next five years. **FY19/20 Scope of Work:** Project development, RFP phase, contract execution, development/review of an administrative draft plan **FY20/21 Scope of Work:** Public release of draft plan, City Council review	**STATUS: COMPLETE** This multi-year project included the development of a Perkins Park Landscape Plan that included: an existing conditions report, construction drawings for a reenvisioned park (based on community feedback), a landscape management plan, and cost estimates for implementation. The final plan was presented to the City Council on November 4, 2020 and direction was provided to proceed with enhancing existing park conditions. **Completed: November 2020**	On October 30, 2019, a contract was approved by the City Council in an amount not to exceed $71,815 plus a 15% contingency. At the time of FY20/21 CIP development, staff estimated the remaining contract amount to determine the budget (estimated at $35,000). The FY20/21project budget was updated to reflect the remaining contract balance of $49,294, based on actual expenditures incurred in FY19/20.	City Asset Stewardship/Environmental Stewardship	**$49,294**	**$49,294**	**$0**
5	CIP 18-46	General Fund	**Fund 63 Capital Improvement Project Fund**	**COMPLETE & CARRIED FORWARD (multi-year project)**	**Point Pinos Trail Project**	***MULTI-YEAR PROJECT*** This project entails construction of a formal, 5-foot wide decomposed granite pedestrian coastal trail seaward of Ocean View Blvd. along Point Pinos. This project brings to fruition the vision of a safe, enjoyable pedestrian path along Pacific Grove's entire coastline by addressing a 0.8 mile gap in the existing California Coastal Trail. The Point Pinos Trail will connect from the existing curb side trail near Acropolis Street west and extend to the Great Tide Pool site. This project is primarily grant funded. The City was awarded a $1.8M Coastal Conservancy Grant, $382,000 Regional Surface Transportation Program Grant and a $381,922 California Natural Resource Agency Grant. The City also harnessed $61,282 of RSTP Fair Share Funding and $250,000 from the City's General Fund. **FY17/18 Scope of Work:** Initial Study/MND Completed **FY18/19 Scope of Work:** Project deferred to search for grant funding **FY19/20 Scope of Work:** Grant funding obtained, grant agreements executed, bid process completed **FY20/21 Scope of Work:** Construction contract executed, commenced construction **FY21/22 Scope of Work:** Complete Construction, begin 2 year plant monitoring	**STATUS: FY20/21 SCOPE OF WORK COMPLETE** At the January 20, 2021 City Council meeting, a construction contract and a construction management contract was authorized. Construction of the Point Pinos Trail Project commenced in April 2021. The scope of work includes the construction of a 5-foot-wide decomposed granite coastal trail within a natural setting seaward of Ocean View Blvd, restoration of over 100,000 SF of native vegetation, establishment of 10 beach access points, development of uniformed parking and driveway approaches, and various stormwater improvements. The FY20/21 scope of work was completed and the remaining construction activities and budget were included in the FY21/22 CIP to allow for project completion.	*This multi-million dollar project is primarily funded through grants. The full construction budget is reflected within Fund 63, the Capital Improvement Fund, because the project is comprised of reimbursable capital campaign grant contributions which will be received to Fund 63.* The General Fund contribution through the duration of the project (pre construction & construction) is $250,000. The general fund allocation for FY20/21 was $232,780. **TOTAL CONSTRUCTION FUNDING : $2,857,984** -Coastal Conservancy Grant: $1,800,000 -Regional Surface Transportation Program (RSTP) Grant: $382,000 -California Natural Resource Agency Grant: $381,922 -RSTP Fair Share Funding: $61,282 -General Fund: $232,780 At the March 17, 2021 meeting, the CIP multi-year project budgets were amended to reflect revised year-end estimates. This project budget was adjusted down to reflect the anticipated construction expenditures in FY20/21. **Original Budget: $2,857,984** **Amended Budget: $1,135,063** The remaining approved, unexpended budget of $1.6M, was incorporated into the approved FY21/22 CIP Project List to allow for project completion.	City Asset Stewardship	**$1,470,072***	**$1,221,892**	**$248,180**
6	**CIP 20-8**	General Fund	**Fund 63 Capital Improvement Project Fund**	**COMPLETE**	**Solar Lights on Morse Dr., Olmstead Ave., Hillcrest Ave., and Spazier Ave.**	This project will build upon previous years' CIP efforts and allow for continued installation of solar lights on Morse Drive, Olmstead Avenue, Hillcrest Avenue and Spazier Avenue. This project will allow for the purchase of six (6) lights and installation of four (4) lights. The remaining lights will replenish the City's backstock.	**STATUS: COMPLETE** In FY19/20, one (1) of the four (4) solar lights was installed at Hillcrest Ave and Hillcrest Ct. As a part of this project, six (6) solar lights were procured. Due to COVID-19 manufacturing delays, the lights were not obtained until FY20/21. As a result, the project was carried forward to the current CIP. In FY20/21, three (3) additional lights were installed by the Public Works Streets Division at the following locations: (1) Between 1033 and 1041 Olmstead Ave (2) Between 1014 and 1018 Olmstead Ave, and (3) 620 Spaizer Ave The remaining three (3) lights will replenish the City's backstock. **Completed: February 2022**	This project, and the remaining $45,656 balance, was carried forward from the FY19/20 CIP to the FY20/21 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-25).	Environmental Stewardship/City Asset Stewardship	**$45,656**	**$44,721**	**$935**
7	CIP 19-2	General Fund	**Fund 63 Capital Improvement Project Fund**	**COMPLETE**	**Trash Enclosure at Fandangos Parking Lot**	***MULTI-YEAR PROJECT*** This project includes construction of one trash enclosures in the city owned parking lot, referred to as the Fandango Parking Lot. Construction of a trash enclosure will ensure proper waste management, minimize refuse exposure to animals, and reduce trash pollutants to the Pacific Grove Area of Special Biological Significance (ASBS). This project was originally incorporated in the FY18/19 CIP which funded the development of construction drawings. In FY19/20 and FY20/21 in-house Public Works crews worked on constructing the enclosure.	**STATUS: COMPLETE** This project allowed for the construction of one trash enclosures in the city owned parking lot adjacent to Fandango Restaurant. This project was originally incorporated in the FY18/19 CIP which funded the development of construction drawings. In FY19/20, construction commenced by in-house Public Works crews. Construction concluded in June 2021. **Completed: June 2021**	This project, and the remaining project balance of $9,822, was carried forward from the FY19/20 CIP to the FY20/21 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-025).	Environmental Stewardship	**$ 9,822**	**$ 10,363**	**$ (541)**
									TOTALS	**$ 2,485,450**	**$ 2,229,810**	**$ 255,640**

FY20/21 NON-GENERAL FUND CIP PROJECT LIST

CIP RECAP

	CIP Code	General Fund or Non-General Fund?	Fund	Funding Source	Status	Project Name	Project Description/Justification	Project Status	FY20/21 Project Funding/Budget Notes	City Council Goal Alignment	FY20/21 Budget	FY20/21 Expended	FY20/21 Balance
1	CIP 18-46	Non-General Fund	**Various Grants**	63-631-6021	**COMPLETE & CARRIED FORWARD (multi-year project)**	**Point Pinos Trail Project**	***MULTI-YEAR PROJECT*** This project entails construction of a formal, 5-foot wide decomposed granite pedestrian coastal trail seaward of Ocean View Blvd. along Point Pinos. This project brings to fruition the vision of a safe, enjoyable pedestrian path along Pacific Grove's entire coastline by addressing a 0.8 mile gap in the existing California Coastal Trail. The Point Pinos Trail will connect from the existing curb side trail near Acropolis Street west and extend to the Great Tide Pool site. This project is primarily grant funded. The City was awarded a $1.8M Coastal Conservancy Grant, $382,000 Regional Surface Transportation Program Grant and a $381,922 California Natural Resource Agency Grant. The City also harnessed $61,282 of RSTP Fair Share Funding and $250,000 from the City's General Fund. **FY17/18 Scope of Work:** Initial Study/MND Completed **FY18/19 Scope of Work:** Project deferred to search for grant funding **FY19/20 Scope of Work:** Grant funding obtained, grant agreements executed, bid process completed **FY20/21 Scope of Work:** Construction contract executed, commenced construction **FY21/22 Scope of Work:** Complete Construction, begin 2 year plant monitoring	**STATUS: FY20/21 SCOPE OF WORK COMPLETE** At the January 20, 2021 City Council meeting, a construction contract and a construction management contract was authorized. Construction of the Point Pinos Trail Project commenced in April 2021 (FY20/21). The scope of work includes the construction of a 5-foot-wide decomposed granite coastal trail within a natural setting seaward of Ocean View Blvd, restoration of over 100,000 SF of native vegetation, establishment of 10 beach access points, development of uniformed parking and driveway approaches, and various stormwater improvements. The FY20/21 scope of work was completed and the remaining construction activities and budget were included in the FY21/22 CIP to allow for project completion.	***This multi-million dollar project is primarily funded through grants. The full construction budget is reflected within Fund 63, the Capital Improvement Fund, because the project is comprised of reimbursable capital campaign grant contributions which will be received to Fund 63.*** The General Fund contribution through the duration of the project (pre construction & construction) is $250,000. The general fund allocation for FY20/21 was $232,780. **TOTAL CONSTRUCTION FUNDING : $2,857,984:** -Coastal Conservancy Grant: $1,800,000 -Regional Surface Transportation Program (RSTP) Grant: $382,000 -California Natural Resource Agency Grant: $381,922 -RSTP Fair Share Funding: $61,282 -General Fund: $232,780 At the March 17, 2021 meeting, the CIP multi-year project budgets were amended to reflect revised year-end estimates. This project budget was adjusted down to reflect the anticipated construction expenditures to be incurred in FY20/21. **Original Budget: $2,857,984** **Amended Budget: $1,135,063** The remaining approved, unexpended budget, $1.6M, was incorporated into the approved FY21/22 CIP Project List to allow for project completion.	City Asset Stewardship	**$1,470,072***	**$ 1,221,892**	**$ 248,180**
2	CIP 18-84	Non-General Fund	**Fund 79 ASBS Grant**	79-614-6026	**COMPLETE & CARRIED FORWARD (multi-year project)**	**Pacific Grove-Monterey ASBS Wet-Dry Stormwater Capture and Reuse Project**	***MULTI-YEAR PROJECT*** This project will construct stormwater infrastructure that will capture and store stormwater and redirect it to Monterey One Water for treatment and reuse. The City received a $4.4 million Prop 84 grant from the State Water Resources Control Board to facilitate this project. The Sewer Collection System Master Plan projects 3, 4, 5 & 8 (CIP 19-85) serve as the match funding for this grant. **FY17/18 Scope of Work:** Partial Engineering **FY18/19 Scope of Work:** Partial Engineering **FY19/20 Scope of Work:** Finalize plans/construction documents, obtain bids, execute contract **FY20/21 Scope of Work:** Construction **FY21/22:** Complete construction	**STATUS: FY20/21 SCOPE OF WORK COMPLETE** In FY19/20, a construction contract was authorized by the City Council (May 2020) and construction activities commenced (June 2020). The planned scope of work for FY19/20 was completed and the project was carried forward to the FY20/21 CIP. Significant construction progress was made in FY20/21; the multi-year project was carried over to the FY21/22 CIP to allow for completion. Construction activities concluded in September 2021(FY21/22). The scope of work for this vital stormwater infrastructure improvement project includes: installation of 1,200 LF of storm water force main, 301 LF of gravity flow storm drain pipeline and 4 manholes, 2 diversion structures, one lift station, and a 60,510-gallon underground reservoir—virtually undetectable beneath the 7th hole of the golf course. ****AWARDED PROJECT OF THE YEAR (CATEGORY: ENVIRONMENT) BY THE AMERICAN PUBLIC WORKS ASSOCIATION (APWA), MONTEREY BAY CHAPTER*** ****HIGHLIGHTED AT THE LEAGUE OF CALIFORNIA CITIES' PUBLIC WORKS OFFICERS INSTITUTE CONFERENCE***	At the March 17, 2021 meeting, the City Council approved a budget adjustment for multi-year projects, revising year-end estimates in accordance with anticipated expenditures for the fiscal year (Ordinance 21-006). **Original Budget: $ 2,921,463** **Adjusted Budget: $3,961,766** The budget was adjusted to account for the full construction costs as a result of an expedited construction timeline, additional ground disturbance monitoring needs, and additional improvements eligible for grant funding (originally incorporated in the Mainline Improvements on OVB in conjunction w/Phase 4 Urban Diversion Project, CIP 21-13) as approved by the State. The project and remaining project balance of $523,818, was carried over to the FY21/22 CIP to allow for project completion. This action was authorized at the October 21, 2021 City Council meeting (Ordinance 21-026).	City Asset Stewardship/Environmental Stewardship	**$ 3,961,766**	**$ 3,360,015**	**$ 601,751**
3	CIP 19-85	Non-General Fund	**Fund 76 Sewer Fund**	76-612-6051	**COMPLETE**	**Sewer Collection System Master Plan (SCSMP) Projects # 3, 4, 5, 8**	***MULTI-YEAR PROJECT*** **SCSMP #3 -** This project will include sewer main upgrades on Asilomar Ave from Lighthouse Ave. to Del Monte Blvd. to address capacity deficiencies. **SCSMP #4-** This project will include replacement/rehabilitation of manholes deteriorated by hydrogen sulfide on Crocker and Asilomar. **SCSMP #5-** This project includes consolidation of multiple sewer mains and abandonment of the existing sewer mains to tie-over to a new sewer main on 14th St from Sinex to Pine. **SCSMP #8 -** This project will include replacing the sewer main to eliminate sags on Carmel Ave. These projects were identified in the City's Sewer Collection System Master Plan and will serve as matching funds required for the Pacific Grove-Monterey ASBS Wet-Dry Stormwater Capture and Reuse Project (CIP 18-84). **FY18/19 Scope of Work:** Partial engineering **FY19/20 Scope of Work:** Finalize plans/construction documents, obtain bids, execute contract **FY20/21 Scope of Work:** Construction	**STATUS: COMPLETE** A construction contract was authorized by the City Council on May 20, 2020. Construction activities commenced in June 2020 (FY19/20) and concluded in February 2021 (FY20/21). The scope of work for the project included rehabilitation/replacement of 4,700 LF of sanitary sewer mains and 35 manholes on segments of Asilomar, Crocker, 14th St, and Carmel Ave. This project allowed the City to make substantial sewer infrastructure improvements as recommended in the Sewer Collection System Master Plan. **Completed: February 2021**	At the March 17, 2021 meeting, the City Council approved a budget adjustment for multi-year projects, revising year-end estimates in accordance with anticipated expenditures for the fiscal year (Ordinance 21-006). **Original Budget: $4,002,983** **Adjusted Budget: $4,364,031** The budget was adjusted to account for the full remainder of construction costs due an expedited construction timelines that allowed for project completion in FY20/21. Expenditures and adjustments were within approved contract thresholds.	City Asset Stewardship	**$ 4,364,031**	**$ 3,545,579**	**$ 818,452**

4	CIP 20-12	Non-General Fund	**Fund 76 Sewer Fund**	76-612-6051	**COMPLETE**	**Phase 8 Sewer Line Improvements at Various Locations**	***MULTI-YEAR PROJECT*** This project includes repairing segments of sewer lines at various locations across the City. These segments have been deemed in need of repair via video documentation of the sewer lines. Initial potential locations included: Forest Avenue (between Prescott and David), 15th Street between Junipero and Pine, 9th Street from Pine to Laurel, and Crocker Avenue. **SCOPE CHANGE** Based on videoing of various sewer lines throughout the year, segments to be addressed varied from the original scope. This allowed the most pressing repair needs to be included as part of this project. These included: **(1)** Emergency work performed on the sewer mainline at 8th Street (between Lighthouse Ave and Laurel Ave) **(2)** David Ave (from Kenet Ave to Montecito Ave) spot repairs and sewer manhole replacement- *Performed prior to repaving this portion of David Avenue* **(3)** Bayview Ave (from Lighthouse Ave to 17 Mile Drive) **(4)** 13th St (from Junipero Ave to Spruce Ave) **(5)** 17 Mile Dr (between Sunset Dr & Weldon Grove Pl) **(7)** Dennett St (between Evergreen Rd & Grove Acre Ave) **(8)** Alder Ave (spot repair between Short St & Heacock Ave) **FY19/20 Scope of Work:** Engineering, bid phase, execute contract for repairs in conjunction with David Avenue Street Rehab (CIP21-01) and emergency repairs **FY20/21 Scope of Work:** Execute contract and construction remaining repair segments	**STATUS: COMPLETE** In FY19/20 emergency repairs were completed on 8th Street (approved by the City Council on March 4, 2020) and sewer repairs on David Avenue commenced prior to street rehabilitation treatments (approved as part of CIP21-01 Street Rehabilitation Project at the April 15, 2020 City Council meeting). On August 5, 2020, the City Council authorized a construction contract for remaining Phase 8 work on 13th St, 17 Mile Dr, Bayview Ave, Forest Ave, Dennett St, and Alder Ave. Construction commenced in September 2020 and concluded in May 2021. The full scope of work included: replacing 2,410 LF of sewer lines, reconstruction of 8 manholes, and various sewer line spot repairs **Completed: May 2021**	The project was carried over from the FY19/20 CIP to the FY20/21 CIP. This action was approved by Council on November 4, 2020; at this meeting a formal adjustment was made to allocate an additional $109,937.50 as approved by the City Council at the August 5, 2020 contract award (Ord. 20-0025). As part of the Street Rehabilitation Project on David & Central Ave (CIP20-01) an additional $225,125 was allocated to the Phase 8 project to allow sewer improvements to be performed on these two segments of roadway in advance of road treatments. **Original Budget: $800,000** **Adjusted Budget: $1,135,063**	City Asset Stewardship	**$ 1,135,063**	**$ 1,067,471**	**$ 67,592**
5	CIP 21-13	Non-General Fund	**Fund 76 Sewer Fund**	76-612-6051	**COMPLETE & CARRIED FORWARD (multi-year project)**	**Mainline Improvements on Ocean View Blvd. in conjunction with Phase 4 Urban Diversion**	This project will include mainline improvements on Ocean View Blvd. and Sea Palm Ave to allow for increased capacity resulting from the ASBS Wet-Dry Weather Stormwater Capture and Reuse Project (CIP18-84). The project funds will also serve as matching funds for the ASBS project grant.	**STATUS: FY20/21 SCOPE OF WORK COMPLETE** This project was engineered and put out to bid in conjunction with the ASBS Stormwater Capture and Diversion Project (CIP18-84). In FY19/20, construction documents and plan sets were finalized. The project put out to bid in February 2020. A construction contract was authorized in May 2020 City Council meeting. Construction commenced in June 2020. Construction continued through FY20/21. The project, and remaining balance, were carried forward to the FY21/22 CIP to allow for project completion.	No expenses were incurred because the project elements were incorporated into the ASBS Project (CIP 18-84) and eligible for grant funding based on an amendment approved by the State Water Resources Control Board August 2020.	City Asset Stewardship	**$ 1,323,852**	**$ -**	**$ 1,323,852**
6	CIP 18-41	Non-General Fund	**Library Renewal Capital Campaign Donations**	63-631-6021	**COMPLETE**	**Library Renewal Project**	***MULTI-YEAR PROJECT*** The Library Renewal Project is an extensive interior remodel of the Pacific Grove Public Library. The project includes 6 major areas of improvement: (1) ADA, safety and accessibility upgrades (2) Lighting and efficiency upgrades (3) Interior painting (4) Ceiling, wall and door repairs (5) Interior construction and modifications, and (6) Flooring This project is funded by a City-Community Partnership. Through generous funding from the City, foundations, and members of the community, approximately $3 million was collected to bring this project to fruition. **FY18/19 Scope of Work:** design, development of construction drawings/specifications **FY19/20 Scope of Work:** bid phase, contract phase, commence construction **FY20/21 Scope of Work:** construction	**STATUS: COMPLETE** The Library Renewal Project was a multi-year effort that commenced in FY18/19 and concluded in FY20/21. In FY18/19, design and development of construction drawings/specifications occurred. In FY19/20, a call for bids was issued, contract executed, construction commenced, and 62% of construction activities were completed. In FY20/21, construction concluded and the project was deemed complete. The scope of work included an extensive interior remodel of the library with 3 primary components -- preserving the community's past, enhancing the present and preparing for the future. Before/after photos and monthly construction memorandums, issued by the Public Works Director, documenting construction progress, expenditures, change orders, and project completion percentages over the course of construction is available on the City's website at: https://www.pacificgrovelibrary.org/about/library_renewal_project/index.php **Completed: January 2021**	At the time of FY20/21 CIP development, staff estimated the remaining project budget to determine the carry forward amount. Following the close of FY19/20, the FY20/21 project budget was adjusted to $410,606; this reflects the true carry forward based on previous year project expenditures. This figure includes capital campaign and general fund contributions. *The project budget is reflected within Fund 63, the Capital Improvement Fund, because the project is comprised of general fund contributions and capital campaign contributions which were received to the General Fund.	City Asset Stewardship	**$407,107***	**$ 403,608**	**$ 3,499**
7	CIP 21-19	Non-General Fund	**Fund 46 Strong Disbursement Fund**	46-461-6021	**CARRIED OVER**	**Electrical Vehicle Charging Station**	***MULTI YEAR PROJECT*** This project will include installation of four (4) EV charging stations, and corresponding infrastructure, in the City owned parking lot adjacent to Fandangos Restaurant. **FY19/20 Scope of Work:** Project development, RFP phase **FY20/21 Scope of Work:** Contract award, design & commence construction **FY21/22 Scope of Work:** Complete construction	**STATUS: CARRIED OVER** In August 2020, the City Council authorized an agreement for the design and installation of the EV charging stations and the donation of two EV fast chargers. A contract was executed in October 2021 and the development of plans/specifications commenced. In May 2021, design concluded and construction activities commenced. The project, and remaining balance, was carried forward to the FY21/22 CIP to allow for project completion. In FY21/22, manufacturing delays for vital electrical infrastructure (cabinets and switch gears) stalled construction. Construction concluded in April 2022. **Completed: April 2022 (FY21/22)**	The City was awarded a $160,000 CaleVIP grant to facilitate this project. The CIP project budget was formally amended on October 21, 2022 to reflect the grant funding (Ord. 21-026). **Original Budget: $49,900** **Adjusted Budget: $209,900** The project, and the remaining balance $158,775, was carried forward to the FY21/22 CIP to allow for completion. This action was approved at the October 21, 2021 City Council meeting (Ord. 21-026).	City Asset Stewardship/Environmental Stewardship	**$ 209,900**	**$ 51,125**	**$ 158,775**
8	CIP 20-25	Non-General Fund	**Fund 93- Koo Estate Donation**	93-931-6041	**CARRIED OVER**	**Downtown Iconic Cypress Tree Moonlighting Project**	***MULTI YEAR PROJECT*** This project includes the development of specifications and purchase of equipment for moonlighting the 10 existing center median cypress trees located on Lighthouse Ave between Fountain Ave and 19th St. Moonlighting, which is an artful method of downlighting that creates dramatic shadows but does not pollute the night sky, would significantly improve Lighthouse Avenue and help revitalize the City's commercial corridor. This project would also include a pilot light installation and a 30-day public feedback period to allow minor tweaks to the proposed design. **FY19/20 Scope of Work:** Project development **FY20/21 Scope of Work:** Pilot light/outreach **FY21/22 Scope of Work:** Install lights	**STATUS: CARRIED OVER** In FY19/20, the initial light specifications were developed and a test light fixture was obtained to launch a pilot test for feedback. The project was deferred as a COVID-19 cost saving measure and the purchase/installation of lighting was funded in the FY20/21 CIP. In FY20/21, a pilot light was installed at the corner of Lighthouse Ave and Grand Ave. Staff performed two (2) surveys, in August 2020 and January 2021, to obtain feedback from the Economic Development Commission, Business Improvement District and City Council. Due to manufacturing delays, the remaining lights were not obtained until FY21/22. The project was carried forward to the FY21/22 CIP to allow for completion. Installation of the moonlighting was completed in February 2022 (FY21/22). **Completed: February 2022 (FY21/22)**	This project, originally funded from the General Fund in FY19/20, was deferred as a COVID-19 cost saving measure. The project was funded via a non-general fund source, the Koo Estate Donation in the FY20/21 CIP. The project, and the remaining $11,290 project budget, was carried forward to the FY21/22 CIP to allow for project completion. This action was approved at the October 21, 2021 City Council meeting (Ord. 21-026).	Help Local Businesses Thrive/Complete Streets	**$ 17,000**	**$ 5,710**	**$ 11,290**

9	CIP 21-03	Non-General Fund	**Fund 17 Local Streets and Roads (Measure X)**	17-522-6041	**COMPLETE**	**Pine Ave & Eardley Ave Traffic Calming & Pedestrian Safety**	This project will include pedestrian improvements at Pine Ave and Eardley Ave that will significantly improve pedestrian safety and help slow traffic. Improvements would include a bulb-out at the northeast corner of Eardley Ave, and a landscaped center median island. These improvements were engineered in FY18/19 as part of the larger Pine Avenue Pedestrian Improvements Project (CIP 18-3). Due to funding limitations, improvements at Pine & Eardley were not made. This is a cost-effective project because plans have already been developed and finalized for the proposed improvements.	**STATUS: COMPLETE** On October 7, 2020 the City Council authorized a construction contract for the Pine Ave & Eardley Ave Traffic Calming & Pedestrian Safety Project. Construction commenced on November 2, 2020. Improvements included: -Construction of a planter center median and crosswalk -Construction of 3 curb ramp bulb-outs -46,500 SF of crack and slurry seal -New pavement markings, and -Stormwater improvements including construction of 3 catch basins, 1 storm drain manhole, and 150 LF of stormwater pipe **Completed: May 2021**	Construction expenses were within the authorized contract amounts. Overages were a result of final engineering costs.	Complete Streets/City Asset Stewardship	**$ 250,000**	**$ 258,777**	**$ (8,777)**
10	CIP 21-02	Non-General Fund	**Fund 17 Local Streets and Roads (Measure X)**	17-522-6041	**COMPLETE**	**Crack & Slurry Seal Project**	Crack and Slurry sealing is a vital maintenance activity that helps preserve the City's roadways against rapid deterioration and potholes due to inclement weather. This is a cost effective maintenance treatment that helps ensure roads remain in good condition for years to come. Streets to receive the crack & slurry seal treatment were identified via the City's 2019 Pavement Management Program, maintenance logs, and in-field observations. In total the city will crack and slurry seal: -13 roadways at various location, and -10 City owned parking lots	**STATUS: COMPLETE** In FY20/21, the project was engineered, put out to bid, and a construction contract was authorized by the City Council on March 3, 2021. Construction commenced in April 2021 and concluded in May 2021. The scope of work for the project included the crack and slurry seal of 544,200 SF of roadway throughout the City, including 13 road segments and 9 City-owned parking lots, and application of new thermoplastic pavement markings/striping. **Completed: May 2021**	As part of the FY20/21 CIP, $300,000 was allocated for the Crack and Slurry Seal Project from a combination of General Fund ($200,000) and Measure X funding ($100,000). The lowest bid came in well under the allocated budget. In order to meet the City's Maintenance of Effort requirement to be eligible for continued Measure X and Senate Bill 1 funding, the General Fund project allocation was fully harnessed and cost savings were derived from the Measure X funding allocation.	Complete Streets/City Asset Stewardship	**$ 100,000**	**$ 47,226**	**$ 52,774**
11	CIP 21-01	Non-General Fund	**Fund 17 Local Streets and Roads (Measure X)**	17-522-6041	**CARRIED OVER**	**FY20/21 Street Rehabilitation on Lower Lighthouse Avenue & Funston Avenue**	This project entails street rehabilitation on Lower Lighthouse Ave & Funston Ave. This project will address the aging road infrastructure network, increase the PCI on two streets that are in "poor" condition, and ensure the City remains eligible for external funding by meeting Maintenance of Effort (MOE) requirements. Lower Lighthouse Avenue: This portion of the project will include street rehabilitation on Lower Lighthouse from Eardley Ave to 13th St. This segment serves as a main arterial and an entryway into the City. The existing pavement condition is "poor" with a PCI rating ranging from 32-45; this segment has not received treatment in over 30 years. Funston Avenue: This portion of the project will address Funston Ave from Presidio Ave to Montecito Ave. This segment of roadway is in poor condition with a PCI of 49. This segment serves as one of the main entryways into the Del Monte Park Neighborhood and is one of the only streets in this neighborhood that hasn't received a maintenance/rehabilitation treatment in the last 5 years.	**STATUS: CARRIED OVER** In FY20/21 this vital street rehabilitation project was engineered, put out to bid, and a contract was awarded at the April 21, 2021 City Council meeting. Construction formally commenced in early May 2021. The project was carried forward to the FY21/22 CIP to allow for project completion. Project completion occurred in September 2021. The full scope of work completed for each road segment is noted below. Lower Lighthouse Ave Scope of Work: 70,500 SF of pavement reconstruction, 2,000 SF of 2" AC overlay, reconstruction of 14 curb ramps, installation of 4 catch basins and 1,410 LF of subdrain, reconstruction of 85 LF of curb and gutter, reconstruction of 3 manholes, 4 sewer spot repairs, and replacement of 310 LF of sewer line. Funston Ave Scope of Work: 41,000 SF of 2.5" AC overlay, 4,600 SF of pavement reconstruction, construction of 2 catch basins, and 6 sewer spot repairs. **Completed: September 2021 (FY21/22)**	The Street Rehabilitation Project was approved as part of the FY20/21 CIP with a budget of $868,764 derived from Measure X ($326,530), Senate Bill 1 ($242,234), and the General Fund ($300,000). During project engineering, a video inspection of the sewer infrastructure was performed. This inspection revealed sewer repairs were needed on both Lower Lighthouse Ave and Funston Ave. A $485,426 allocation from the Sewer Fund was approved to allow for sewer infrastructure improvements to occur prior to rehabilitating the roadway. The budget adjustment was approved at the May 5, 2021 City Council meeting (Ordinance 21-01). **Original Total Project Budget: $868,764 (Measure X, SB1, & GF)** **Additional Sewer Fund Allocation: + $485,426** **Adjusted Total Project Budget: $1,354,190** Construction Commenced in May 2021 (FY20/21). In order to allow for project completion, the project and the remaining balances for Measure X ($282,759) and Sewer Fund ($422,726) were carried forward to the FY21/22 CIP. This action was approved by the City Council on October 21, 2021 (Ord. 21-026). The General Fund project allocation and the RMRA/SB1 allocation were expended in FY20/21.	Complete Streets/City Asset Stewardship	**$ 326,530** **$ 242,234** **$ 485,426**	**$ 43,771** **$ 242,234** **$ 62,700**	**$ 282,759** **$ -** **$ 422,726**
			Fund 47 RMRA Fund (SB1)	47-471-6046									
			Fund 76 Sewer Fund	76-612-6051									

12	CIP21-04	Non-General Fund	**Fund 46 Strong Disbursement Fund**	46-461-6021	**COMPLETE**	**Community Center Gutter, Downspout and Flashing Replacement**	This project will replace the deteriorated and broken gutter, downspouts and roof flashing at the Community Center. This existing roof infrastructure has degraded and is causing leaking and rotting. Timely replacement is prudent to preserve the roof and prevent a more costly and extensive roofing project in the future.	**STATUS: COMPLETE** At the April 21, 2021 meeting, City Council authorized a contract for repairs to the community center fascia and downspouts. This project allowed for the replacement of roofing elements that had significantly deteriorated. The scope of work included: -Removal and disposal of the deteriorated sheet metal gutter -Trimming of the existing rafter tails -Installation of new wood facia, and -Installation of new aluminum gutters and downspouts **Complete: June 2021**	Following a competitive bid process, an additional $23,025 was needed to facilitate repairs. This additional project allocation was approved by the City Council on May 5, 2021 (Ord. 21-012). **Original Budget: 50,000** **Adjusted Budget: $73,025**	City Asset Stewardship	**$ 73,025**	**$ 63,666**	**$ 9,359**
13	CIP21-05	Non-General Fund	**Fund 46 Strong Disbursement Fund**	46-461-6021	**CARRIED OVER**	**ADA Compliance Assessment and Transition Plan**	This project will develop an Americans with Disabilities Act (ADA) compliance Assessment and Transition Plan for all City facilities. This plan will provide a comprehensive look at current condition of City facilities, provide guidance and an implementation timeline on needed ADA improvements.	**STATUS: CARRIED OVER** The project was carried forward to the FY21/22 to allow for plan development. A memorandum of understanding between the California Joint Powers Insurance Authority was approved by the City Council on September 15, 2021. Public outreach was performed in February 2022 and facility site visits/assessments are underway in FY21/22.	This project and the $50,000 project balance was carried over to the FY21/22 CIP. This action was approved at the October 21, 2021 City Council meeting (Ord. 21-026).	City Asset Stewardship	**$ 50,000**	**$ -**	**$ 50,000**
14	CIP21-07	Non-General Fund	**Fund 46 Strong Disbursement Fund**	46-461-6021	**CARRIED OVER**	**Police Department Server Room Improvements**	This project will expand the Police Department server room and add air conditioning to protect the valuable IT equipment it houses. The server room currently houses over $100,000 worth of equipment that is critical to the Police Department operations. The space is extremely limited and the air temperature runs hot without adequate cooling and ventilation. By removing and then adding an additional wall of underutilized space, the expanded area would create adequate space for existing equipment and allow for installation of a ventilation system. With these changes the server room temperature would be regulated to best practice standards and would allow the door to be closed for added security and improved noise quality for office staff.	**STATUS: CARRIED OVER** In FY20/21, Public Works and Police Department staff worked on project development to determine the best approach to improve the storage of the IT equipment in the PD server room in a cost effective manner. The project was carried over to the FY21/22 CIP to allow for implementation. Improvements, which included installation of a new AC unit and electrical wiring, were completed in February 2022 (FY21/22). **Completed: February 2022 (FY21/22)**	This project and the $12,000 balance was carried over to the FY21/22 CIP. This action was approved at the October 21, 2021 City Council meeting (Ord. 21-026).	City Asset Stewardship	**$ 12,000**	**$ -**	**$ 12,000**
15	CIP21-10	Non-General Fund	**Fund 92-Mcindoo Donation**	92-519-6031	**CARRIED OVER**	**Drinking Fountain at Lovers Point Park**	This project would include the purchase and installation of a water fountain at Lovers Point Park. The water fountain will include a traditional drinking faucet as well as a water bottle filler. The request for a drinking fountain at this location has been made by several members of the public over the years and will greatly improve amenities at the beloved and well visited Lovers Point Park.	**STATUS: CARRIED OVER** In FY20/21, project development was completed and a CDP permit was obtained in April 2021 from the Planning Commission to allow installation of the drinking fountain at Lovers Point. Quotes were obtained for installation and corresponding improvements, which included construction of a concrete pad, connection to the water line, and assembling/installing the drinking fountain unit. Project funding was not sufficient for the installation, purchase of the unit, and engineering. Grant funding from Sustainable Pacific Grove was obtained to allow for implementation. The project was carried forward to the FY21/22 CIP to allow for completion. The water fountain installation was completed in February 2022 (FY21/22). **Completed: February 2022**	This project and the remaining $451 balance was carried over to the FY21/22 CIP. An appropriation reflecting the $24,606 of grant funds from Sustainable Pacific Grove was also reflected; This was approved at the October 21, 2021 City Council meeting (Ord. 21-026). The FY21/22 project budget includes the original remaining project balance ($451) and the grant funding for a total of $25,057.	City Asset Stewardship/Community Responsiveness	**$ 12,000**	**$ 11,549**	**$ 451**
16	CIP 20-11	Non-General Fund	**Fund 8 Museum Improvement Fund**	8- 412-6021	**COMPLETE**	**HVAC at the Pacific Grove Museum of Natural History**	This project includes the purchase and installation of an HVAC system for the Pacific Grove Museum of Natural History.	**STATUS: COMPELTE** On June 24, 2020, the City Council authorized an agreement to allow for the removal of the 30 year old force air furnaces and the installation of six (6) efficient forced air heating systems at the Pacific Grove Museum of Natural History in the Mechanical Room, Main Gallery/Education Room, Main Gallery, and offices above the Education Room. In addition to the replacement of the heating units, air intake, return ducts, ventilation screens and grills were replaced, and new digital thermostats were installed. **Completed: January 2021**	The project, and the full $75,000 project budget, was carried over from the FY19/20 CIP to the FY20/21 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-025).	City Asset Stewardship	**$ 75,000**	**$ 67,900**	**$ 7,100**

17	CIP 20-1	Non-General Fund	**Fund 17 Local Streets and Roads (Measure X)**	17-522-6041	**COMPLETE**	**2019 Street Maintenance and Rehabilitation**	This project includes street maintenance and rehabilitation per the 2019 Pavement Management Program (PMP). **CHANGE IN FY19/20 SCOPE OF WORK:** At the onset of this project the scope of work included road rehabilitation of: 1. Central Avenue (from 12th to 9th Street) and 2. 17 Mile Drive (from Del Monte Blvd to Crest Ave) **Removal of 17 Mile Drive from the Scope of Work.** During engineering, it was discovered that extensive stormwater work would need to be performed on 17 Mile Drive prior to performing street rehabilitation. Due to this need, the City did not proceed with this segment of roadway. **Addition of David Avenue Road Rehabilitation.** In place of 17 Mile Drive, staff has proceeded with the engineering of street rehab of David Avenue (from Kenet to Montecito), which was one of the lowest rated segments of roadway in the City, with a Pavement Condition Index (PCI) rating of 17 out of 100. This roadway was selected based on the PMP, maintenance data, and citizen work requests.	**STATUS: COMPLETE** In FY19/20, the project was engineered, put out to bid (March 2020), and a contract was awarded at the April 15, 2020 City Council meeting. Construction commenced in May 2020. The project was carried over from the FY19/20 CIP to the FY20/21 CIP to allow for project completion. Project completion occurred in September 2020. The full scope of work for each road segment is noted below. David Avenue Scope of Work: 54,000 SF of pavement reconstruction, 9,750 square feet of asphalt concrete (AC) overlay, installation of 350 square feet of AC walkway, construction of 330 linear feet of storm drain , construction of 535 linear feet of sanitary sewer, reconstruction of 6 manholes, and 2 sanitary sewer spot repairs Central Avenue Scope of Work: 6,300 SF of pavement reconstruction, 46,000 SF of AC overlay, reconstruction of 420 SF of sidewalk, 520 SF of stormwater cross gutter, and 120 LF of curb, reconstruction of 4 curb ramps, construction 5 storm drain inlets, and installation of 308 linear feet of storm drain. **Completed: September 2020.**	Street Rehabilitation construction commenced in FY19/20. In order to allow for project completion, the project was carried forward to the FY20/21 CIP. All allocated general funds were expended in FY19/20 to meet MOE requirements. Remaining SB1 funds ($265,981) & Measure X funds ($777,802) were carried forward as authorized at the November 4, 2020 City Council (Ordinance 20-025). $225,125 for the sewer improvements associated with this project were derived from the Phase 8 Project Budget as approved by the City Council on April 15, 2020.	City Asset Stewardship	**$ 777,802**	**$ 196,070**	**$ 581,732**
		Non-General Fund	**Fund 47 RMRA Fund (SB1)**	47-471-6046								**$ 265,981**	**$ 203,379**	**$ 62,602**
18	CIP20-22	Non-General Fund	**Fund 14 Civic Center Site**	14-704-6021	**CARRIED OVER**	**City Hall - Admin. Services Flooring and Water Leakage Project**	This project will aim to correct surface leakage in the Administrative Services laminate floor which is causing bubbling and peeling. This project would also include additional painting and coating of the men's and women's restroom concrete flooring. This project would eliminate the recurring water damage to the area; and replace the flooring, as well as re-coat or replace the flooring in the bathroom.	**STATUS: CARRIED OVER** In FY19/20, the men's and women's restroom flooring was repainted and coated and the bathroom windows were tinted to allow for improved privacy. Additional exploration was needed to determine the root cause of the floor moisture and the best path forward for repairs. As a result the project was carried forward into the FY21/22 CIP. Ultimately it was determined that the most viable option was for the laminated flooring to be covered with industrial grade carpet with a moisture barrier membrane to prevent water intrusion and minor building improvements to allow improved outdoor water flow. A contract was executed and repairs were made in FY21/22. **Completed: November 2021 (FY21/22)**	The project and the remaining $19,100 project balance was carried over from the 19/20 CIP to the FY20/21 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-025). Due to a need to determine the cause of the floor moisture and a best path forward, the project was carried forward from the FY20/21 to the FY21/22 CIP. The carry forward of the project, and the remaining $18,496 balance, was authorized at the October 21, 2021 City Council meeting (Ordinance 21-026).	City Asset Stewardship	**$ 19,100**	**$ 604**	**$ 18,496**
19	CIP 20-14	Non-General Fund	**Fund 25 Recreation Donation Fund**	25-422-6021	**CARRIED OVER**	**Heater at the Youth Center**	This project includes the installation of a new heater at the Youth Center. The existing heater at the Youth Center is failing and must be replaced,	**STATUS: CARRIED OVER** Staff experience difficulty obtaining quotes within the project budget. Upon further investigation, it was determined that repairs could be made to two (2) of the heaters that service the building as a cost-effective method to address building heating. The project was carried forward and repairs were made in FY21/22. **Completed in November 2021 (FY21/22)**	The project and the full $12,000 project balance was carried over to the FY20/21 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-025). The project and the full $12,000 project budget, was carried forward to the FY21/22 CIP as authorized by City Council at the October 21, 2021 meeting (Ordinance 21-026).		**$ 12,000**	**$ -**	**$ 12,000**
20	CIP 20-17	Non-General Fund	**Fund 92 Mcindoo Donation**	92-519-6031	**CARRIED OVER**	**Beach Access Steps**	A portion of the steps at the access point to the Lovers Point beach are damaged and create an increased potential slip/fall hazard. Repairs were attempted and the rebar was grinded down to prevent trip and fall hazards; however the grinding reduced the depth of several steps to less than 6 inches and caused the edge to become smooth. The smaller step and smooth surface increases the risk of slips or falls. This project was identified as a potential safety hazard in the City's draft Risk Assessment Report. FY19/20 Scope of Work: obtain quotes, execute agreement, complete repairs	**STATUS: CARRIED OVER** Due to COVID-19, the procurement of the metal step nosing, required for the repair, was significantly delayed. The materials were received in late FY19/20. The project was carried forward to FY20/21 CIP. In FY20/21, it was determined that additional funding was needed to facilitate the repairs. A budget adjustment was made to allocate additional funding. The project was carried forward to the FY21/22 CIP. In FY21/22, the project was deferred; Instead of repairing the existing steps as currently constructed, staff is awaiting recommendations developed from the ADA transition plan and recommendations association with the pier investigation which could provide insights into how to improve the existing infrastructure configuration and further enhance accessibility to the beach.	The project and the remaining $13,110 project balance was carried over to the FY20/21 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-025). In FY20/21, an additional $8,359 allocation was approved by the City Council to facilitate the full scope of repairs (concrete work & metal noising purchase). A budget adjustment was approved at the May 5, 2021 City Council meeting (Ordinance 21-012). **Original FY20/21 Budget: $13,100** **FY20/21 Adjustment: $8,359** **Adjusted Budget: $21,469**		**$ 21,469**	**$ -**	**$ 21,469**
21	CIP20-16	Non-General Fund	**Fund 92 Mcindoo Donation**	95-519-6041	**COMPLETE**	**Gardner's Alley Pedestrian Improvements**	This project includes pedestrian access and walkway improvements in Gardner's Alley located between Fountain Avenue and Grand Avenue.	**CURRENT STATUS: COMPLETE** This project enhanced access, drainage and decreased long term maintenance costs of the City-owned public right of way referred to as Gardener's Alley. The scope of work included: 900SF of grading, installation of a concrete permitter curb, installation of walkway pavers, and storm drain system upgrades. These improvements transformed the alleyway which was previously comprised of decomposed granite and overgrown vegetation. The improvements also decrease long-term maintenance tasks and significantly improve stormwater flow and capture. **Completed: November 2020**	This project, and the remaining $15,261 budget, was carried forward from the FY19/20 CIP. This action was approved at the November 4, 2020 City Council meeting (Ordinance 20-025). The overages are a result of the beautification aspects of the project that were performed by Public Works in-house. The hardscape and stormwater improvements were performed via contract by a contractor and were within the project budget.		**$ 15,261**	**$ 20,000**	**$ (4,739)**

FY20/21 STREET REHABILITATION
LOWER LIGHTHOUSE AVE & FUNSTON AVE

BEFORE



Lower Lighthouse Ave



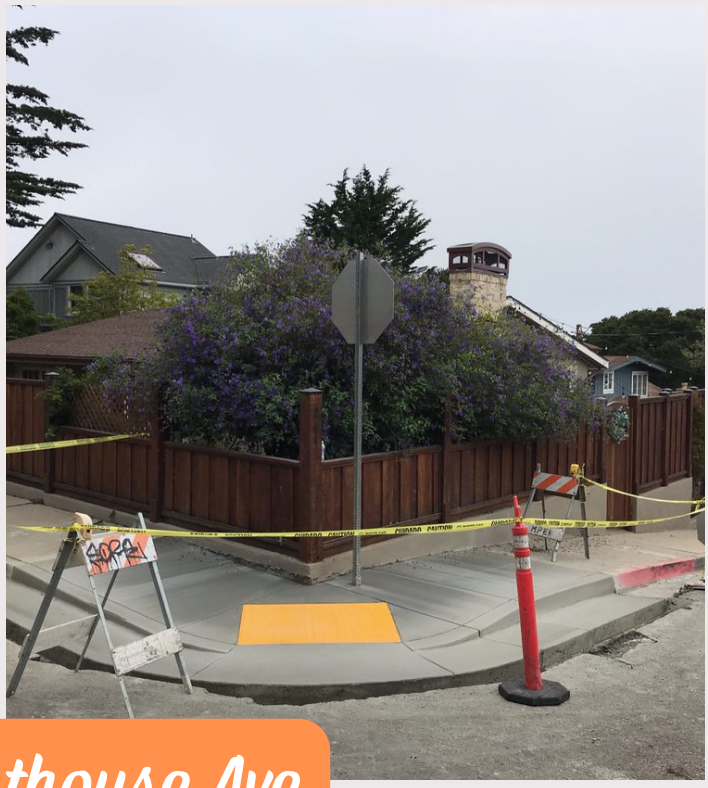
AFTER

FY20/21 CIP RECAP

FY20/21 STREET REHABILITATION
LOWER LIGHTHOUSE AVE & FUNSTON AVE

BEFORE





Lower Lighthouse Ave





AFTER

FY20/21 CIP RECAP

FY20/21 STREET REHABILITATION
LOWER LIGHTHOUSE AVE & FUNSTON AVE

BEFORE



Funston Ave



AFTER

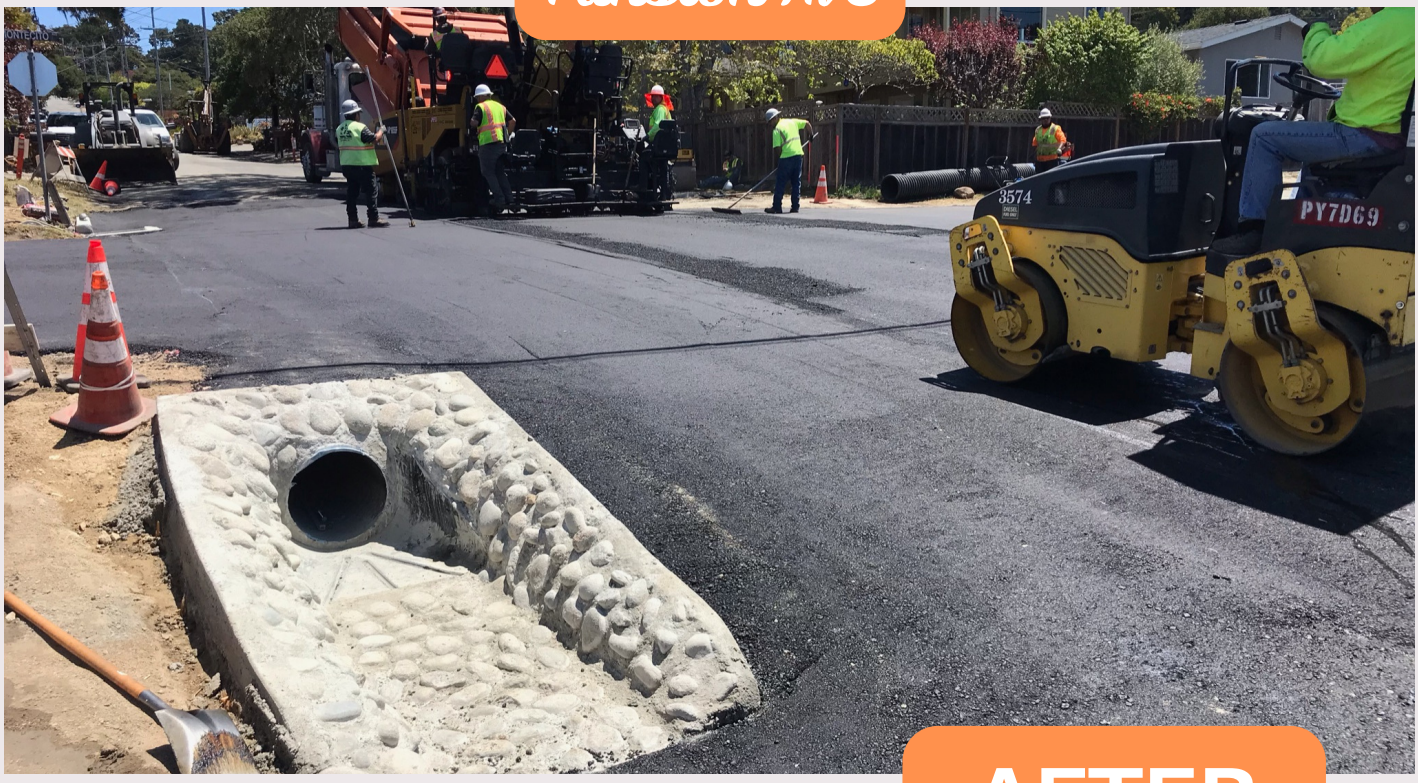
FY20/21 CIP RECAP

FY20/21 STREET REHABILITATION
LOWER LIGHTHOUSE AVE & FUNSTON AVE

BEFORE



Funston Ave



AFTER

FY19/20 STREET REHABILITATION
DAVID AVE & CENTRAL AVE

BEFORE



David Ave



AFTER

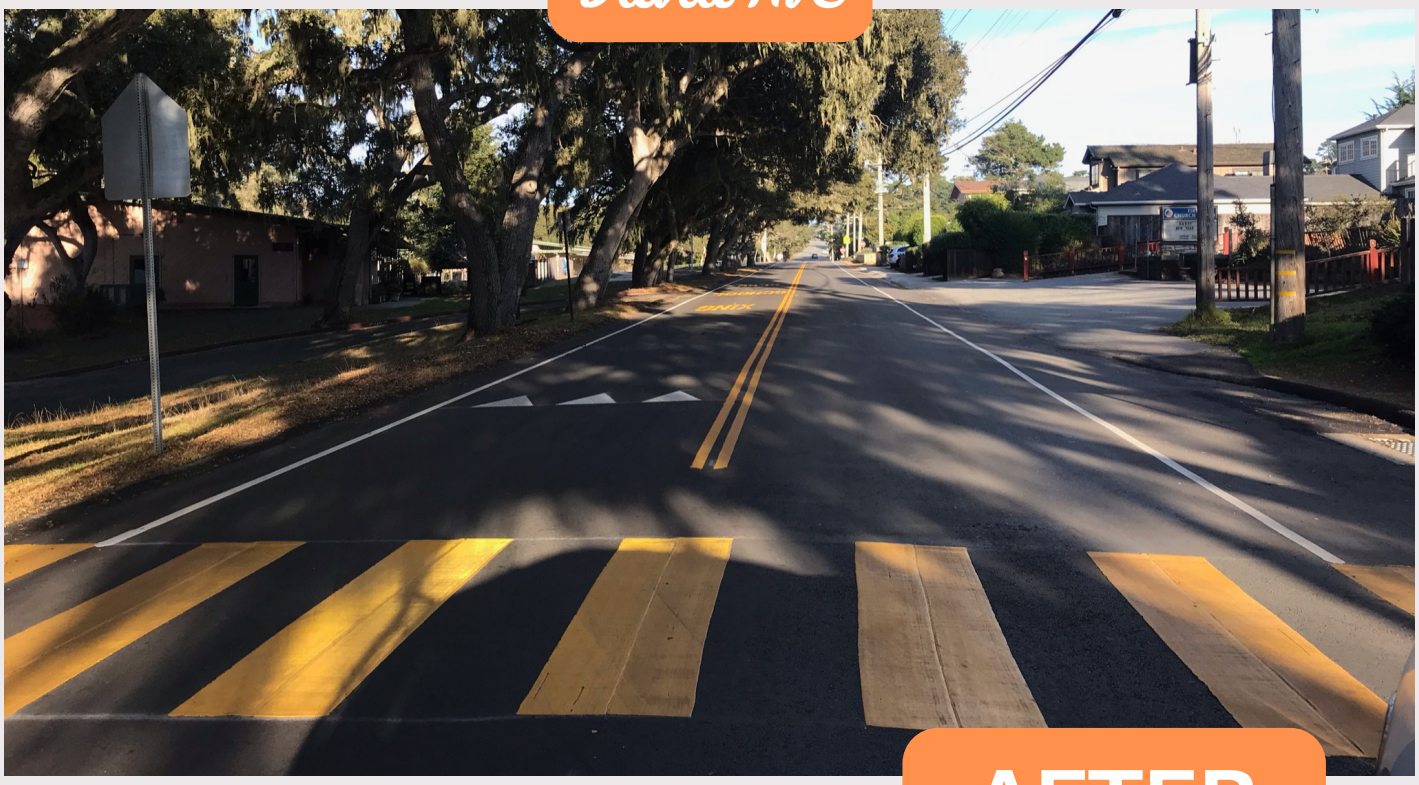
FY20/21 CIP RECAP

FY19/20 STREET REHABILITATION
DAVID AVE & CENTRAL AVE

BEFORE



David Ave



AFTER

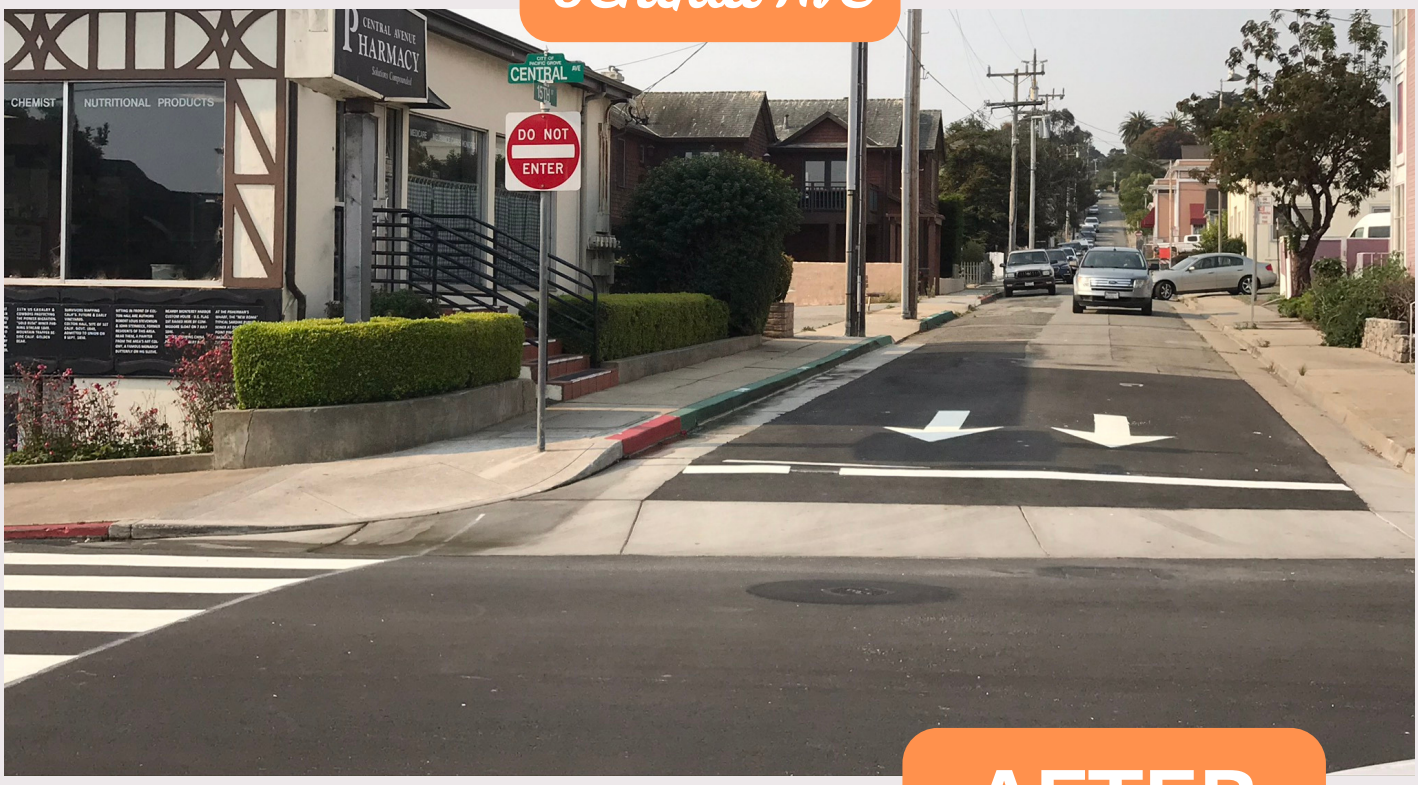
FY20/21 CIP RECAP

FY19/20 STREET REHABILITATION
DAVID AVE & CENTRAL AVE

BEFORE



Central Ave



AFTER

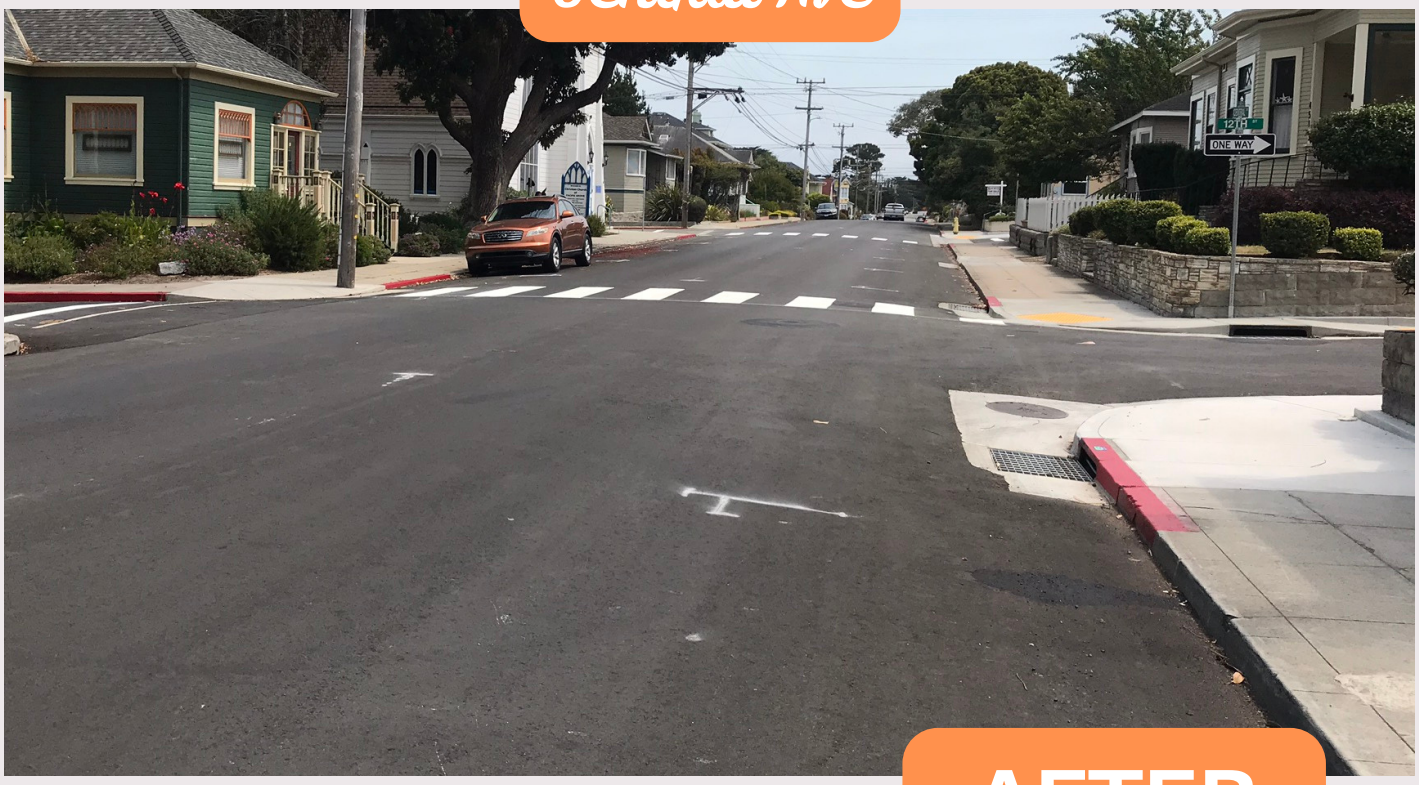
FY20/21 CIP RECAP

FY19/20 STREET REHABILITATION
DAVID AVE & CENTRAL AVE

BEFORE



Central Ave

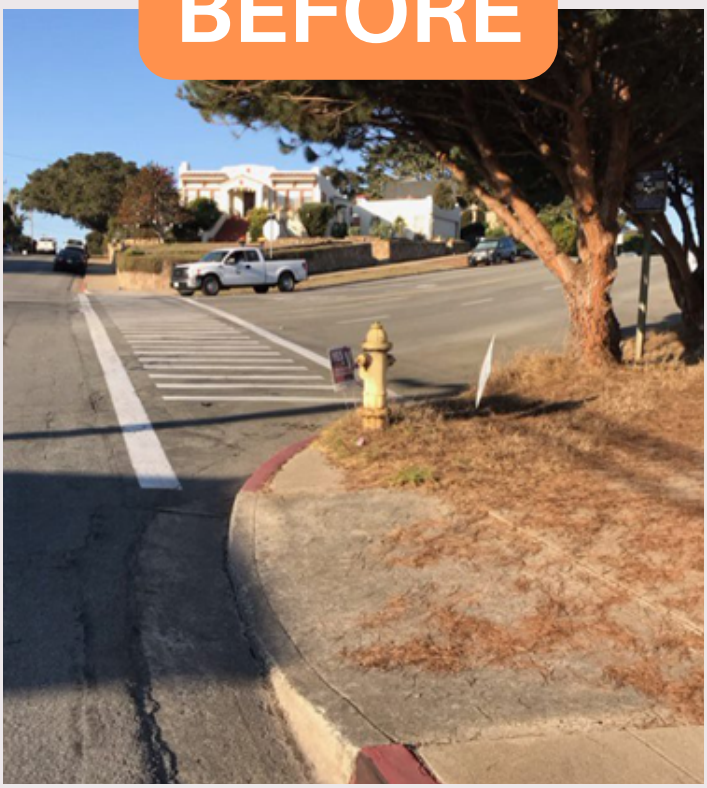


AFTER

FY20/21 CIP RECAP

PINE & EARDLEY PEDESTRIAN SAFETY IMPROVEMENTS

BEFORE









AFTER

FY20/21 CIP RECAP

TRASH ENCLOSURE

START













FINISH

FY20/21 CIP RECAP

COMMUNITY CENTER GUTTER, DOWNSPOUTS & FASCIA REPLACEMENT

BEFORE













AFTER

FY20/21 CIP RECAP

POINT PINOS COASTAL TRAIL

BEFORE













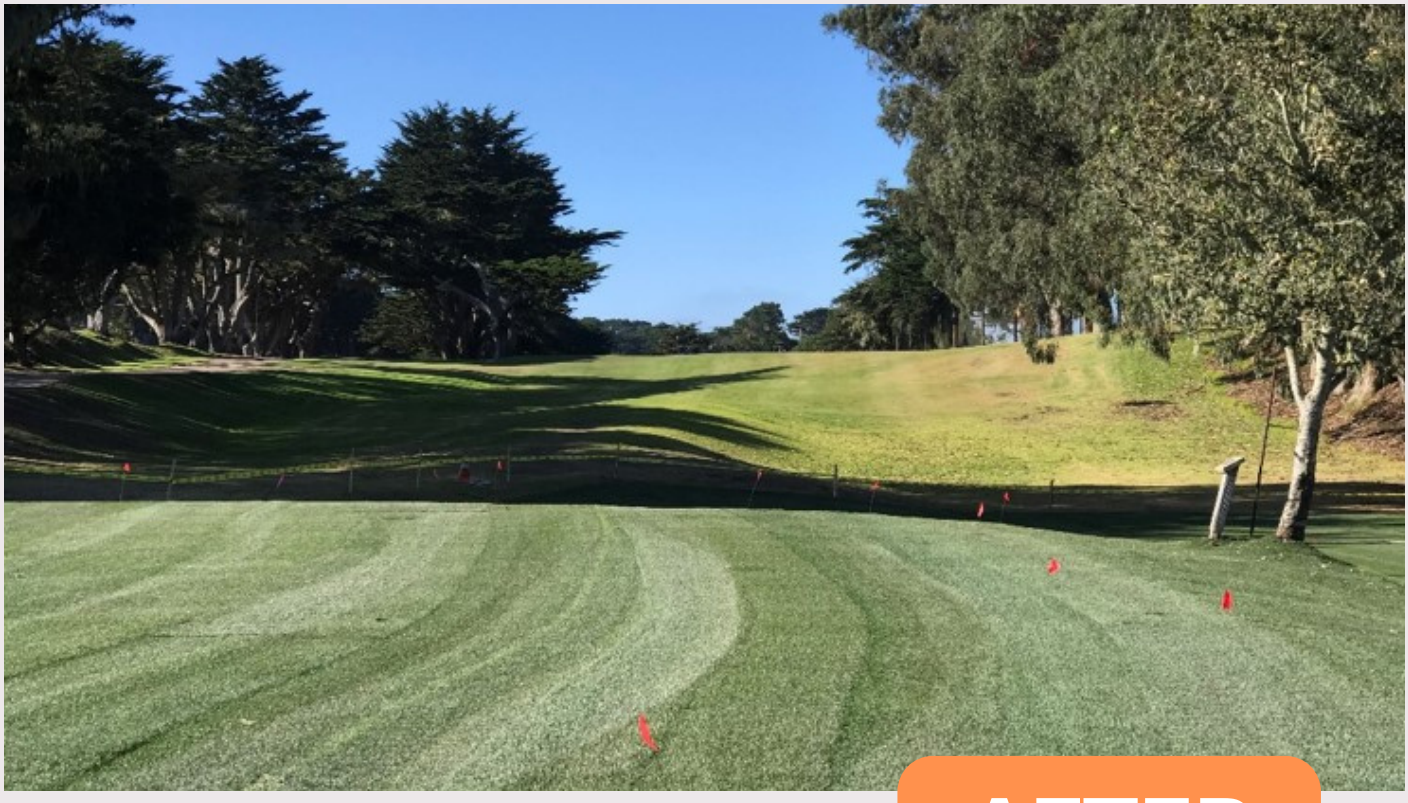
AFTER

FY20/21 CIP RECAP

ASBS WET-DRY WEATHER STORM WATER CAPTURE & REUSE PROJECT

BEFORE





AFTER

FY20/21 CIP RECAP

ASBS WET-DRY WEATHER STORM WATER CAPTURE & REUSE PROJECT





Construction





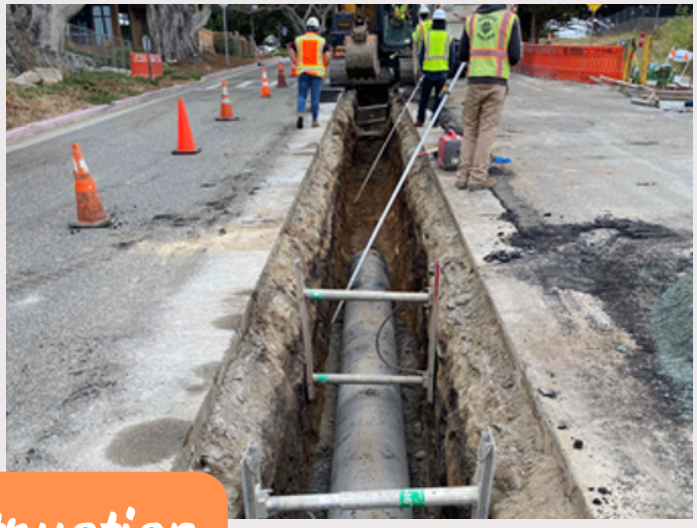




FY20/21 CIP RECAP

SEWER COLLECTION SYSTEM MASTER PLAN PROJECTS 3, 4 ,5 & 8





Construction









AFTER

FY20/21 CIP RECAP

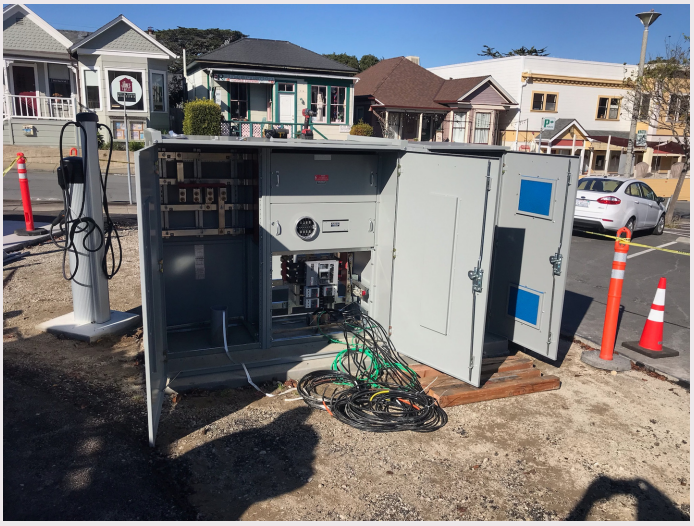
ELECTRICAL VEHICLE CHARGING STATION

BEFORE













AFTER

FY20/21 CIP RECAP

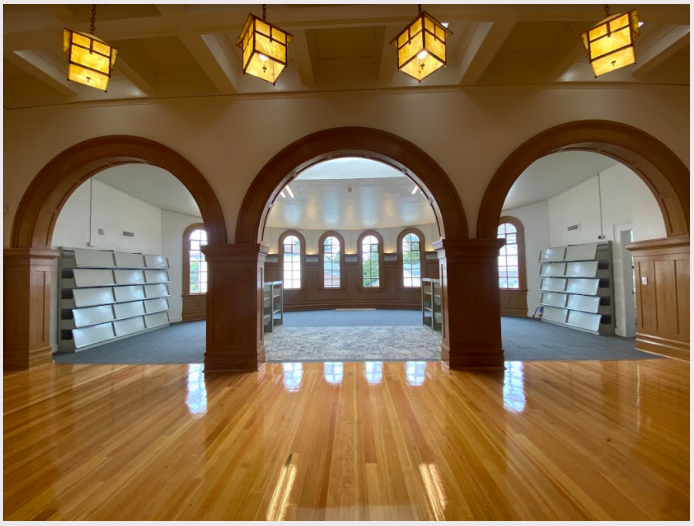
LIBRARY RENEWAL PROJECT

BEFORE

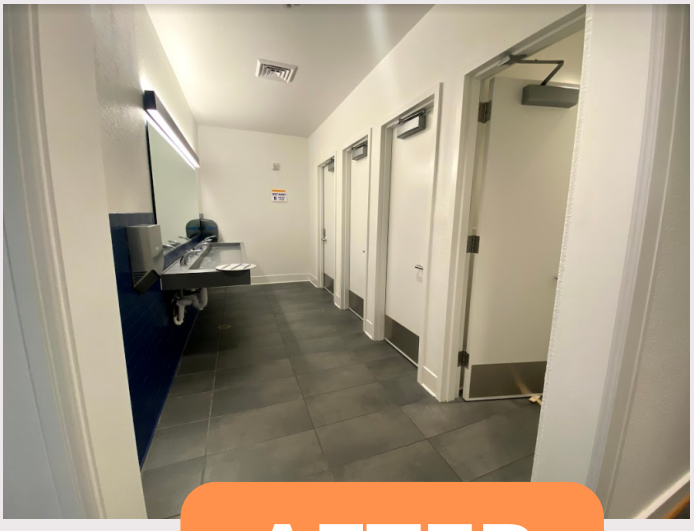












AFTER

FY20/21 CIP RECAP

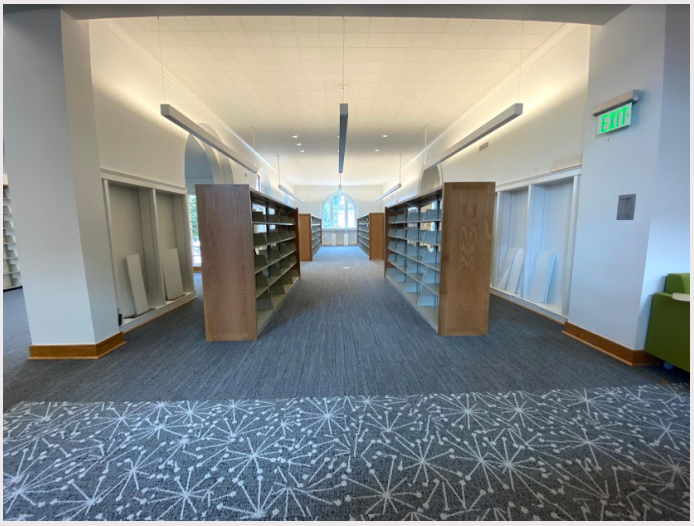
LIBRARY RENEWAL PROJECT

BEFORE

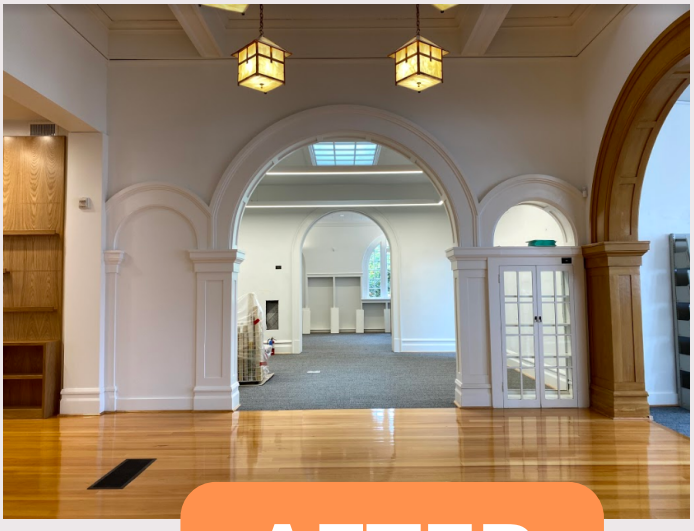












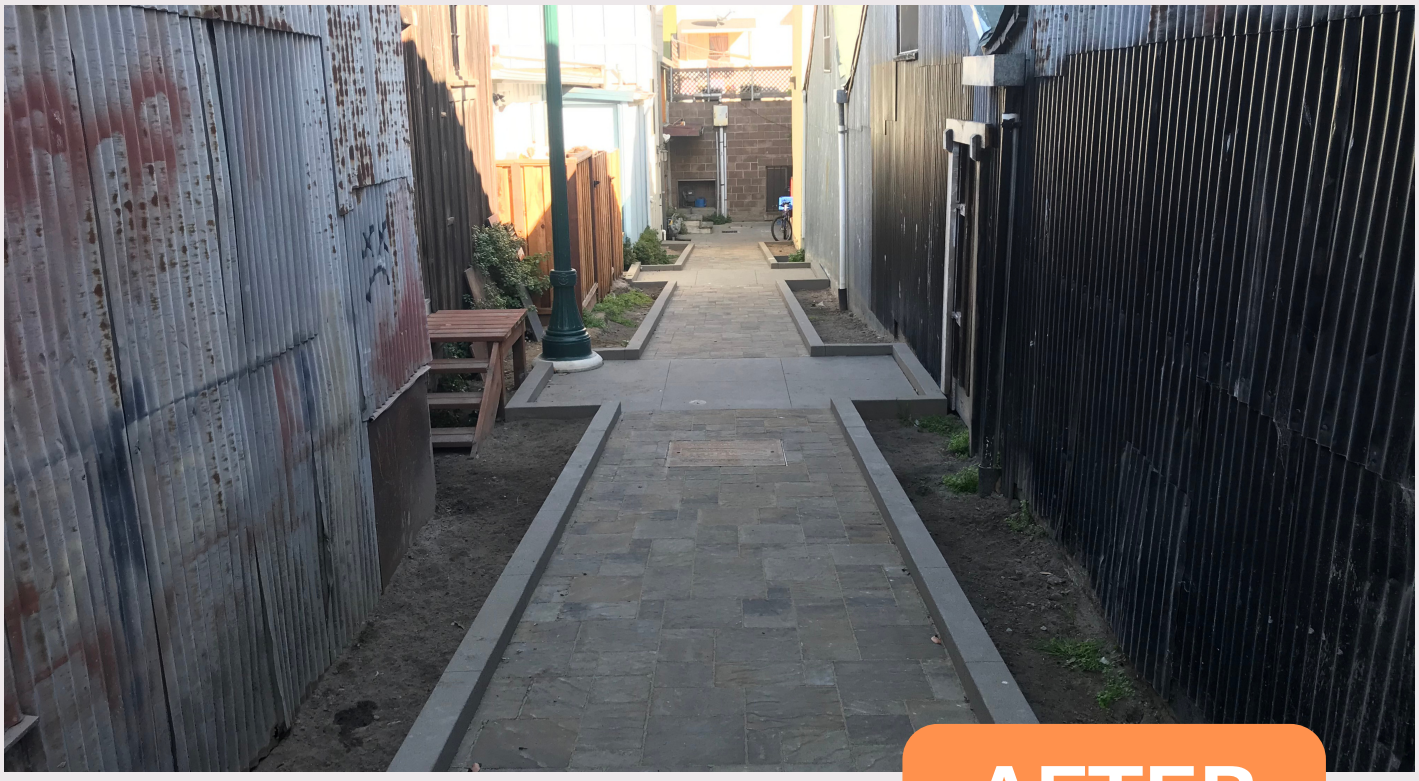
AFTER

FY20/21 CIP RECAP

GARDNER'S ALLEY PEDESTRIAN IMPROVEMENTS

BEFORE





AFTER

FY20/21 CIP RECAP

PHASE 8 SEWER IMPROVEMENTS





Construction









AFTER

HVAC AT THE PG MUSEUM OF NATURAL HISTORY

OLD





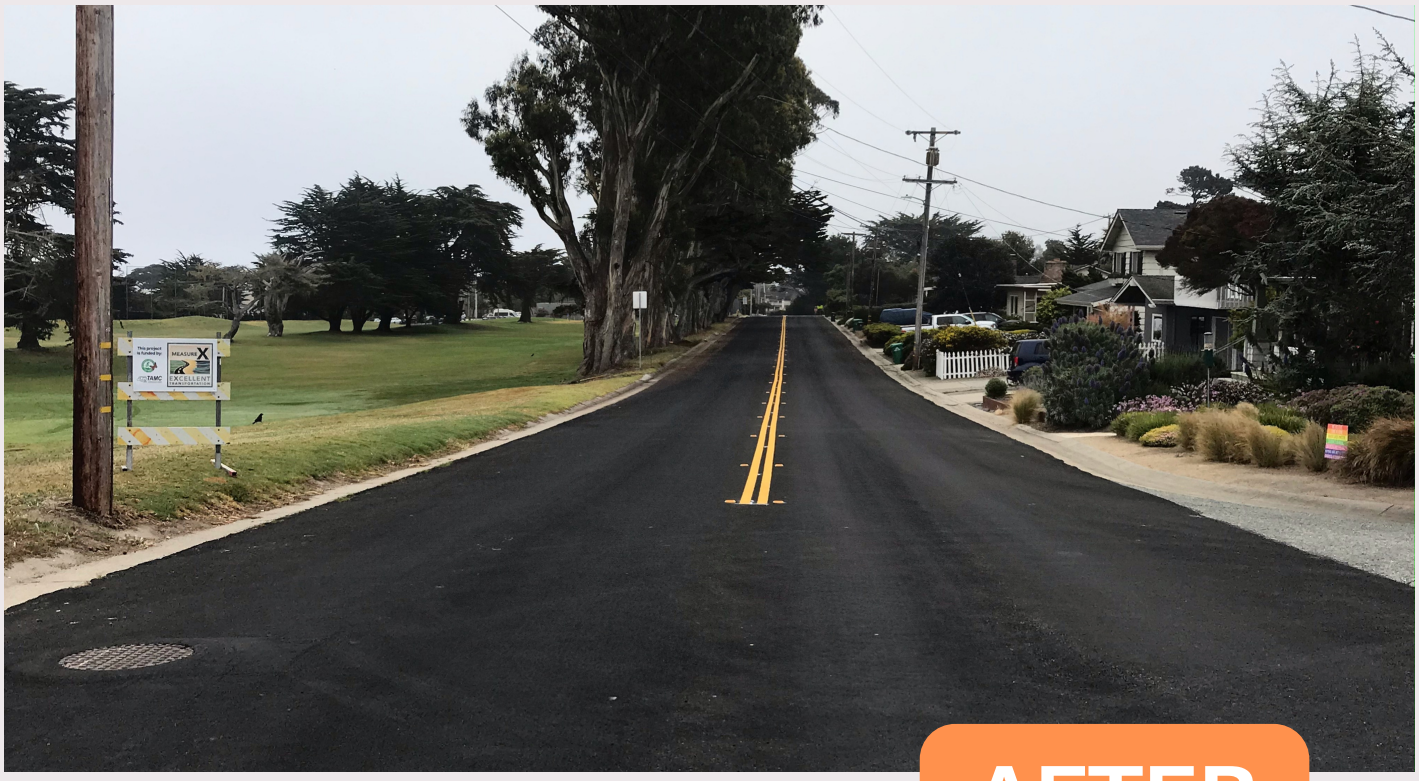
NEW

FY20/21 CIP RECAP

FY21/22 CRACK & SLURRY SEAL

BEFORE





AFTER

SOLAR LIGHTS

MORSE DR, OLMSTEAD AVE, HILLCREST AVE & SPAIZER AVE





New Lights!



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Ben Harvey, City Manager
MEETING DATE:	May 4, 2022
SUBJECT:	Concept Review: Potential Ballot Measure for Proposed Commercial District Vacancy Tax
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Create a City Council Subcommittee for the purposes of exploring a potential ballot measure for a proposed commercial district vacancy tax.

DISCUSSION

Concept Review

At the February 10, 2022 Economic Development Commission (EDC) meeting, Chair Nicholas Mourlam brought forth a discussion item regarding a potential ballot measure for a proposed commercial district vacancy tax. Concerned about the increasing number of vacant storefronts in the City's downtown, Chair Mourlam introduced the concept for EDC discussion, proposing that the EDC recommend to the City Council that a subcommittee be created to explore the concept further, and pose a future ballot measure for voter decision. The concept for a proposed commercial district vacancy tax came from the City and County of San Francisco, where voters approved such a measure in March of 2020, with an effective date of January 2022.

The purpose of a Vacancy Tax is to stimulate the rehabilitation of long-term retail vacancies and reinvigorate commercial corridors and stabilize commercial rents, thereby allowing new small businesses to open and existing small businesses to thrive.

San Francisco's Commercial Vacancy Tax rate is calculated based on a building's frontage (the total length of commercial space facing the Public Right of Way) and the number of consecutive calendar years beginning in 2022 that the Taxable Commercial Space is kept vacant by any person for more than 182 days. San Francisco's law contains definitions and exemptions. Modifications to San Francisco's law (including the multiplier and calculation definition) could be proposed, as well as changes to the law's exemptions, should a ballot measure be put forth for Pacific Grove voters to decide.

Should the City Council wish to explore this option further, and a City Council subcommittee is appointed, the City Council would need to take action in July/August if the desire is to have the item

included within the November 2022 General Election.

OPTIONS

1. Take no action.
2. Propose alternate direction.

FINANCIAL IMPACT:

There is no fiscal impact in creating a City Council subcommittee to explore a concept review item.

GOAL ALIGNMENT: Facilitate Local Business Recovery: Review and revise existing policies and programs and develop a strategic plan to better serve existing businesses.

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Tori Hannah, Administrative Services Director/Assistant City Manager

MEETING DATE: May 4, 2022

SUBJECT: Five-Year Fiscal Forecast and Budget Workshop

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive report.

DISCUSSION

As part of the annual budget process, the City references a five-year fiscal forecast to assist in identifying trends and milestones, while also evaluating options when considering budgetary decisions. The forecast should not be considered a budget or operating plan. It is primarily a model based on cost and revenue assumptions; and is updated on a continuous basis.

The Draft Five-Year Fiscal Forecast is typically presented in February; however it was deferred until the City received the results from the Measure A, Transactions and Use Tax (sales tax) ballot measure. Due to the close proximity of this presentation to the first reading of the Fiscal Year 22/23 Proposed Budget, some of the proposed budgetary assumptions have been included in the first year of the forecast. This includes 75% or $975,000 of the voter-approved tax, which becomes effective in October 2022. All Fiscal Year 22/23 amounts in the forecast should be considered preliminary in nature. Staff will be finalizing the Draft Proposed Budget within the upcoming weeks based on comments received at this meeting, pending internal discussions, and community suggestions for the use of American Rescue Plan Act (ARPA) funds. The ARPA Community Survey is anticipated to close on May 13, 2022. A copy of the draft forecast is included in Attachment 1.

The Draft General Fund Five-Year Forecast includes information related to the current budget year to provide a basis for comparison. The Fiscal Year 21/22 Budget was developed with conservative optimism based on the availability of the COVID-19 vaccine, the proposed opening of the State, and continuing signs of economic growth. While most of the revenues were anticipated to be more than

80% of their Fiscal Year 18/19 levels, both sales tax and TOT are contiuing to out-perform the the initial estimates that were included in the original Adopted Budget. The Fiscal Year 21/22 Amended Budget also incorporated $1.84 million in ARPA Funds to supplement general fund revenues and support Council priorities; and a $181,000 bequest to assist in funding Library operations. These additional funds allowed the City to eliminate the employee furlough, reinstate vacant frozen positions, restore on-call, seasonal, and temporary positions; and fund the minimum level of capital improvements.

At the mid-year budget presentation, the City was anticipated to end the year with an estimated unassigned General Fund balance of $10 million. Based on the recent approval of an increase to the 4Leaf building services contract, a budget amendment of $106,000 is needed to reflect the additional costs. An appropriation of $181,000 is also necessary to fund the estimated Measure A election fees, which are anticipated to be partially offset by growth in zoning fee revenues of $119,000. The net impact of these changes are anticipated to result in an estimated ending Fiscal Year 21/22 unassigned General Fund balance of $9.85 million. An ordinance will be brought forward to reflect the proposed updates at a forthcoming Council Meeting.

The General Fund Fiscal Year 22/23 column serves as the foundation for projecting operating costs. The scenario attached to this agenda report includes the following assumptions for Fiscal Year 22/23:

- Measure A sales tax revenues with an effective date of October 1, 2022; or for three quarters of the year.

- Approximately $1 million in ARPA revenues to supplement general fund costs, with the remaining balance of $843,000 to be appropriated at a later Council Meeting.

- Staffing levels consistent with the list of authorized positions in Attachment 2; however some requested changes are still pending.

- Rising unfunded pension liability costs of $426,888, with the General Fund's share estimated to be approximately $406,000.

- A 3% cost of living adjustment for the first year estimated at approximately $300,000. It is anticipated that this COLA will assist with employee retention and recruitment.

- Implementation of a class and compensation study for the Unrepresented and Department Head employee groups, for positions that have not been studied since 2017. The study and impacted positions have not been fully evaluated; however the preliminary estimate of $140,000 has been incorporated into the forecast. This increase would bring these employees to within 5% of the market median.

- An initial $500,000 in capital improvement transfers to meet maintenance of effort costs.

- Estimated capital outlay expenditures of $220,000, which may be allocated differently in the Proposed Budget. A list of capital outlay requests that are currently under consideration; and select expenditures that have been included in the Fiscal Year 22/23 forecast are identified in Attachment 3.

All expenditures for Fiscal Year 22/23 are provided for forecasting purposes. All final expenditures are subject to Council approval as part of the budget process, collective bargaining, or separate actions.

In Fiscal Years 23/24 through Fiscal Year 26/27, the net difference represents unprogrammed funds that are projected to be available to support additional operating or capital costs. It is anticipated that these amounts would be appropriated in future years, with consideration for reserve levels. Prior to the allocation of any surplus funds, the identified Fiscal Year 23/24 operating expenditures are anticipated to decline by approximately 2.2%. This is primarily due to a reduction in the annual pension obligation bond payment of approximately $940,000; and a decrease in the building services contract to align with an anticipated decline in corresponding revenues. These amounts are offset by increases in other categories; and the full value of Measure A. In the three additional forecasted years, operating expenditures prior to the allocation of any excess funds, are anticipated to increase on average by 2.7%, while the average annual revenue growth is projected to be 2.6%.

An overview of the projected increase in the CalPERS unfunded liability payment during the forecast period, as well as the decrease in the annual pension obligation bond payment is included in Attachment 4. The CalPERS information is based on the most recent actuarial report, with a valuation date of June 2020. The information included in the table shows the ramp-up of the unfunded liability payment in Fiscal Years 21/22 and 22/23, with increasing, but more manageable growth in the other forecasted years. The estimated annual unfunded liability payments could change based on investment returns, a change in actuarial assumptions, as well as other factors.

Additional information will be provided at the presentation.

OPTIONS

1. Receive report
2. Provide additional input for the Fiscal Year 22/23 Proposed Budget

FINANCIAL IMPACT:
There is no financial impact associated with receiving this report.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Draft Five Year Forecast
Current Authorized Staffing
Capital Outlay and Select Expenditures
PERS and Pension Obligation Chart

Draft General Fund Five-Year Forecast

Baseline Scenario	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
Beginning Fund Balance	$9,441,669	$9,854,194	$10,021,194	$10,640,194	$11,252,194	$11,923,194
Revenues	26,623,000	28,803,000	29,408,000	30,177,000	30,969,000	31,783,000
ARPA Funds	1,846,159	1,000,000				
Transfers - In	181,000	-	-	-	-	-
Total Estimated Revenues	**28,650,159**	**29,803,000**	**29,408,000**	**30,177,000**	**30,969,000**	**31,783,000**
Operating Expenditures	26,806,022	28,567,000	27,929,000	28,699,000	29,426,000	30,152,583
Capital Outlay	113,053	220,000	75,000	75,000	75,000	75,000
Operating Transfers	617,386	349,000	285,000	291,000	297,000	302,000
Capital Transfers	701,173	500,000	500,000	500,000	500,000	500,000
Total Estimated Expenditures	28,237,634	29,636,000	28,789,000	29,565,000	30,298,000	31,029,583
Net Results [(1)]	**412,525**	**167,000**	**619,000**	**612,000**	**671,000**	**753,417**
Estimated Ending Fund Balance	**$9,854,194**	**$10,021,194**	**$10,640,194**	**$11,252,194**	**$11,923,194**	**$12,676,611**

Reserve levels at 35% of operating expenses	*$ 9,382,108*	*$ 9,998,450*	*$ 9,775,150*	*$ 10,044,650*	*$ 10,299,100*	*$ 10,553,404*
Amount above/under reserve policy levels [(2)]	*$ 472,086*	*$ 22,744*	*$ 865,044*	*$ 1,207,544*	*$ 1,624,094*	*$ 2,123,207*

(1) The net results are provided to illustrate the amount of unprogrammed funds that could be made available for appropriation in Fiscal Years 23/24 and the remaining forecast years. It should be noted that some of these funds may be needed to support reserve levels if operational costs are increased.

(2) The amount above/under reserve policy levels reflects retaining all surplus operating amounts in the General Fund. It is likely that these funds will be appropriated for other uses.

FY 21/22 AUTHORIZED STAFFING

	Dept	Div.	Positions	Pos. #	Proposed FY 21-22 FTE%	Amended FY 21-22 FTE%	Net Difference FTE%
General Fund							
City Council							
Part-time							
	10	101					
			COUNCIL MEMBER	002-000	3.00	3.00	-
			MAYOR	001-001	0.50	0.50	-
			TOTAL CITY COUNCIL		3.50	3.50	-
			TOTAL		**3.50**	**3.50**	**-**
City Manager/Human Resources /City Clerk							
Full-time							
	12	121	CITY MANAGER	301	1.00	1.00	-
			HUMAN RESOURCES DIRECTOR	210	1.00	1.00	-
			CITY CLERK	243	1.00	1.00	-
			DEPUTY CITY CLERK	204	1.00	1.00	-
			MANAGEMENT ANALYST	208	0.18	0.18	-
			ADMINISTRATIVE TECHNICIAN	170	0.00	0.00	-
			TOTAL MANAGER FULL-TIME		**4.18**	**4.18**	**-**
Part-time							
			TOTAL MANAGER PART-TIME		**0.00**	**0.00**	**-**
			TOTAL		**4.18**	**4.18**	**-**
Finance							
Full-time							
	13	131	ADMINISTRATIVE SERVICES DIRECTOR	304	0.80	0.80	-
			ADMINISTRATIVE SERVICES MANAGER	212	0.00	0.00	-
			SENOR PROGRAM MANAGER	206	0.70	0.70	-
			MANAGEMENT ANALYST	208	2.33	2.33	-
			ACCOUNTING ASSISTANT	120	0.00	0.00	-
			SENIOR ACCOUNTING ASSISTANT		1.00	1.00	-
			ACCOUNTANT	124	1.00	1.00	-
			TOTAL FINANCE FULL-TIME		**5.83**	**5.83**	**-**
Part-time							
	13	131	ACCOUNTING ASSISTANT	120	0.50	0.50	-
			TOTAL FINANCE PART-TIME		**0.50**	**0.50**	**-**
			TOTAL		**6.33**	**6.33**	**-**
Community Development							
Full-time							
	20	201	COMMUNITY DEVELOPMENT DIRECTOR	205	1.00	1.00	-
			CODE COMPLIANCE OFFICER	164	1.00	1.00	-
			ASSOCIATE PLANNER	168	2.00	2.00	-
			SENIOR PLANNER	169	0.00	0.00	-
			PRINCIPAL PLANNER	241	1.00	1.00	-
			ADMINISTRATIVE TECHNICIAN	170	0.75	0.75	-
			SENIOR PROGRAM MANAGER	206	0.50	0.50	-
	20	204	SENIOR PROGRAM MANAGER	206	0.50	0.50	-
			TOTAL COMMUNITY DEVELOPMENT FULL-TIME		**6.75**	**6.75**	**-**
Part-time							
	20	201	OFFICE ASSISTANT	136	0.50	0.50	
	20	204	ADMINISTRATIVE TECHNICIAN	170	0.50	0.50	-
			INTERN	64	0.00	0.00	-
			TOTAL COMMUNITY DEVELOPMENT PART-TIME		**1.00**	**1.00**	**-**
			TOTAL		**7.75**	**7.75**	**-**
General Fund							
Police Department							
Full-time							
	30	301	POLICE CHIEF	602	1.00	1.00	-
			POLICE COMMANDER	601	1.00	1.00	-
			POLICE ADMINISTRATIVE SERVICES MANAGER	201	1.00	1.00	-
			POLICE SERGEANT	524	4.00	4.00	-
			POLICE OFFICER	516	15.30	15.30	-
			RECORDS SUPERVISOR	514	1.00	1.00	-
			COMMUNITY SERVICE OFFICER	507	2.00	2.00	-
			PARKING ENFORCEMENT OFFICER	506	1.00	1.00	-
			ANIMAL CONTROL OFFICER	505	0.00	0.00	-
			ADMINISTRATIVE TECHNICIAN	170	1.00	1.00	-
			POLICE SERVICES TECHNICIAN	508	5.00	5.00	-
			TOTAL POLICE DEPARTMENT FULL-TIME		**32.30**	**32.30**	**-**

FY 21/22 AUTHORIZED STAFFING

	Dept	Div.	Positions	Pos. #	Proposed FY 21-22 FTE%	Amended FY 21-22 FTE%	Net Difference FTE%	
Part-time								
	30	301	COMMUNITY SERVICE OFFICER	507	0.50	0.50	-	
			PROGRAM MANAGER	219	0.00	0.00	-	
			CROSSING GUARD	40	0.00	0.00	-	
			TOTAL POLICE DEPARTMENT PART-TIME		**0.50**	**0.50**	**-**	
			TOTAL		**32.80**	**32.80**	**-**	
Library								
Full-time								
	40	401	LIBRARY DIRECTOR	217	1.00	1.00	-	
			LIBRARIAN	208	1.75	1.75	-	
			SENIOR LIBRARIAN	217	0.00	0.00	-	
			ADMINISTRATIVE TECHNICIAN	170	0.75	0.75	-	
			LIBRARY TECHNICIAN	123	0.75	0.75	-	
			LIBRARY CLERK	199	0.00	1.50	1.50	Approved by Council - Cost neutral change from temporary
			SENIOR LIBRARY ASSISTANT	144	1.00	1.00	-	salary pool
			TOTAL LIBRARY FULL-TIME		**5.25**	**6.75**	**1.50**	
Part-time								
	40	401	LIBRARIAN	208	0.00	0.00	-	
			LIBRARY CLERK	199	0.00	0.00	-	
			TOTAL LIBRARY PART-TIME		**0.00**	**0.00**	**-**	
			TOTAL		**5.25**	**6.75**	**1.50**	
Information Services								
Full-time		133	SENIOR PROGRAM MANAGER	206	1.00	1.00	-	
			MANAGEMENT ANALYST	208	0.75	0.75	-	
			ADMINISTRATIVE SERVICES DIRECTOR	304	0.05	0.05	-	
			IT SUPPORT SPECIALIST	-	0.00	0.75	0.75	Approved by Council - Assist with recruitment efforts
			TOTAL INFORMATION SERVICES FULL-TIME		**1.80**	**2.55**	**0.75**	
Part-time		133						
			INTERN/IT TECHNICIAN		0.50	0.00	(0.50)	
			TOTAL INFORMATION SERVICES PART-TIME		**0.50**	**0.00**	**(0.50)**	Approved by Council - Reclassified vacant position
			TOTAL		**2.30**	**2.55**	**0.25**	
Recreation								
Full-time								
	42	421	RECREATION					
			PUBLIC WORKS DIRECTOR	207	0.20	0.20	-	
			ADMINISTRATIVE TECHNICIAN	170	0.20	0.20	-	
			PROGRAM MANAGER	219	1.00	1.00	-	
			RECREATION COORDINATOR, SENIOR	217	0.00	0.00	-	
			MANAGEMENT ANALYST	208	0.00	0.00	-	
			RECREATION COORDINATOR	118	1.75	1.75	-	
			OFFICE ASSISTANT	104	0.00	0.00	-	
			TOTAL RECREATION FULL-TIME		**3.15**	**3.15**	**-**	
Part-time								
		421	RECREATION ASSISTANT II	51	0.00	0.00	-	
			RECREATION ASSISTANT I	10	0.00	0.00	-	
			RECREATION ACTIVITIES SUPERVISOR		0.00	0.00	-	
			RECREATION COORDINATOR	118	0.00	0.00	-	
			PRE-SCHOOL MANAGER	62	0.00	0.00	-	
			TOTAL RECREATION PART-TIME (3)		**0.00**	**0.00**	**-**	
			TOTAL		**3.15**	**3.15**	**-**	
General Fund								
Public Works								
Full-time								
	50	501	PUBLIC WORKS DIRECTOR	207	0.30	0.30	-	
			ADMINISTRATIVE TECHNICIAN	170	0.40	0.40	-	
			CONSTRUCTION PROJECT SUPERVISOR	209	0.00	0.00	-	
			CONSTRUCTION PROJECT MANAGER	209	0.10	0.10	-	
			PROGRAM MANAGER	219	0.50	0.50	-	
			SENIOR PROGRAM MANAGER	206	0.25	0.25	-	
			MANAGEMENT ANALYST	208	0.00	0.00	-	
		502	EQUIPMENT MECHANIC	156	2.00	2.00	-	
		503	MAINTENANCE SUPERVISOR	154	0.50	0.50	-	
			ADMINISTRATIVE TECHNICIAN	170	0.00	0.00	-	
			CUSTODIAN	115	1.00	1.00	-	
			CONSTRUCTION PROJECT SUPERVISOR	209	0.00	0.00	-	
			CONSTRUCTION PROJECT MANAGER	209	0.20	0.20	-	

FY 21/22 AUTHORIZED STAFFING

	Dept	Div.	Positions	Pos. #	Proposed FY 21-22 FTE%	Amended FY 21-22 FTE%	Net Difference FTE%
Public Works (Cont.)			MAINTENANCE WORKER	132	8.00	8.00	-
			PUBLIC WORKS DIRECTOR	207	0.10	0.10	-
			MAINTENANCE WORKER, SENIOR	146	0.95	0.95	-
		505	MAINTENANCE SUPERVISOR	154	0.00	0.00	-
			ADMINISTRATIVE TECHNICIAN	170	0.50	0.50	-
			MAINTENANCE WORKER SENIOR	146	0.40	0.40	-
			PROGRAM MANAGER	219	0.00	0.00	-
			PROGRAM MANAGER, SENIOR	206	0.25	0.25	-
			CONSTRUCTION PROJECT SUPERVISOR	209	0.00	0.00	-
			CONSTRUCTION PROJECT MANAGER	209	0.00	0.00	-
			ENGINEERING TECHNICIAN	102	0.00	0.00	-
			MAINTENANCE WORKER	132	3.30	3.30	-
			PUBLIC WORKS DIRECTOR	207	0.05	0.05	-
	01	513	ADMINISTRATIVE TECHNICIAN	**170**	0.25	0.25	-
			PUBLIC WORKS FULL-TIME		**19.05**	**19.05**	**-**
Part-time							
		503	CUSTODIAN	115	0.50	0.50	-
		505	MAINTENANCE WORKER	132	0.00	0.00	-
			ADMINISTRATIVE TECHNICIAN	170	0.00	0.00	-
			TOTAL PUBLIC WORKS PART-TIME		**0.50**	**0.50**	**-**
			TOTAL		**19.55**	**19.55**	**-**
Enterprise Funds							
Cemetery							
Full-time							
	60	601	MAINTENANCE WORKER	132	0.80	0.80	-
			MANAGEMENT ANALYST	208	0.00	0.00	-
			MAINTENANCE SUPERVISOR	154	0.20	0.20	-
			PROGRAM MANAGER, SENIOR	206	0.15	0.15	-
			ADMINISTRATIVE SERVICES MANAGER		0.00	0.00	-
			ADMINISTRATIVE SERVICES DIRECTOR	601	0.05	0.05	-
			TOTAL CEMETERY FULL-TIME		**1.20**	**0.75**	**-**
Part-time			CEMETERY OFFICE ASSISTANT	136	0.75	0.75	-
			TOTAL CEMETERY PART-TIME		0.75	0.75	-
			TOTAL		**1.95**	1.95	-
Sewer							
Full-time							
	76	611	PROGRAM MANAGER	217	0.50	0.50	-
			SENIOR PROGRAM MANAGER	206	0.50	0.50	-
			ADMINISTRATIVE TECHNICIAN	170	0.45	0.45	-
			CONSTRUCTION PROJECT MANAGER	209	0.50	0.50	-
			MANAGEMENT ANALYST	208	0.00	0.00	-
			MAINTENANCE SUPERVISOR	154	1.30	1.30	-
			MAINTENANCE WORKER SENIOR	146	0.35	0.35	-
			MAINTENANCE WORKER	132	1.10	1.10	-
			PUBLIC WORKS DIRECTOR	207	0.35	0.35	-
			TOTAL SEWER FULL-TIME		**5.05**	**5.05**	-
			TOTAL		**5.05**	**5.05**	**-**
Special Revenue Funds							
Gas Tax							
Full-time							
	18	508	MAINTENANCE WORKER SENIOR	146	0.30	0.30	-
			MAINTENANCE WORKER	132	0.60	0.60	-
			ADMINISTRATIVE TECHNICIAN	170	0.45	0.45	-
			TOTAL GAS TAX FULL-TIME		**1.35**	**1.35**	**-**
			TOTAL		**1.35**	**1.35**	-
Lighthouse							
Part-Time		413	LIGHTHOUSE DOCENT COORDINATOR	50	0.50	0.50	-
			CASHIER	90	1.00	1.00	-
			TOTAL LIGHTHOUSE PART-TIME		**1.50**	**1.50**	-
			TOTAL		**1.50**	**1.50**	-
Yount							
Full-time		510	MAINTENANCE WORKER	132	0.20	0.20	-
			TOTAL YOUNT FULL-TIME		**0.20**	**0.20**	-
			TOTAL		**0.20**	**0.20**	-

FY 21/22 AUTHORIZED STAFFING

					Proposed	Amended	Net
					FY 21-22	FY 21-22	Difference
	Dept	Div.	Positions	Pos. #	FTE%	FTE%	FTE%
SLESF Police Officer							
Full-time							
		309	POLICE OFFICER SLESF	516	0.70	0.70	-
			TOTAL SLESF FULL-TIME		**0.70**	**0.70**	-
			TOTAL		**0.70**	**0.70**	-
Internal Service Funds							
Workers Comp							
Full-time							
	70	701					
			MANAGEMENT ANALYST	208	0.19	0.19	-
			ADMINISTRATIVE SERVICES DIRECTOR	304	0.05	0.05	-
			TOTAL WORKERS COMP FULL-TIME		**0.24**	**0.24**	-
			TOTAL		**0.24**	**0.24**	**-**
Risk Management							
Full-time							
	70	702	ADMINISTRATIVE SERVICES MANAGER	212	0.00	0.00	-
			SENIOR PROGRAM MANAGER	206	0.15	0.15	-
			ADMINISTRATIVE SERVICES DIRECTOR	304	0.05	0.05	-
			MANAGEMENT ANALYST	208	0.05	0.05	-
			TOTAL RISK MANAGEMENT FULL-TIME		**0.25**	**0.25**	-
			TOTAL		**0.25**	**0.25**	**-**
			TOTAL FULL-TIME EMPLOYEES		**87.30**	**89.10**	**2.25**
			TOTAL PART-TIME EMPLOYEES		**8.75**	**8.25**	**(0.50)**
			GRAND TOTAL ALL DEPARTMENTS		**96.05**	**97.35**	**1.75**

General Fund Capital Outlay and Select Expenditures

Items not Included - Subject to Consideration for the Proposed Capital Outlay Appropriation

Generator Purchase - Noncompliant (Sewer/B&G), total $40k	20,000
Two Street Light poles - Downtown LH	20,000
Two Street Light Poles - Forest Ave	20,000
Two New Hybrid Patrol Vehicles and Outfitting	140,000
AC Unit for Library Datacenter	5,000
Wireless Access Points Additions / Upgrades	10,000
Cybersecurity Assessment	35,000
Library Data Center Relocation	25,000
	275,000

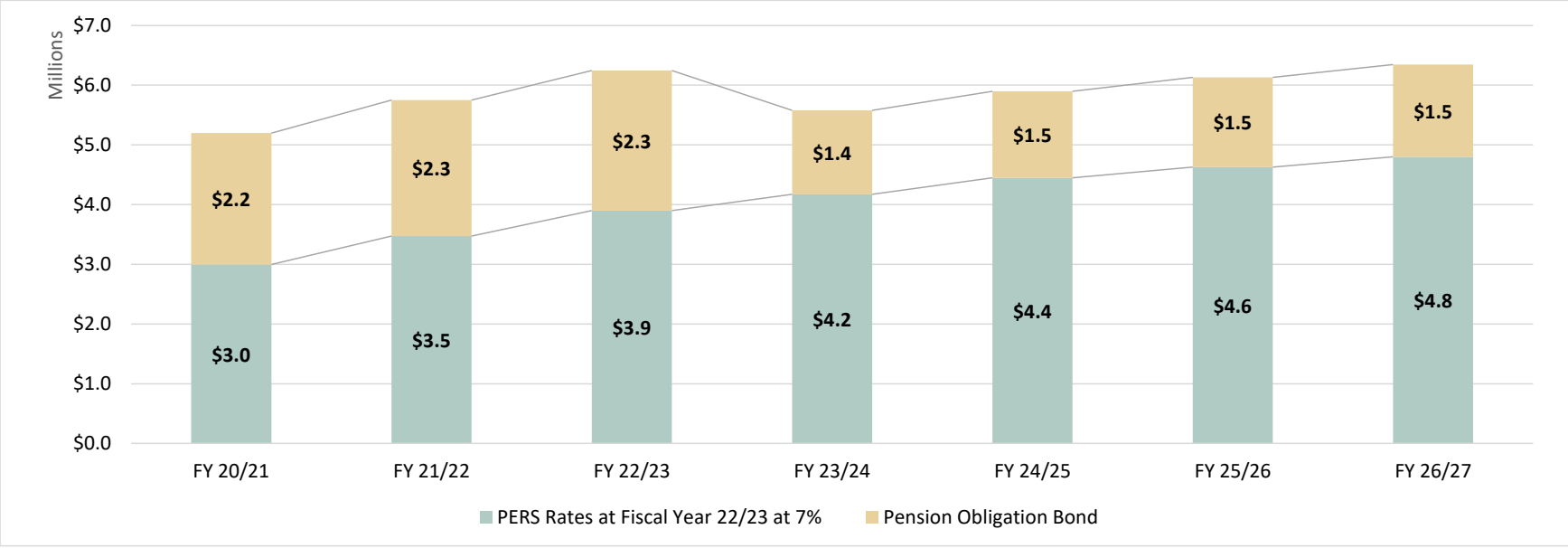
Items within the General Fund Line Items

Fee Study - Council Goals include CDD Fees and Development Impact Fee Studies *(Estimate includes development impact fees; and all City fees)*	48,000
State's fees to implement the sales tax measure	40,000
General Plan Amendments	100,000
Annual Monarch Sanctuary Maintenance and Management Plan	10,000
Matching Funds for a grant to develop a long-term strategy for managing the Monarch Sanctuary	25,000
Purchase trees for City properties	35,000
Contribution to Parking Management Plan and Study	20,000
	278,000

Unfunded Pension Liability and Pension Obligation Bond Payments

Amount Based on CalPERS Actuarial Report [1]	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
	2,996,575	3,474,351	3,901,239	4,172,000	4,449,000	4,629,000	4,800,000
Annual increase - Unfunded Liability Payment		*477,776*	*426,888*	*270,761*	*277,000*	*180,000*	*171,000*

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
PERS Rates at Fiscal Year 22/23 at 7%	2,996,575	3,474,351	3,901,239	4,172,000	4,449,000	4,629,000	4,800,000
Pension Obligation Bond	2,200,000	2,275,000	2,345,000	1,405,000	1,450,000	1,500,000	1,545,000
Combined Amount	5,196,575	5,749,351	6,246,239	5,577,000	5,899,000	6,129,000	6,345,000
Annual change - Combined Unfunded Liability and POB payments		*552,776*	*496,888*	*(669,239)*	*322,000*	*230,000*	*216,000*



(1) Reflects most recent CalPERS Actuarial Report, Valuation date of June 30, 2020

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Daniel Gho, Public Works Director / Deputy City Manager; Tori Hannah, Administrative Services Director / Assistant City Manager
MEETING DATE:	May 4, 2022
SUBJECT:	Local Water Project Business Plan Peer Review ***To commence not later than 9:00 p.m.***
CEQA:	Environmental Impact Report

RECOMMENDATION

Receive the Peer Review of Pacific Grove Local Water Project Business Plan prepared by DTA, validating the City's assumptions noted in the Business Plan, and authorize staff to being negotiations with CourseCo; and approve a loan repayment plan for the Sewer Fund Interfund Loan.

DISCUSSION

The Local Water Project (The Plant) is owned by the City of Pacific Grove, who orchestrated the financing and construction of the treatment plant. The Plant is operated and maintained under contract by a third-party vendor, PercWater. The Plant was constructed to ensure long term vitality of the Pacific Grove Golf Links and El Carmelo Cemetery by replacing the potable water source with recycled water for irrigation purposes.

Making the switch to recycled water significantly reduced the City's demand for potable water (approximately 95 acre feet annually), allowed for the repurposing of an abandoned City facility (the former sewer treatment plant at 1313 Oceanview Blvd.), and created a recycled water source for other City facilities and 3rd party customers. To this end, the plant can produce up to .25 Million Gallons of water daily and 125 acre feet annually.

To construct the plant, the City secured $2.4 million in grants and $5.2 million in low-interest loans from the State of California. Total construction cost was $7.6 million. With the reduction in potable water use created by switching the irrigation of the golf course and cemetery over to recycled water, the State allowed the City to sell entitlement water. It was determined that 47.88 acre feet were eligible for entitlement sale, with a price established by the City Council.

The Plant currently operates at a loss. On average, sales of recycled water have totaled approximately $535,000 annually, while The Plant operation and debt service costs total $740,000. Changes to the contract operation of The Plant would not likely yield significant savings, and additional customers of significant scope are not foreseeable at the current time. Water entitlements are recorded as an asset in the City's General Fund. The corresponding entitlement sales, which are currently deposited in the City's General Fund, could be transferred to the plant's enterprise fund to assist with bridge funding;

however this resource is finite and there is no guarantee of annual sales. From a sustainability perspective, long-term solutions are needed to not only cover operating costs, but also identified capital improvements. A repayment plan also needs to be established for the $600,000 Sewer Fund Interfund Loan.

One potential solution that would allow The Plant to be self-sufficient would be to increase or "ramp-up" the rates charged to all customers to allow for full recovery of operating costs and plan for capital improvements. This includes increasing the rates for the LWP's largest customer – CourseCo., who operates the Pacific Grove Municipal Golf Links through a City contract. One-time water entitlement sales could be used to repay the Sewer Fund Interfund Loan to avoid an additional impact to the rate structure; and/or could be used to supplement rates during the ramp-up period.

City staff presented potential adjustments to the CourseCo lease at the City Council's August 4, 2021 closed session meeting, to receive authorization to begin negotiations with CourseCo, in an attempt to balance Plant expenditures with increased revenues. The City Council directed staff to retain a third party vendor to review Plant expenditures and revenues and evaluate a break even cost analysis.

At the October 20, 2021 City Council Meeting, the City approved an agreement with DTA to evaluate Plant revenues and expenditures; and conduct a break even cost analysis. Other options presented included initiating a rate study or working with a CPA firm to conduct an Agreed Upon Procedures Review. Staff worked with DTA to review the Draft Local Water Project Business Plan (Attachment 1), as well as the information included in the report. DTA presented the peer review memo to City staff for review dated January 7, 2022 (Attachment 2). It also included updated information for actual revenues and expenditures for Fiscal Year 20/21 to assist in evaluating operations. For consistency purposes, the Draft Local Water Project Business Plan includes the original information from August 4, 2021; and an updated Scenario IV to reflect the actual Fiscal Year 20/21 data. This provides an additional data point for assessing LWP operations, as well as reflects operating levels under drought conditions. The primary difference between the City's and the DTA's scenario, is that the City is assuming water entitlements will be used to assist in supplementing a ramp-up of rates, as well as a loan repayment source.

DTA has determined after review of the City's Business Plan and rate analysis that the City's analysis of revenues and costs, debt service and available fund balances on an annual basis is rational, supportable and is consistent with industry practice. The City's financial model follows closely with the recommendations of American Water Works Association (AWWA) Manual of Water Supply Practices. Furthermore, DTA has determined that to achieve a sustained, breakeven operation, City must impose steep increases in early years to reach a rate level of over $0.03 per gallon with modest increases thereafter.

With these validations, Staff requests the Council authorize negotiations to begin with CourseCo, using the breakeven cost analysis presented in the DTA memo as a basis for the discussions. Any updates regarding negotiations and proposed adjustments to the lease will be provided to Council in closed session.

Staff is also recommending using the proceeds from the $625,187 promissory note to repay the Sewer Fund Interfund Loan. This note is anticipated to be paid in Fiscal Year 22/23. The use of an alternate repayment source would provide the LWP with a "fresh start". The interest rate on the loan would be based on the percentage earned by the City's investment portfolio from the time the funds were transferred to the LWP Fund to the time of the repayment. The principal would be repaid upon receipt of the promissory note; and interest would be paid to the Sewer Fund at the close of each quarter, with a retroactive payment made for the periods that have elapsed. This would make the Sewer Fund "whole"

by restoring all amounts owed to the Sewer Fund, as well as providing an equivalent amount of interest earnings. Approval of the loan terms will also allow the City to formally book the repayment plan and disclose it in the upcoming audited financial statements.

Council may also request that staff update the scenarios included on Page 14 of the Business Plan to reflect the Fiscal Year 20/21 actual amounts; or the complete plan to assist with decision-making. The original plan was not revised to maintain consistency with the peer review process.

OPTIONS

1. Provide alternate direction
2. Request staff to update the complete LWP Business Plan and related scenarios to reflect the Fiscal Year 20/21 actual amounts.

FINANCIAL IMPACT:

There is no fiscal impact by receiving this report. Any potential lease adjustments, the development of a repayment plan, or amendments to the budget will be brought back to the City Council at a later date.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

Local Water Project Business Plan

DTA memo

PPT

PACIFIC GROVE LOCAL WATER PROJECT BUSINESS PLAN

CITY HALL

300 FOREST AVENUE

PACIFIC GROVE CA 93950

WWW.CITYOFPACIFICGROVE.ORG



CITY OF PACIFIC GROVE

1313 OCEAN VIEW BOULEVARD

PACIFIC GROVE, CA 93950

Prepared by

Daniel Gho: Public Works Director

Tori Hannah: Administrative Services Director

July 21, 2021

(Includes the original Scenario IV and a revision to reflect FY 20/21 Actual revenues and expenditures)

Executive Summary

The Local Water Project (The Plant) is owned by the City of Pacific Grove, who orchestrated the financing and construction of the treatment plant. The Plant is operated and maintained under contracted by a third-party vendor, PercWater. The Plant was constructed to ensure long term vitality of the Pacific Grove Golf Links and El Carmelo Cemetery by replacing the potable water source with recycled water for irrigation purposes.

Making the switch to recycled water significantly reduced the City's demand for potable water (approximately 95 acre feet annually), allowed for the repurposing of an abandoned City facility (the former sewer treatment plant at 1313 Oceanview Blvd.), and created a recycled water source for other City facilities and 3rd party customers. To this end, the plant can produce up to .25 Million Gallons of water daily and 125 acre feet annually.

To construct the plant, the City secured $2.4 million in grants and $5.2 million in low-interest loans from the State of California. Total construction cost was $7.6 million. With the reduction in potable water use created by switching the irrigation of the golf course and cemetery over to recycled water, the State allowed the City to sell entitlement water. It was determined that 47.88 acre feet were eligible for entitlement sale, with a price established by the City Council. Currently, the established price for entitlement water is $175k/acre foot, a price that is available through the end of December, 2021.

The Plant currently operates at a loss. On average, sales of recycled water have totaled approximately $510,000 annually, while The Plant operation and debt service costs total $740,000 (1). Changes to the contract operation of The Plant would not likely yield significant savings, and additional customers of significant scope are not forseeable at the current time. Entitlement water sales, which currently are deposited to the City's General Fund, could be deposited instead to the plant's enterprise fund. But water entitlement sales do not yield a consistent and steady stream of income. While there has been at least one significant sale of entitlement water (promissory note in the amount of approximately $600k), and another potential promissory note (pending City Council review and approval) of approximately $1.2 million on the horizon, it is not sufficient to supplement long-term operations, or use as set aside funds for identified capital improvements.

One potential solution that would allow The Plant to be self-sufficient would be to increase the rates charged to all customers to allow for full recovery of operating costs and plan for capital improvements. This includes increasing the rates for the LWP's largest customer – CourseCo., who operates the Pacific Grove Municipal Golf Links through a City contract; and the city-owned Cemetery.

(1) This amount reflects the prior year and FY 20/21 budgeted revenues and expenditures. The preliminary revenues are trending approximately $65,000 higher than anticipated, while expenditure accruals are still pending.

Table of Contents

1. The Business

    a. Description of Business 5

    b. Competition 5

    c. Marketing/ Customers 6

    d. Operating Procedures 7

    e. Personnel 7

    f. Insurances 8

2. Financial Data

    a. Current Fiscal Conditions 8

    b. Cash Flow 9

    c. Debt 10

    d. Capital Equipment 11

    e. Recycled Water Rates 12

    f. Alternatives 13

3. Recommendations 14

4. Appendix 17

    a. Engineer's Equipment Replacement Schedule

    b. CalAm Water Company Rate Schedule

    c. Sample Operating Statement, Scenario IV

    d. Revised Sample Operating Statement, Scenario IV

    (Reflects Fiscal Year 20/21 Actual revenues and expenditures, with updates to consumption in the forecast years to reflect the revised three-year average)

THE BUSINESS

Description of Business

The City of Pacific Grove (City) has developed the Pacific Grove Local Water Project (PGLWP). The primary purpose of the project is to produce and distribute high quality recycled water to replace potable water used for non-potable water demands. The PGLWP consisted of the construction of a sewer diversion structure, a 0.25 million gallons per day satellite recycled water treatment plant (SRWTP), waste pump station and force main pipeline, recycled water pump station, approximately 0.50 miles (2,800 linear feet (LF)) of 8-inch pipeline to convey recycled water to existing irrigation systems, connections to two public restroom for toilet flushing, and onsite retrofits required for the use of recycled water and 1,100 feet of 1-inch diameter potable water pipeline. The project can serve up to 125 acre-feet per year (AFY) of recycled water primarily to the City of Pacific Grove Golf Links, Point Pinos Lighthouse and El Carmelo Cemetery. The predominant use of recycled water is for landscape irrigation. Irrigation occurs primarily at night to maximize water management efficiency and minimize public contact.

Competition

The City of Pacific Grove is located on the tip of the Monterey Peninsula on the Central California Coast. The region is dependent on local rainfall for replenishment of its water supplies. Rainfall patterns have resulted in severe droughts. Near coastal groundwater pumping has resulted in increasing total dissolved solids concentrations, seawater intrusion and overdraft of the local aquifers. Diversions and pumping of the under drain of the Carmel River has put critical riparian habitat, as well as federal and state listed endangered and threatened species, at risk.

The City's water purveyor, California American Water Company (CAW), is now subject to pumping restrictions pursuant to State Water Resourced Control Board (SWRCB) Order 95-10, the related issuance of a Cease and Desist Order (CDO) by the SWRCB (Order WR2009-0060), and their reduced pumping of the Seaside Groundwater Basin (SGWB), mandated by its adjudication.

The PGLWP has replaced City irrigation and other demands, that was once met with potable sources, with non-potable supplies creating a new water supply offset up to 125 AFY of potable water. The potable water offset would assist CAW in meeting its obligations to find a replacement to its use of water from the Carmel River and reduce pumping in the SGWB. The PGLWP can reduce the operational production of CAW's up to 125 AFY. The current Cal Am cost for water and delivery for irrigation uses is approximately .029 per gallon, when all surcharges, fees, and taxes are included. The PGLWP is selling reclaimed water at .0173 per gallon, or $5,637 per acre foot.

Marketing / Customers

Sites may use recycled water for a variety of uses approved by the State Department of Public Health. These include but are not limited to: landscape irrigation; agricultural irrigation; construction uses such as dust control, soil compaction, and backfill consolidation; commercial/industrial purposes such as cooling towers, boiler feed, air conditioning, commercial laundries, commercial car washes, concrete mixing, process rinsing and textile dying; landscape impoundments such as fountains and water features; and toilet and urinal flushing in non-residential facilities.

The PGLWP is sized to serve up to 125 acre-feet per year (AFY) of recycled water, mostly to the City of Pacific Grove Golf Links, Point Pinos Lighthouse landscaping and El Carmelo Cemetery. Additionally, the PGLWP provides reclaimed water for construction truck fill and toilet flushing at Crespi Pond bathroom and the golf course restroom on the 5th hole of the links (toilet flushing included in golf totals). The City of Pacific Grove is the responsible party for the distribution and use of the recycled water at the customer sites.

Below is a summary of water sold since the plant began operations:

Acre Feet of Water Sold per Calendar Year			
Location	**2018**	**2019**	**2020 (Jan - Dec)**
Golf Course	80.23	77.09	72.13
Cemetery/ Lighthouse	14.28	17.1	19.17
Truck Fill	1.3	1.52	2.07
Total	95.81	95.71	93.37

The project was sized to deliver up to 125 Acre feet of reclaimed water annually, and as noted above there are numerous uses for reclaimed water, but the challenge is increasing the volume of reclaimed water sales, to maximize the plants capacity, and produce the 125 acre feet. The City is constrained by steep capital costs associated with extending underground infrastructure to expand reclaimed water use to additional sites.

To efficiently expand the PGLWP end users would have to be within proximity of the golf course to keep infrastructure delivery costs down. The golf course has reclaimed pipe running within its 65 acres of turf. Parks that could realize the use of reclaimed water would be Perkins Park, Lovers Point Park and Caledonia Park. Expansion to these parks would only generate an additional 5-6 acre feet of reclaimed water sales annually, but the reduction of potable water for irrigation and not having to rely on the potable source to irrigate these parks has significant environmental and sustainability aspects. Additionally, the potable offset with any expansion, may generate an increase of potable water entitlements.

Location	Distance to connect	Cost of expansion @ $100 L.F	Estimated revenues annually
Lovers Point Park	1100 Linear Feet	$110,000	$15,641
Caledonia Park	549 Linear Feet	$54,900	$11,731
Perkins Park	2900 Linear Feet	$290,000	$10,167

At a potential base price of .024 the expansion of the LWP may produce an additional $37,500 annually; or $48,500 at the estimated plant recovery rate of $.0310. The cost of expansions noted in the table above are only estimates, but a significant expense would need to be approved to initiate the expansion. That cost is estimated at $454,900 for the potential expansion of the service area. Grant opportunities to pursue this effort could also be explored.

In addition to the infrastructure improvements, approvals will have to be granted by the Central Coast Regional Water Board and also by the State Water Resource Control Board, Department of Drinking Water. This approval would come after the completion of a cross connect test and a report specifying the validate of the test to ensure that there are no cross connections of the reclaimed water supply with the potable supply at the noted locations.

Operating Procedures

The City completed construction of the LWP via a design-build contract in January of 2018. The primary purpose of the Project is to produce and distribute high quality recycled water to replace potable water used for non-potable irrigation and toilet flushing demands. The LWP consists of a 0.25 million gallon per day Water Recycling Facility with an annual production capacity of 125 acre-feet per year.

In November of 2017, the City entered into an agreement with PercWater for operations and maintenance of the LWP. The high level scope of the agreement is to provide operations, maintenance, and management of the treatment plant. The operator is also tasked with providing all monitoring, reporting and State compliance. The agreement has a fixed cost for operations at $214,968 per year for a five-year period, with an annual increase tied to the Rider Levett Bucknall Quarterly Construction Cost Report local to Los Angeles. Additionally, there is a charge per acre foot of treated water set at $196.00 per acre foot of all influent.

The Asset Management Agreement is effective for a five-year period. Upon completion of the five-year period, the City may choose to renegotiate and implement a contract extension, if this is the desired approach. PercWater has been meeting the requirements of the Operations and Maintenance Agreement and is a suitable partner to the City for the operations of the plant.

Personnel

To properly manage and operate the plant, PercWater is required to staff the facility at least 6 hours a day during weekdays, and two hours per day on the weekends and holidays, with operators possessing at least a Grade III wastewater certificate. Their team consists of two onsite employees that rotate shifts, an Area Operations Manager that completes all reporting requirements and provides management to the onsite employees, and the Vice President of Operations.

Insurances

PercWater is required to maintain and require all of its subcontractors, consultants and other agents to maintain insurances noted within the agreement also. The required insurances include:

1. Workers Compensation and Employer Liability Insurance
2. General Liability Insurance
3. Automobile Liability Insurance
4. Pollution Liability Insurance
5. Professional Liability/Error & Omissions Insurance
6. Standards for Insurance Companies and Documentation

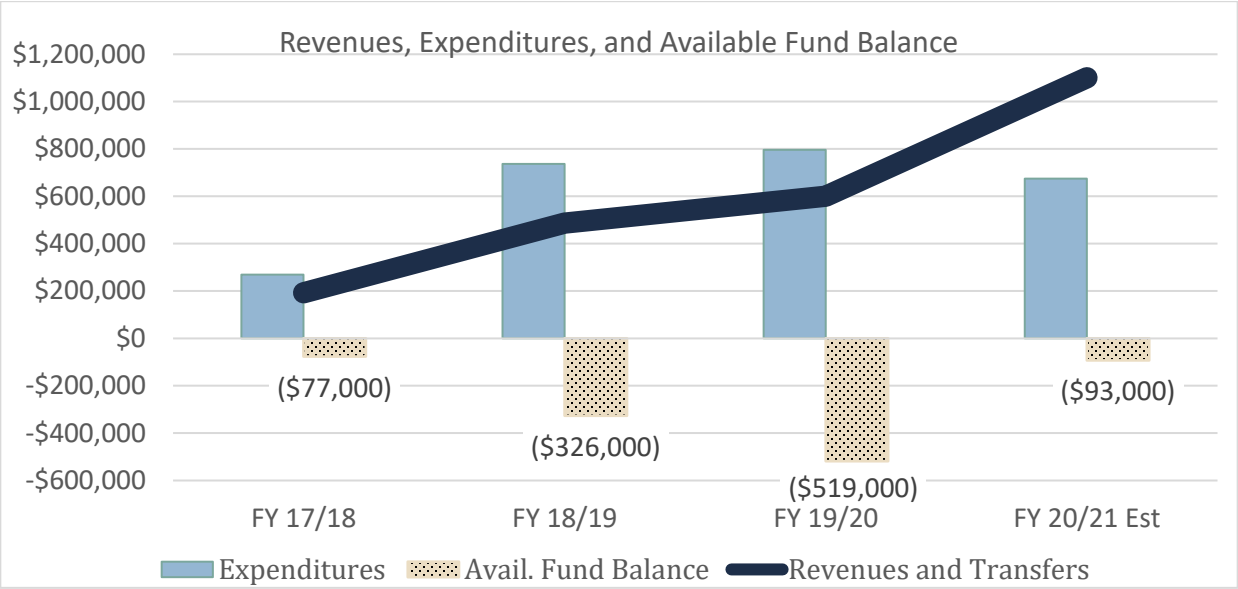
FINANCIAL DATA

Current Financial Condition

The Local Water Project initiated operations in the middle of Fiscal Year 17/18. In the first year of operations, there were remaining project expenditures of approximately $76,500 that were not covered by the State Water Resources Loan. These costs were paid through a transfer from the General Fund in Fiscal Year 19/20. In the first two full years of operations, operational costs continued to exceed operating revenues. The average operational deficit, net of transfers was approximately $260,000. This amount is reduced to $230,000 when the Fiscal Year 20/21 estimates are included in the calculation.

In Fiscal Year 20/21, the City approved a $600,000 loan from the Sewer Fund to the Local Water Project to assist in covering the negative fund balance. This 2021 LWP Interfund Loan was intended to supplement the current deficit fund balance and to allow time to assess the LWP operations and develop a financial sustainability plan. The addition of an unanticipated prior period utility payment is estimated to create a negative fund balance of $93,000 at the end of Fiscal Year 20/21.

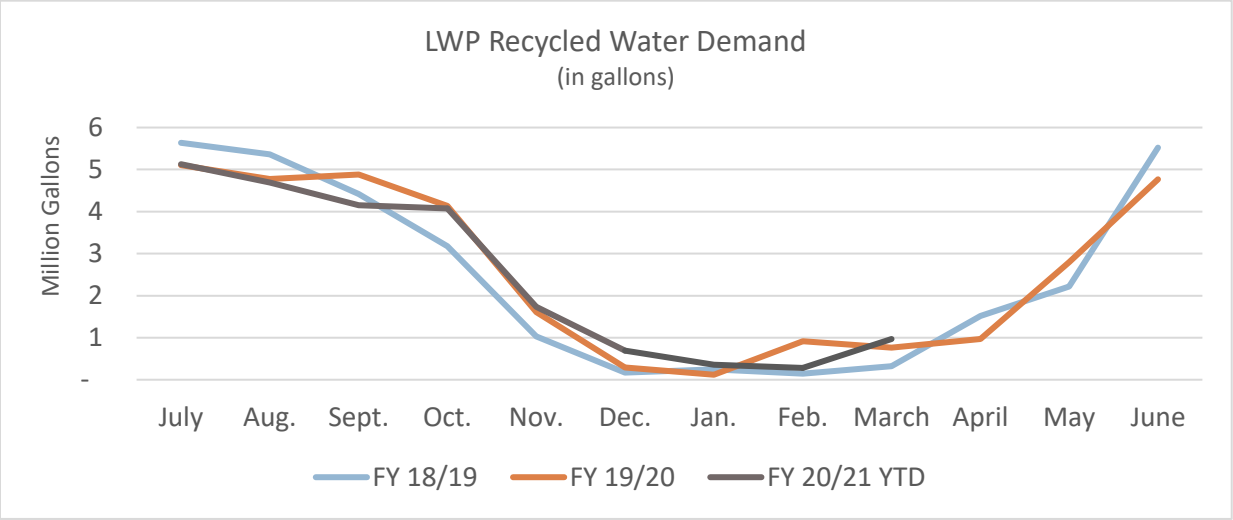
An overview of the operating trends is presented in the chart below.



The additional information included in this document provides a foundation to assist in evaluating fiscal sustainability options, as well as sample recommendations.

Cash Flow

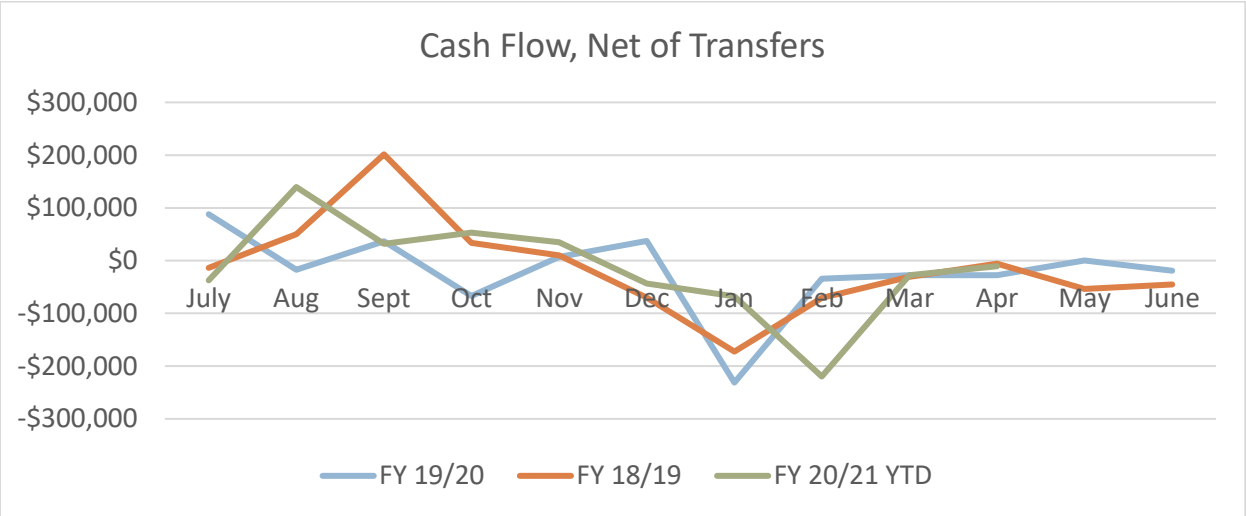
The Local Water Project has uneven cash receipting patterns. Recycled water is consumed on a seasonal basis, with demand peaking in summer months and declining in winter or rainy seasons. An overview of consumption trends is presented in the subsequent chart.



The Local Water Project's revenue receipting patterns is similar to demand trends; however an annual debt service payment of approximately $206,448 is payable in February. In addition to a

reduction in recycled water sales during winter months, this payment contributes to the temporary decline in operating cash. Water sales are billed to external customers in the month following consumption, while cash for internal customers, such as the Cemetery and City are transferred at the point of invoice. Revenues from external customers are typically received within 30 days of billing. The chart listed below represents the Local Water Project's cash receipting trends. Any supplementary loans or transfers have been excluded to illustrate the typical cash flow patterns.

The chart identifies the seasonal troughs which are fairly consistent within the three-year period. The average lowest points within the period is approximately $250,000.



Debt

California State Water Resources Revolving Loan

To construct the project, the City received an $2.4 million California Prop 13, Safe and Reliable Water Sources construction grant and a $5.2 million 1% State Revolving Fund Loan. The term of the loan is from November 17, 2015 to February 1, 2048, with an annual repayment of $206,448.28.

2021 LWP Interfund Loan

In Fiscal Year 20/21, the City approved a loan from the Sewer Fund to the Local Water Project for $600,000. This loan was initiated to assist in covering the deficit fund balance, while providing additional time to review operating solutions.

An overview of recommended repayment strategies and terms are provided in the Recommendations section of this document.

Capital Equipment

There are numerous pieces of equipment associated with the operations of the LWP, some pieces are minor and will not require significant capital to repair or replace. These pieces of equipment are typically flowmeters, smaller pumps, compressors, and control panels.

The major pieces of equipment, which will require replacement or major maintenance and /or repair include the reuse pump station, the screens, UV disinfection, membranes, and permeate pumps.

During the first three full years of operations, there has not been a need to purchase capital equipment. The initial project documents included an Estimated Costs for the Major Maintenance, Repair and Replacement Schedule for the 0.25 MGD facility over a 30-year timeframe. This information is included in the Appendix. In addition to recovering operating costs through a new rate structure, funds for major purchases should also be incorporated into the rate. While debt financing could be considered for significant capital improvements, it is also typical to pay for planned costs through an equipment reserve. The use of financing could also be initially challenging due to debt service coverage ratios that may be required by lenders.

The base engineer's estimate is provided, along with an estimate of the costs adjusted by a 2% CPI for the outlying years.

Capital Replacement and Membranes									
Replacement Interval	Assumed Purchase Year		Membrane Replacement Costs [1]		Capital Expenditure		Total		Adjusted for current dollars at est. 2.0% CPI [2]
1-5	FY 22/23	YR 5			$ 90,750		$ 90,750		$ 104,243
6-10	FY 27/28	YR 10	42,500		619,468		661,968		839,535
11-15			95,000		1,220,558		1,315,558		1,842,099
16-20					1,477,698		1,477,698		2,284,491
21-25			95,000		662,203		757,203		1,292,460
26-30			95,000		1,134,573		1,229,573		2,317,180
			$ 327,500		$ 5,205,250		$ 5,532,750		$ 8,680,008

(1) Membrane costs allocated to be in alignment with capital expenditures.
(2) Capital equipment estimate of $5,205,249 in 2015 dollars, with annual contribution of $173,508

The engineer estimated that an annual accrual of $173,508 the 30-year term totaling $5,205,249 for capital expenditures should be reserved. This amount was represented in 2015 dollars. When this amount is adjusted for inflation, the annual contribution to support capital expenditures and membrane replacements is $289,344 or an average of both rates at approximately $237,000.

Recycled Water Rates

The current rate for recycled water is 0.0173. The break-even rate for the last fiscal years is presented below. The first table includes the cost recovery rate for operating expenditures and debt service. The second table calculates the average cost per gallon using expenditures for the three fiscal years, along with the average capital equipment and membrane costs in 2015 dollars; and the average costs inflated by a 2% CPI over the forecast period.

Cost per Gallon Based on Actual and Estimated Costs			
	FY 18/19	FY 19/20	FY 20/21 Est.
Expenditures	$737,088	$795,819	$675,000
Gallons sold	29,741,422	31,126,940	30,434,000
Avg. Cost per gallon	$0.0248	$0.0256	$0.0222

Avg. Cost per Gallon (CPG) with Capital and Significant Equipment Replacement Costs			
	FY 18/19	FY 19/20	FY 20/21 Est.
CPG with avg. capital costs at $184,000	$0.0310	$0.0315	$0.0282
CPG with avg. capital costs at $232,000	$0.0326	$0.0330	$0.0298

Based on the current and estimated demand, the average cost per gallon is $0.024 when considering only operating costs. When the capital costs are included in the calculation, the average three-year rate is approximately $0.0310. This would increase the rates included in the forecast period by approximately 40% to cover operational costs; or 79% to establish a reserve for capital equipment purchases. The estimated California American Water Company rate per gallon is approximately $0.0290, when surcharges, fees, and taxes are included. This calculation was based on the Cal Am online bill estimation tool, with similar estimates calculated internally and by the Golf Course lessee. A copy of the rate schedule is included in the Appendix.

The current lease agreement for the City's golf course caps the amount the Local Water Project can charge for recycled water. This limitation prohibits full-cost recovery. An increase in demand could assist in funding fixed costs, while variable amounts, such as chemicals and utilities would

increase with consumption. Based on the three-year data, the current demand, and customer base may not be sufficient to yield significant economies of scale. This is largely due to the amount of fixed costs, which include an annual debt service payment of $206,448; and the base operator costs of $214,968 which are adjusted for inflation.

Alternatives

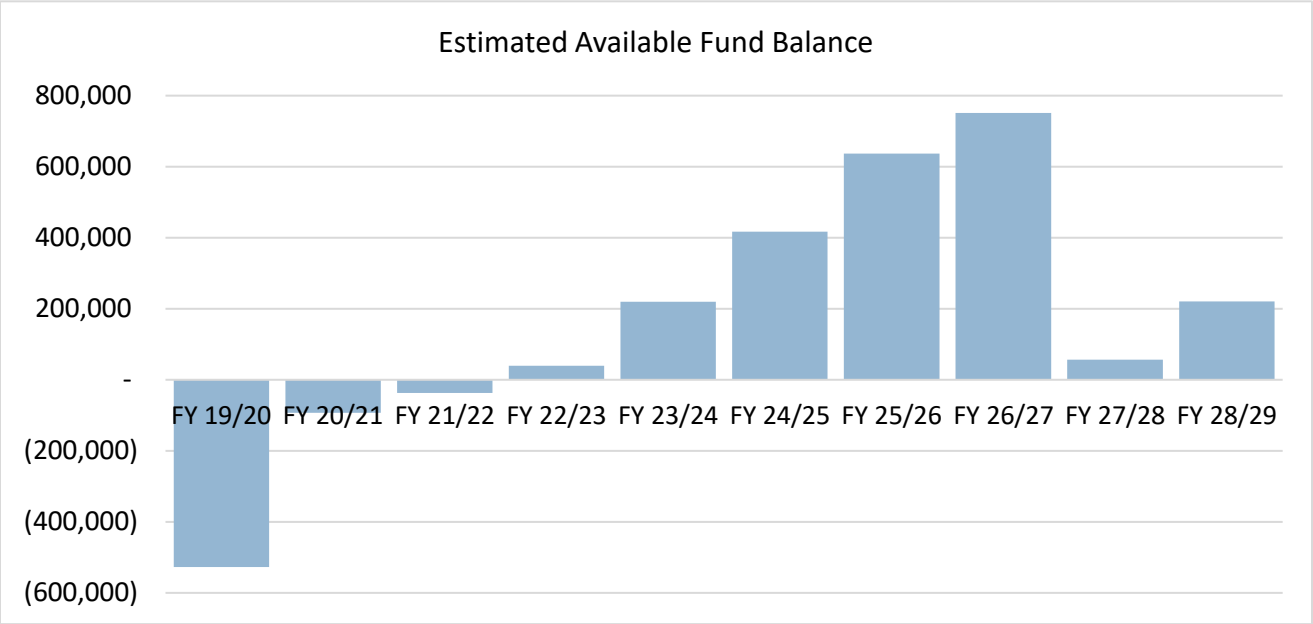
Multiple scenarios were evaluated when reviewing sustainability options for the Local Water Project. The assumptions included an average increase in operating costs of 3%, debt service remaining constant, and increases greater than 2%, being phased-in over the eight-year period.

All scenarios rely on water entitlement sales to assist in repaying the 2021 Temporary Loan or to supplement operating costs through Fiscal Year 25/26. Scenarios I-VI also rely on the use of proceeds from a $625,187 promissory note. Scenarios I, IV, and V are primarily provided for illustration purposes only. They have been included in the analysis to show the potential impact when all or a portion of a potential $1.2 million promissory note is incorporated into the estimates. These three scenarios would not be considered a viable option until an adequate agreement is reached with the developer. An overview is presented below:

	Impact of Alternate Scenarios through Fiscal Year 28/29						
	Eight-Year Increase	Average Increase	Water Entitlement Sales	Promissory Note Water Entitlement	Flat Charge	Projected FY 28/29 rate per gallon	Ending Fund Balance FY 28/29
Scenario I	16%	2.0%	$650,000	$1,853,187	-	0.0202	($630,837)
Scenario II	16%	2.0%	1,025,000	625,187	$1,496,000	0.0202	25,505
Scenario III	16%	2.0%	600,000	625,187	$2,000,000	0.0202	99,087
Scenario IV	55%	6.9%	350,000	1,853,187	-	0.0292	499,010
Scenario V	61%	7.6%	350,000	1,239,187	-	0.0305	402,585
Scenario VI	66%	8.3%	625,000	625,187	-	0.0320	220,188
Scenario VII	70%	8.8%	1,000,000	-	-	0.0332	99,113

A sample financial statement for Scenario VI is included in the Appendix, while an overview of the projected fund balance is presented in the chart on the subsequent page. The chart illustrates the effect of the increased rates on the estimated available fund balance, and the use of equipment reserves to fund capital improvements in Fiscal Year 27/28. In Fiscal Year 28/29, the chart also

identifies the beginning of the fund balance replenishment process. These funds would be used to support cash flow and future improvements.



RECOMMENDATIONS

Debt Repayment Plan

A debt repayment plan needs to be established to repay the Sewer Fund for the $600,000 loan to the Local Water Project.

To assist with fiscal sustainability, consideration may be given to applying the proceeds from a $625,187 water entitlement promissory note to cover the loan repayment. This would provide the Local Water Project with a "fresh start". The annual interest could be established based on the average interest rate that is equivalent to City's investment portfolio. This could be charged annually against the outstanding loan balance. This would provide the Sewer Fund with the amount of interest that it would have earned if the $600,000 was retained in the Sewer Fund. The principal could be repaid to the Sewer Fund when the proceeds from the promissory note are received. It is estimated that this would be take place in Fiscal Year 22/23.

The use of operating cash or an increase in rates beyond the forecasted amount to fund the 2021 LWP Interfund Loan is not recommended due to the increase burden on ratepayers.

If there are concerns that the promissory note would not be fulfilled, the City could elect one of the following alternatives:

- Allocate 100% of all prospective water entitlement sales to the Local Water Project. In most forecast scenarios, approximately 50-70% of the entitlement sales are allocated to the LWP fund, with the balance retained in the General Fund. While this could be an option, there is still some uncertainty as to whether the water entitlement sales will continue to perform at their current level.

- Work with the City's auditors and legal staff to confirm the implications of a longer-term loan from the General Fund's Strategic Opportunities Reserve. This could be a ten-year loan with interest equivalent to the average rate within the City's debt portfolio, the City's investment portfolio, or the current market rate.

Rate Structure and On-Going Operations

A financial plan needs to be established to assist the Local Water Project in becoming self-sufficient. Scenario VI, establishes a rate structure that ramps-up over a two-year period to cover operating costs, as well as begins to set aside funds for the recommended capital purchases through Fiscal Year 27/28. This scenario also includes a variable water rate that is applicable to all customers, rather than a fixed component, cap, or a surcharge. The rate could be adjusted based on cost recovery needs, as well as support any changing capital purchases.

While the Business Plan includes a multi-year forecast, a procedure for rate increases would also need to be established to reflect any significant variations from the Plan estimates. Updates on an annual basis may be difficult to calculate due to lead times, as well as fluctuations that may occur within a single year. An alternative would be to establish a three-year rate schedule that is based on the forecast. This would provide customers with the opportunity to incorporate the new rates into their operating budgets, as well as assist the City with budgetary planning. Future rate adjustments could be based on rolling three-year or historical consumption trends, with financial updates based on more current cost recovery needs.

The implementation of a rate increase would require a change in the contract with the current Golf Course lease. The information related to preliminary discussions with the lessee will be presented outside of this Business Plan.

Reserves

A cash flow reserve should be established at approximately $250,000 to assist the Local Water Project in becoming independent. While pooled cash would be available to supplement short-term cash flow needs, it isn't viable as a long-term solution.

A capital reserve should also be established to retain funds to pay for projected capital improvements and major maintenance costs. Scenario IV presents a plan to support these costs through the forecast period.

Similar capital-intensive entities have established rate stabilization funds to assist in smoothing rates when there is less demand, as well as emergency reserves to support unanticipated costs. These additional reserves could be considered once the Local Water Project's finances have been stabilized.

Appendix

California American Water Company Rate Schedule

The Local Water Project is considered Division 2, with a 4” meter

Schedule No. MO-1C Sheet 1
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

APPLICABILITY
Applicable to all water furnished on a metered basis to non-residential customers in the service areas defined below.

TERRITORY
The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates and vicinity and certain unincorporated areas in the County of Monterey.

RATES

Quantity Rates:

Non-Residential Customers:	**Base Rate Per 100 gal (CGL)**	
Division 1	$1.9329	(I)
Division 2	$2.1745	
Division 3	$2.4161	
Division 4	$4.8322	(I)

Service charge: General Metered:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	$25.27	(I)
For 3/4-inch meter	$37.90	
For 1-inch meter	$63.16	
For 1-1/2-inch meter	$126.33	
For 2-inch meter	$202.12	
For 3-inch meter	$378.98	
For 4-inch meter	$631.63	
For 6-inch meter	$1,262.26	
For 8-inch meter	$2,021.22	(I)

The Meter Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

(Continued)

Schedule No. MO-1C (Continued) Sheet 2
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

DEFINITIONS: (T)

1. WATER FACTOR - "Water Factor" shall mean a rating of water efficiency established by the U.S Environmental Protection Agency and the U.S. Department of Energy through the Energy Star Program. The Water Factor is the number of gallons per cycle per cubic foot that the Clothes Washer uses. The lower the Water Factor, the more efficient the washer is. So, if a Clothes Washer uses 30 gallons per cycle and has a tub volume of 3.0 cubic feet, then the Water Factor is 10.0.
2. WATER EFFICIENT ICE MACHINE – "Water Efficient Ice Machine" shall mean a commercial ice machine that meets or exceeds Energy Star standards for air-cooled ice machines.
3. SUPPLEMENTAL IRRIGATION SYSTEM – "Supplemental irrigation system" shall mean irrigation systems other than natural precipitation.
4. WATER BUDGET FEATURE – "Water budget feature" shall mean percent up/down adjust feature such as a button or dial on an irrigation controller that permits the user to increase or decrease the runtimes or application rate as for each zone by a prescribed amount or percent, by means of one adjustment without modifying the settings for that individual zone.
5. GEAR DRIVE ROTOR SPRINKLERS – "Gear drive rotor sprinklers" shall mean Irrigation sprinklers with high uniformity rates and lower precipitation rates than conventional sprinkler heads or impact rotors resulting in more efficient irrigation.
6. MULTI STREAM, MULTI TRAJECTORY ROTATING SPRINKLERS (MSMTR) – "Multi stream, multi trajectory rotating sprinklers" shall mean slowly turning irrigation sprinklers distributing water in a number of individual streams of varying trajectories with lower precipitation rates and higher uniformity than traditional fixed spray head sprinklers.
7. HIGH EFFICIENCY FIXED SPRAY NOZZLES – "High efficiency fixed spray nozzles" shall mean precision irrigation spray nozzles with larger and more uniform droplet size resulting in better wind resistance, lower precipitation rates and higher irrigation efficiency.
8. DRIP IRRIGATION - "Drip Irrigation" shall mean a low pressure, low volume watering system that applies water slowly to plants, near or at ground level, to minimize runoff and loss to evaporation. The term "Drip Irrigation" shall have the same meaning as "Micro Irrigation" and "Trickle Irrigation."
9. SUB SURFACE LOW VOLUME EMITTERS – "Sub surface low volume emitters" shall mean drip or low volume, low pressure irrigation systems that deliver a low flow of water at or near the root zone of plants - measured in gallons per hour versus gallons per minute.

(Continued)

Schedule No. MO-1C (Continued) Sheet 3
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

DEFINITIONS (Continued):

10. LOW VOLUME IRRIGATION – "Low volume irrigation" shall mean drip, low volume or Micro Spray Irrigation, includes Low volume fixed spray nozzles. (T)
11. Best Management Practices - "BMP" as referenced in Section V of the Settlement attached to D.13-07-041. (T)
12. Customer Classification Conservation Base Rate – "CCCBR". the "Customer Class Conservation Base Rate" ("CCCBR") is defined as the low block or division quantity rate from each billing customer classification under conservation rates, and is determined as the rate necessary to equal the billing classification revenue requirement given the defined rate design parameters. (T)

SPECIAL CONDITIONS:

General Items:

1. The boundaries in which the above rates apply are as set forth in the Preliminary Statement and delineated on the Tariff Service Area Maps filed as a part of these tariff schedules.
2. This non-residential rate design shall remain in effect and until ordered otherwise by the Commission.
3. Abbreviations as used in this tariff are defined above.
4. Non-residential customers billed under this tariff shall be placed into one of four divisions for billing purposes. The determination of under which Division each individual customer shall be billed will be based on the following:
    a. Division 1: Customers that are indoor/outdoor Rate BMP-compliant and have outdoor landscape irrigation of no more than 10% of total parcel size covered by the meter (or meters) meant to serve such parcel, and excluding from the total parcel size for purposes of the 10% calculation areas of natural, non-irrigated open space. Meters designated as irrigation only meters will not be included in Division 1 regardless of the 10% parcel size allowance noted above.
    b. Division 2: Customers that are indoor/outdoor Rate BMP-compliant and have a business where the watering is essential to the product of the business (nurseries), golf courses and government parks, ball fields, and cemeteries.
    c. Division 3: Customers that are indoor/outdoor Rate BMP-compliant and have outdoor landscape irrigation exceeding the 10% parcel limit for Division 1, as well all Rate BMP-compliant irrigation meters, as previously noted in Special Condition 6 (a).
    d. Division 4: Customers that are not in compliance with Rate BMPs.
5. Upon approval of the tariff all customers who respond to the request to provide self-certified Rate BMP information will be appropriately categorized into Division 1, 2, 3 or 4 immediately so that all bills issued under the new tariff reflect the provision of a completed survey.
6. Customers that are subsequently found to be non Rate BMP compliant will be given 30 days from the date of notification to achieve compliance as noted in the non-compliance letter.
7. All Del Monte Forest golf courses served with emergency potable water from the connection at the Viscaino tank will be assigned an emergency allocation of 30 AF/year. Any potable use within this allotment will be billed at customer Division 1 rates. Usage above the annual allotment would be billed at customer Division 2 rates.

(Continued)

Schedule No. MO-1C (Continued) Sheet 4
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (Continued):
General Items:

8. Rate BMP Compliant will be defined as follows:

a. Indoor Usage
   i. Showerheads – Rain Bars, or Body Spray Nozzles shall be designed and manufactured to emit a maximum of 2.0 gallons per minute GPM.
   ii. Public Washbasins shall emit a maximum of 0.5 GPM.
   iii. Public Washbasins equipped with automatic shut off devices or sensor faucets shall operate with a maximum flow rate of 0.25 gallons per cycle.
   iv. Private Washbasins (e.g.; Washbasins in hotel or motel guest rooms and hospital patient rooms) shall emit a maximum of 1.5 GPM.
   v. All other sinks shall be restricted to flow at a maximum of 1.5 GPM.
   vi. Ultra low flow toilets (1.6 gallons per flush ("GPF")), High Efficiency Toilets (1.28 GPF) or Ultra High Efficiency Toilets (0.8 GPF). All toilets replaced after December 31, 2014 will have to be High Efficiency or Ultra High Efficiency
   vii. Water efficient urinals designed to flush with a maximum of 0.5 GPF. Includes High Efficiency Urinals (0.5 GPF), pint urinals (0.125 GPF), or waterless urinals.
   viii. Water Efficient (1.6 GPM) Pre-Rinse spray valves (as applicable), Medical and laboratory photographic, and/or X-Ray processing systems must recirculate water used in the rinse process.
   ix. All Visitor-Serving Facilities must use Water Efficient Ice Machines
   x. All Clothes Washers must be rated with a Water Factor of 5.0 or below. There is an exception when the existing appliance was purchased between December 31, 2005 and December 31, 2012, and rates a Water Factor of 5.1-6.0.
   xi. Visitor-serving, Public, and Quasi-Public facilities must display placards or decals promoting water awareness and the need for conservation in visible locations in restrooms, kitchens, and dining areas.
   xii. Visitor-serving facilities must offer towel and linen reuse programs by providing written notice in the rooms.
   xiii. Restaurants must provide written notice that drinking water is available only upon request. Notices must be placed on tables and/or menus. Drinking water will not be provided from the Monterey Peninsula Water Resource System, unless specifically requested.

b. Outdoor Usage
   i. All supplemental irrigation systems require the use of an automated irrigation controller, which must include a water budget feature and may include products, which rely on soil or weather sensors to adjust irrigation schedules.
   ii. Turf grass areas that receive supplemental irrigation must be watered with gear drive rotor sprinklers, multi stream, multi trajectory rotating sprinklers, high efficiency fixed spray nozzles or sub surface low volume emitters.
   iii. Low volume irrigation is encouraged for landscaped areas containing trees, shrubs and groundcover. The use of standard fixed spray nozzles will not be allowed in landscape beds measuring 3' or less.
   iv. All automated irrigation controllers must include sensors, or devices that interrupt, or delay a scheduled irrigation event due to rainfall that equals or exceeds an established threshold.
   v. Hoses, used to hand water landscaped areas must be equipped with a positive shut off device.

(Continued)

Schedule No. MO-1C (Continued) Sheet 5
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (Continued):
General Items

9. Every meter will be categorized and issued a single bill unless a customer requests that a single consolidated bill be provided and then only if the system is capable of doing so without loss of any necessary data or delays in billing. (T)

10. **Moratorium:** In portions of the Monterey Service Area served, in whole or part, by Carmel River diversions, and subject to the following conditions and restrictions, California-American Water Company shall deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use: (T)

    a. California-American Water Company shall not deny such requests or prohibit such increased use where all necessary written approvals for project construction and connection to California-American Water Company's system had been obtained prior to October 20, 2009;

    b. California-American Water Company shall not deny the installation of additional meters at an existing service provided that the additional metering does not result in an increase in water use.

    c. This special condition does not authorize California-American Water Company to deny service to:

        i. the area served by the Carmel Area Wastewater District Water Entitlement pursuant to Monterey Peninsula Water Management District Ordinances 39 and 109 and Rule 23.5, prior to January 1, 2017 ;

        ii. the area served by the Sand City Water Entitlement pursuant to Monterey Peninsula Water Management District Ordinance 132 and Rule 23.6;

        iii. Security National Guaranty, Inc. under its frontloading agreement;

        iv. a connection or increased use where an authorized official of the State Water Resources Control Board has given written approval.

(Continued)

Schedule No. MO-1C (Continued) Sheet 6
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (Continued):
General Items

10. **Moratorium(Continued):** In portions of the Monterey Service Area served, in whole or part, by Carmel River diversions, and subject to the following conditions and restrictions, California-American Water Company shall deny requests for new service connections and prohibit any increased use of water at existing service addresses resulting from a change in zoning or use: (T)

    d. California-American Water Company shall not deny a request for new service or prohibit the increased use of water at an existing service address if an authorized official of the State Water Resources Control Board has given written approval for such service or increased use.

    e. This special condition shall expire at the filing by California-American Water Company of a Tier 1 advice letter with the Commission transmitting the written concurrence of the Deputy Director of Water Rights of the State Water Resources Control Board with California-American Water Company's finding that a permanent supply of water is ready to serve as a replacement for the unlawful diversions of Carmel River water

11. Customers that have heretofore been billed as mixed use customers prior to March 1, 2017 will now be reclassified into either a multi-residential or non-residential classification. Those prior mixed use customers with a large number of individual dwelling units on large parcels will be classified as a multi-residential customer after March 1, 2017 and be billed under the same methodology as all other multi-residential customers, which is based on a block use allowance per dwelling unit. All other former mixed use customers will be billed under the divisional billing parameters and rates for non-residential customers. (T)

(Continued)

Schedule No. MO-1C (Continued) Sheet 7
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (Continued):
Fees and Surcharges

1. All bills are subject to the reimbursement fee set forth in Schedule No.UF.

2. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows:
Franchise Fees: Ryan Ranch 1.00%, City of Pacific Grove 2.00%, City of Carmel-by-the-Sea 2.00%, City of Seaside 1.00%, City of Del Rey Oaks Franchise Fee 2.00%, City of Monterey 1.00%, and unincorporated areas of Monterey County 1.00%.
Business Fees: City of Del Rey Oaks 0.11% and City of Sand City 0.12%.

   Per D.18-12-021 a three-year conservation budget of $2,298,500 for 2018-2020 for Monterey Service Area. Effective November 23, 2020, the Conservation Surcharge will be removed from customer bill.

3. Per Advice Letter 1230-B, a surcharge of $1.81 for the Customer Assistance Program (CAP) Balancing Account will be collected from all non-customer assistance program water and wastewater customers (C) (C)

4. Per Advice Letter 1152, a fee of 8.325%, imposed by the Monterey Peninsula Water Management District (MPWMD), will be assessed against the customer's monthly base bill to fund MPWMD's environmental mitigation, water supply, and conservation programs, as well as other activities. The fee will remain in effect until otherwise directed by the Commission. This fee is applicable to customers in the Monterey Main, Bishop, Hidden Hills and Ryan Ranch areas.

6. Per Advice Letter 1199, the balance of the 2017 Non-Residential WRAM/MCBA is $2,762,923 as of December 31, 2017. The surcharge is shown in the table below and will remain effective until December 2021.

Non-Residential		
Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Systems:	Surcharge per 100 gal	Months
Division 1	$0.1363	18
Division 2	$0.1533	18
Division 3	$0.1703	18
Division 4	$0.3407	18

(Continued)

Schedule No. MO-1C (Continued) Sheet 8
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (Continued):
Fees and Surcharges

7. In accordance with Decision 16-12-003, the WRAM/MCBA balance through 2014 for the Monterey Service Area shall be recovered over five years with interest at the 90-day commercial paper rate. The surcharge is shown in the table below and will remain effective for 60 months upon approval of Advice Letter 1146-A, ending February 28, 2022.

Meter Size	Meter Surcharge
For 5/8" x 3/4" meter	$4.21
For 3/4" meter	$8.42
For 1" meter	$12.63
For 1-1/2" meter	$21.05
For 2" meter	$33.68
For 3" meter	$63.15
For 4" meter	$102.25
For 6" meter	$210.50
For 8" meter	$336.80

8. Per Advice Letter 1322, the under-collected balance in the Monterey Service Area Consolidated Expense Balancing Account will be recovered through a quantity-based surcharge of $0.0669 per 100 gallons over 12 months effective March 18, 2021. This total amount will be recovered from all classes of customers except Chualar customers. (C) (C) (C)

9. Per D.18-12-021 a meter based bill credit for the 2018 Excess Non-Plant Accumulated Deferred Income Tax will be refunded to customers over the 24-month period beginning October 17, 2019.

Meter Size	Refunds by Meter Equivalents
5/8 x 3/4	$1.47
3/4	$2.21
1	$3.68
1 1/2	$7.35
2	$11.77
3	$22.06
4	$36.77
6	$73.54
8	$117.66
10	$169.14

10. Per Advice Letter 1265-A, the net under-collected balance of the 2018 Non-Residential WRAM/MCBA is $106,180, including interest. D.18-12-021 raises the cap on WRAM/MCBA surcharges to 15% of the authorized revenue requirement. Rates will be established through a separate Tier 1 filing to update the tariff language and surcharge based upon the then current authorized amortization.

(Continued)

Schedule No. MO-1C (Continued) Sheet 9
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (Continued):
Fees and Surcharges:

11. Per Advice Letter 1291-A, the net under-collected balance of the 2019 residential WRAM/MCBA is $982,007, including interest. D. 18-12-021 raises the cap on WRAM/MCBA surcharges to 15% of the authorized revenue requirement. Rates will be established through a separate Tier 1 filing to update the tariff language and surcharge based upon the then current authorized amortization.

12. Per D.18-12-021 a meter-based bill credit for the 2018 Excess Plant Related Accumulated Deferred Income Tax will be refunded to customers over the 12-month periods beginning January 21, 2020.

Meter Size	Refunds by Meter Equivalents
5/8-inch meter	$0.30
3/4-inch meter	$0.45
1-inch meter	$0.75
1-1/2-inch meter	$1.51
2-inch meter	$2.41
3-inch meter	$4.52
4-inch meter	$7.53
6-inch meter	$15.05
8-inch meter	$24.08
10-inch meter	$34.62

13. Per Advice Letter 1311, a surcharge is applied to each bill to offset increases in purchased water costs imposed by Monterey Peninsula Water Management District (MPWMD). The offset results in a needed increase of $405,474 or 0.53%. The surcharge of $0.2011 per cgl is added to the quantity charge beginning October 21, 2020.

14. Per D.18-12-021 a meter-based bill credit for the 2019 Excess Plant Related Accumulated Deferred Income Tax will be refunded to customers over the 12-months periods beginning November 1, 2020. (C)

Meter Size	Refunds by Meter Equivalents
5/8x3/4inch meter	$0.21
3/4-inch meter	$0.32
1-inch meter	$0.53
1-1/2-inch meter	$1.07
2-inch meter	$1.70
3-inch meter	$3.20
4-inch meter	$5.33
6-inch meter	$10.66
8-inch meter	$17.05
10-inch meter	$24.51

(Continued)

Schedule No. MO-1C (Continued) Sheet 90
General Metered Service in the Monterey County District Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS
Fees & Surcharges: (continued):

1. Per Decision (D.) 19-12-048, intervenor compensation paid to the Surfrider Foundation will be recovered through a meter surcharge for six billing cycles upon approval of Advice letter 1295. The total amount of $441,448.05 will be recovered from all classes of metered customers.

Meter Size	Surcharge
5/8 x 3/4	$1.21
3/4	$1.82
1	$3.03
1 1/2	$6.07
2	$9.71
3	$18.20
4	$30.34
6	$60.68
8	$97.09
10	$139.57
12	$200.25

(N)

2. Per Decision 19-12-049, intervenor compensation paid to the Salinas Valley Water Coalition will be recovered through a meter surcharge for six billing cycles upon approval of Advice Letter 1302. The total amount of $496,798.25 will be recovered from all classes of metered customers.

Meter Size	Surcharge
5/8 x 3/4	$1.64
3/4	$2.46
1	$4.10
1 1/2	$8.20
2	$13.12
3	$24.60
4	$41.01
6	$82.01
8	$131.22
10	$188.62
12	$270.63

(N)

(Continued)

Schedule No. MO-1C (Continued) Sheet 91
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS:
Fees & Surcharges (continued):

3. Per Decision 20-02-060, intervenor compensation paid to Landwatch Monterey County will be recovered through a meter surcharge for three billing cycles upon approval of Advice Letter 1313. The total amount of $107,231.63 will be recovered from all classes of metered customers. (P)

Meter Size	Surcharge
5/8 x 3/4	$0.59
3/4	$0.88
1	$1.47
1 1/2	$2.94
2	$4.70
3	$8.81
4	$14.68
6	$29.37
8	$46.99
10	$67.54
12	$96.91

(P)

4. Per Decision 20-02-058, intervenor compensation paid to the Planning and Conservation League Foundation will be recovered through a meter surcharge for four billing cycles upon approval of Advice Letter 1314. The total amount of $215,019.80 will be recovered from all classes of metered customers. (N)

Meter Size	Surcharge
5/8 x 3/4	$1.18
3/4	$1.77
1	$2.95
1 1/2	$5.90
2	$9.45
3	$17.71
4	$29.52
6	$59.04
8	$94.46
10	$135.78
12	$194.82

(N)

(Continued)

Schedule No. MO-1C (Continued) Sheet 92
GENERAL METERED SERVICE in the Monterey Service Area Tariff Area
NON-RESIDENTIAL CUSTOMERS

SPECIAL CONDITIONS (N)
Fees & Surcharges (Continued):

5. Per Decision 20-08-040, intervenor compensation paid to Public Water Now will be recovered through a meter surcharge for 8 billing cycles upon approval of Advice Letter 1321. The total amount of $10,095 will be recovered from all classes of metered customers.

Meter Size	Surcharge
5/8 x 3/4	$0.02
3/4	$0.03
1	$0.05
1 1/2	$0.10
2	$0.16
3	$0.30
4	$0.49
6	$0.99
8	$1.58
10	$2.27
12	$3.25

(N)

(Continued)

Engineer’s Estimated Capital Purchases

Estimated Major Maintenance, Repair, and Replacement Schedule (Proposal Form 16)

The Estimated Costs for the Major Maintenance, Repair and Replacement Schedule for the 0.25 MGD facility (excluding membrane replacements), in 2015 US dollars are:

Year	Activity/Equipment	Price
1-5	Capital Expenditure	$90,750
6-10	Capital Expenditure	$619,468
11-15	Capital Expenditure	$1,220,558
16-20	Capital Expenditure	$1,477,698
21-25	Capital Expenditure	$662,203
26-30	Capital Expenditure	$1,134,573
	Total	**$5,205,249**

An annual accrual of $173,508 (in 2015 US dollars) for the 30 year term totaling $5,205,249 should be reserved.

PERC Water Corporation
Name of Proposer

Brian Cullen
Name of Designated Signatory



Signature

President
Title

Estimated Membrane Replacement Schedule (Proposal Form 17)

The Estimated Annual Membrane Replacement Costs for the 0.25 MGD facility, in 2015 US dollars are:

Year	Activity/Equipment	Number of Modules	% of Total Modules	Price
1-4	Membrane modules are under warranty	0	0	$0
5-8		1	50%	$42,500
9-17		1	50%	$95,000
18-26		1	50%	$95,000
27-34		1	50%	$95,000
			34 yr Total	**$327,500**

Assumptions:
The Koch Membrane System warranty is defined as follows:
During the first 48 months after the initiation of Warranty, KMS will replace the failed membrane row(s) free of charge. (Shipped FCA Manufacturer facility) Commencing after 48 months from the initiation of warranty any membrane modules or rows that must be repaired, replaced or added hereunder shall be replaced on a pro-rated price basis.
It is due to this warranty the cost for membrane replacement for the first 4 years is zero. And further if a module or row needs replacement between years 5-8 the replacement cost shall be pro-rated per the Koch Warranty.

PERC Water Corporation
Name of Proposer

Brian Cullen
Name of Designated Signatory



Signature

President
Title

Draft Financial Statements

Scenario VI - Original

	Cost per gallon	Cost per gallon $ 0.01721	Cost per gallon 0.0207 20.0%	Cost per gallon 0.0248 20.0%	Cost per gallon 0.0258 4.0%
	Year 2 FY 19/20	Year 3 FY 20/21	Year 4 FY 21/22	Year 5 FY 22/23	Year 6 FY 23/24
Beginning Fund Balance	(326,361)	(527,571)	(93,219)	(37,261)	39,210
Revenues					
Reclaimed Water	524,041	536,000	642,901	771,481	802,340
Interest Earned	421	800	9,721	421	392
Other	-	-	-	-	-
	524,462	536,800	652,622	771,902	802,732
Expenses					
Contract Services	356,606	327,000	336,810	346,914	357,322
Legal Services	-	-	-	-	-
Postage	-	-	-	-	-
Telephone	-	-	-	-	-
Utilities	206,168	140,000	144,200	148,526	152,982
Internal Service Charges	4,357	5,000	4,356	4,356	4,356
Indirect Costs	28,600	24,000	25,200	25,830	26,476
Equipment Repair	-	-	-	-	-
Misc. Expense	-	-	-	-	-
	595,731	496,000	510,566	525,626	541,135
Net operating difference	(71,269)	40,800	142,056	246,276	261,597
Non-Operating					
Capital Outlay				**(104,243)**	
One-time water entitlement sales		**-**	**125,000**	**750,187**	**125,000**
Loan Proceeds - Sewer Loan		**600,000**		**-**	
Debt Service - State Loan	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)
Debt Service - Sewer Loan		**-**	**(4,650)**	**(609,300)**	
Interfund Transfers	76,507	-	-	-	-
	(129,941)	393,552	(86,098)	(169,804)	(81,448)
Net Operating Difference	(201,210)	434,352	55,958	76,471	180,149
Ending Fund Balance	(527,571)	(93,219)	(37,261)	39,210	219,359
Fund Balance Allocation					
Unassigned	(527,571)	(93,219)	(37,261)	-	
Cash Flow	-	-	-	39,210	219,359
Capital Equip. Reserve	-	-	-	-	-
	(527,571)	(93,219)	(37,261)	39,210	219,359

Scenario VI - Original

	Cost per gallon 0.0268 4.0% Year 7 FY 24/25	Cost per gallon 0.0279 4.0% Year 8 FY 25/26	Cost per gallon 0.0290 4.0% Year 9 FY 26/27	Cost per gallon 0.0304 5.0% Year 10 FY 27/28	Cost per gallon 0.0320 5.0% Year 11 FY 28/29
Beginning Fund Balance	219,359	417,432	636,504	751,637	56,647
Revenues					
Reclaimed Water	834,434	867,811	902,524	947,650	995,032
Interest Earned	2,194	6,261	9,548	11,275	850
Other	-	-	-	-	-
	836,627	874,073	912,071	958,924	995,882
Expenses					
Contract Services	368,041	379,083	390,455	402,169	414,234
Legal Services	-	-	-	-	-
Postage	-	-	-	-	-
Telephone	-	-	-	-	-
Utilities	157,571	162,298	167,167	172,182	177,348
Internal Service Charges	4,356	4,356	4,356	4,356	4,356
Indirect Costs	27,138	27,816	28,511	29,224	29,955
Equipment Repair	-	-	-	-	-
Misc. Expense	-	-	-	-	-
	557,106	573,553	590,490	607,931	625,893
Net operating difference	279,521	300,520	321,581	350,993	369,989
Non-Operating					
Capital Outlay				**(839,535)**	
One-time water entitleme	**125,000**	**125,000**	**-**	**-**	**-**
Loan Proceeds - Sewer Loa					
Debt Service - State Loan	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)
Debt Service - Sewer Loan					
Interfund Transfers	-	-	-	-	-
	(81,448)	(81,448)	(206,448)	(1,045,983)	(206,448)
Net Operating Difference	198,073	219,072	115,133	(694,991)	163,541
Ending Fund Balance	417,432	636,504	751,637	56,647	220,188
Fund Balance Allocation					
Unassigned	0	(0)	0	(0)	0
Cash Flow	250,000	250,000	250,000	56,647	220,188
Capital Equip. Reserve	167,432	386,504	501,637	-	-
	417,432	636,504	751,637	56,647	220,188

Scenario VI - Updated for Fiscal Year 20/21 Actuals

	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon
		$ 0.01721	0.0207	0.0248	0.0258
	Actual	***Actual***	20.0%	20.0%	4.0%
	Year 2	Year 3	Year 4	Year 5	Year 6
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Beginning Fund Balance	(326,361)	(527,571)	(36,689)	31,781	123,745
Revenues					
Reclaimed Water	524,041	597,833	658,348	790,017	821,618
Interest Earned	421	-	9,721	421	1,237
Other	-	-	-	-	-
	524,462	597,833	668,069	790,438	822,855
Expenses					
Contract Services	356,606	335,610	345,678	356,049	366,730
Legal Services	-	-	-	-	-
Postage	-	-	-	-	-
Telephone	-	-	-	-	-
Utilities	206,168	138,317	142,467	146,741	151,143
Internal Service Charges	4,357	5,000	4,356	4,356	4,356
Indirect Costs	28,600	20,000	21,000	21,525	22,063
Equipment Repair	-	1,576	-	-	-
Misc. Expense	-	-	-	-	-
	595,731	500,503	513,501	528,670	544,292
Net operating difference	(71,269)	97,330	154,568	261,768	278,563
Non-Operating					
Capital Outlay				**(104,243)**	
One-time water entitlement sales		**-**	**125,000**	**750,187**	**125,000**
Loan Proceeds - Sewer Loan		**600,000**		**-**	
Debt Service - State Loan	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)
Debt Service - Sewer Loan		**-**	**(4,650)**	**(609,300)**	
Interfund Transfers	76,507	-	-	-	-
	(129,941)	393,552	(86,098)	(169,804)	(81,448)
Net Operating Difference	(201,210)	490,882	68,470	91,964	197,115
Ending Fund Balance	(527,571)	(36,689)	31,781	123,745	320,860
Fund Balance Allocation					
Unassigned	(527,571)	(36,689)	-	-	-
Cash Flow	-	-	31,781	123,745	250,000
Capital Equip. Reserve	-	-	-	-	70,860
	(527,571)	(36,689)	31,781	123,745	320,860

Scenario VI - Updated for Fiscal Year 20/21 Actuals

	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon
	0.0268	0.0279	0.0290	0.0304	0.0320
	4.0%	4.0%	4.0%	5.0%	5.0%
	Year 7 FY 24/25	Year 8 FY 25/26	Year 9 FY 26/27	Year 10 FY 27/28	Year 11 FY 28/29
Beginning Fund Balance	320,860	536,723	775,041	910,418	236,929
Revenues					
Reclaimed Water	854,483	888,662	924,208	970,419	1,018,940
Interest Earned	3,209	8,051	11,626	13,656	3,554
Other	-	-	-	-	-
	857,691	896,713	935,834	984,075	1,022,494
Expenses					
Contract Services	377,732	389,064	400,736	412,758	425,141
Legal Services	-	-	-	-	-
Postage	-	-	-	-	-
Telephone	-	-	-	-	-
Utilities	155,677	160,347	165,158	170,112	175,216
Internal Service Charges	4,356	4,356	4,356	4,356	4,356
Indirect Costs	22,615	23,180	23,760	24,354	24,962
Equipment Repair	-	-	-	-	-
Misc. Expense	-	-	-	-	-
	560,380	576,947	594,009	611,580	629,675
Net operating difference	297,311	319,765	341,825	372,495	392,819
Non-Operating					
Capital Outlay				**(839,535)**	
One-time water entitleme	**125,000**	**125,000**	**-**	**-**	**-**
Loan Proceeds - Sewer Loa					
Debt Service - State Loan	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)
Debt Service - Sewer Loan					
Interfund Transfers	-	-	-	-	-
	(81,448)	(81,448)	(206,448)	(1,045,983)	(206,448)
Net Operating Difference	215,863	238,317	135,377	(673,488)	186,371
Ending Fund Balance	536,723	775,041	910,418	236,929	423,300
Fund Balance Allocation					
Unassigned	-	-	-	-	-
Cash Flow	250,000	250,000	250,000	56,647	220,188
Capital Equip. Reserve	286,723	525,041	660,418	180,282	203,112
	536,723	775,041	910,418	236,929	423,300

www.FinanceDTA.com

January 7, 2022

To: Tori Hannah

Daniel Gho

From: Andrea Roess, Managing Director, DTA

Steve Runk, Vice President Engineering, DTA

Subject: Peer Review of City Business Plan

The City of Pacific Grove ("City") recently constructed a 0.250 MGD reclaimed water treatment plant ("Plant") for the purpose of replacing potable water deliveries with reclaimed water to three principal customers, Pacific Grove Golf Links, El Carmelo Cemetery and Point Pinos Lighthouse landscaping. A detailed background of the existing physical and financial conditions of the reclaimed water system can be found in Pacific Grove Local Water Project Business Plan dated June 21, 2021 ("Business Plan"). City has asked DTA to conduct a peer review, consisting of: 1) an evaluation of the assumptions, methodology and calculations used to determine the proposed reclaimed water rate described in the Business Plan; and 2) provide a break-even rate analysis.

After review of the City's Business Plan and rate analysis, DTA has determined that the City's analysis of revenues and costs, debt service and available fund balances on an annual basis is rational, supportable and is consisted with industry practice. The City's financial model follows closely with the recommendations of American Water Works Association (AWWA) Manual of Water Supply Practices, M1. Furthermore, DTA has determined that to achieve a sustained, breakeven operation, City must impose steep increases in early years to reach a rate level of over $0.03 per gallon with modest increases thereafter.

EVALUATION OF THE BUSINESS PLAN

City looked at proposed revenues and expected expenses through FY28/29 (Year 11) for seven different revenue and cost assumption scenarios. Scenarios I-VII considered various combinations of supplementary water entitlement sales and debt repayment of operating loans. An overview of the findings for the seven scenarios can be found in the "Alternatives" section of the Business Plan. A rate analysis for Scenario VI, titled LWP Proforma, Scenario VI, was provided by City ("rate model"). This rate model was subsequently updated by City to include actual operating costs for FY20/21 as well as adjustments for recent average water demand. This analysis included one-time water rights sales in years 4 through 8. Also included are proceeds in year 3 from a $600,000 sewer fund loan, with loan repayments plus interest occurring in years 4 and 5. Operating costs were adjusted for inflation in subsequent years. Investment earnings on annual reserve balances included as a revenue source.

Revenues

The rate revenue in any given year is determined by multiplying the expected reclaimed water consumption, in gallons of reclaimed water, by the assumed rate, in dollars per gallon for that year. The expected consumption for each fiscal year is based on historical data and is discussed in the Business Plan. Other revenue shown in Scenario VI included one-time sales of water rights in years 4 through 8, and interest earned on fund balances.

Operating Expenses

Annual expenses such as contract services and utilities are based on actual costs incurred for FY20/21 and adjusted for inflation every year thereafter. In FY20/21 equipment repair and maintenance costs were incorporated into the contract services line item, in the amount of $21,000. Indirect costs are adjusted annually for inflation. Internal service charges are

assumed constant at $4,356 annually. Membranes have a useful life significantly greater than one year and therefore its replacement cost is considered a capital outlay.

Capital Outlay

Capital outlay costs, which include capital expenditures and membrane replacement, are identified in the Business Plan by fiscal year. In this model capital outlays occur in FY22/23 and FY 27/28. The remainder of the 30-year C.I.P. expenses occur in fiscal years beyond this study horizon. Funding for the capital outlay will be on a pay-as-you-go basis from the fund balances and therefore there will be no debt service related to capital outlays. The amount and timing of capital outlays are based on engineering estimates and are as shown in the Business Plan.

Debt Service

The rate model includes annual debt service payments for a State Revolving Loan of $206,448. In FY 21/22 and FY22/23 the project will repay a sewer fund loan of $600,000, with interest, in lump sum payments.

City Rate Increase Recommendations and Fund Balances

In Scenario VI the City proposes rate increases of 20% in Year 4 and Year 5, with 4% and 5% annual increases thereafter. This will result in positive fund balances in year 4 and each year thereafter, with a positive fund balance of $423,300 in Year 11. A substantial fund balance in year 11 is necessary to assist in providing sufficient funds in later years to pay for the remainder of the C.I.P. program.

BREAK EVEN ANALYSIS

As stated in the Business Plan, the project has been operating at an annual loss. City Staff has asked DTA to provide an independent analysis of rates that assumes that 1) annual revenues will cover annual expenses, and 2) provide fund balances that can pay for capital improvements in the near term as well as establish a reserve fund that will assist in funding future capital improvements beyond the horizon of this analysis. For the purposes of DTA's analysis, it is assumed that steep increases are imposed in the first two years to remove all annual negative operating balances, with modest increases thereafter. For instance, the attached model shows that rate increases of 35% and 21% in the first two years are required to prevent negative operating fund balances, and annual increases of 3% thereafter will build a fund balance of just under $500,000 in year 7 that will assist in meeting the C.I.P. requirements in later years.

Revenue, Expense and Debt Service Assumptions

DTA's analysis uses the same annual water consumption and annual expense data shown in the City's rate model discussed above. Also, the Capital Outlay expenses are repeated from the City's rate model. This analysis includes annual debt service payments for a State Revolving Loan. The interfund transfer of $76,507 was provided by the General Fund and repayment was not required. In FY20/21 the project received a loan of $600,000 from the sewer fund, as well as $37,000 in temporary funds to assist with cash flow. City staff assumes that this will be repaid through other sources also, rather than operating revenues shown herein. This analysis also assumes that any water rights sales that occur during this study period are not made a part of this analysis.

Findings

Based on the above assumptions, DTA finds that rate increases of 35% in Year 4, 21% in year 5 and 3% per year in Years 6 through 11 are necessary to achieve positive fund balances from this point forward, while accumulating a fund balance of just under $500,000 by year 11, to be used to fund capital improvements in later years. Steep increases in Years 4 and 5 are necessary to increase the rate levels from 0.017 per gallon to around $0.03 per gallon by Year 8. A rate level of around $0.03 per gallon with modest annual increases thereafter will enable City to not only achieve a break-even operation but allow fund balances to accumulate so that by year 11 these balances can carry forward to help fund future C.I.P. projects.

If the City choses to increase rates at a slower pace, the enterprise will continue to experience annual budget shortfalls, which will need to be offset by other sources.

BREAK EVEN ANALYSIS MODEL

Key Assumptions:

No water rights sales revenue Included in this model

Debt repayment for sewer fund loan made from other sources

Interfund transfer repayment made from other sources

	DTA Break Even Analysis									
	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon	Cost per gallon
		$ 0.01721	0.0232	0.0281	0.0290	0.0298	0.0307	0.0316	0.0326	0.0336
	Actual	***Actual***	35.0%	21.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Beginning Fund Balance	(326,361)	(527,571)	311	21,003	77,924	250,740	436,308	635,624	849,180	237,954
Operating Revenues										
Reclaimed Water	524,041	597,833	740,641	896,176	923,061	950,753	979,275	1,008,654	1,038,913	1,070,081
Interest Earned	421	-		107	495	1,643	3,435	5,360	7,424	5,436
Non Opereating Revenues										
One Time Entitlement Sales										
Interfund Transfers	76,507									
Operating Loan Proceeds	-	637,000	-	-	-	-	-	-	-	-
Subtotal - Revenues	600,969	1,234,833	740,641	896,282	923,556	952,396	982,711	1,014,013	1,046,337	1,075,516
Expenses										
Contract Services	356,606	335,610	345,678	356,049	366,730	377,732	389,064	400,736	412,758	425,141
Legal Services	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-
Utilities	206,168	138,317	142,467	146,741	151,143	155,677	160,347	165,158	170,112	175,216
Internal Service Charges	4,357	5,000	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356
Indirect Costs	28,600	20,000	21,000	21,525	22,063	22,615	23,180	23,760	24,354	24,962
Equipment Repair	-	1,576	-	-	-	-	-	-	-	-
Misc. Expense	-	-	-	-	-	-	-	-	-	-
subtotal - Expenses	595,731	500,503	513,501	528,670	544,292	560,380	576,947	594,009	611,580	629,675
Net operating difference	5,238	734,330	227,140	367,612	379,264	392,016	405,763	420,004	434,757	445,841
Non-Operating:										
Capital Outlay				**(104,243)**					**(839,535)**	
Debt										
Debt Service - State Loan	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)
Repayment of Interfund Transfer			-	-	-	-	-	-	-	-
Debt Service - Sewer Loan				-						
sub total - Debt	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)	(206,448)
Net Revenue/Deficit	(201,210)	527,882	20,692	56,921	172,816	185,568	199,315	213,556	(611,226)	239,393
Ending Fund Balance	(527,571)	311	21,003	77,924	250,740	436,308	635,624	849,180	237,954	477,347

Local Water Project Business Plan



City Council
City of Pacific Grove

February 16, 2022

dgho@cityofpacificgrove.org

Background

Project Purpose: convert wastewater for irrigation purposes



2010

Project concept originated.
Use of potable is not sustainable/ environmentally sound



2015

City issued RFP for design-build.

Funded by $2.5M grant and 1% State Loan



2018

Construction completed & plant operating

Current Operations



- City has agreement with PERC Water for operations
- 5-year agreement commenced in January of 2018
- Customers include: Golf Course (CourseCo) Cemetery, Point Pinos Lighthouse grounds, and truck fill

Reclaimed Water Usage

Reclaimed water is sold at $0.017/gallon

Acre Feet of Water Sold per Calendar Year			
Location	2018	2019	2020
Golf Course	80.23	77.09	72.13
Cemetery/Lighthouse	14.28	17.1	19.17
Truck Fill	1.3	1.52	2.07
Total	**95.81**	**95.71**	**93.37**

2021 Totals 99.7 Acre Feet ; not noted in business plan

Challenges

- LWP is operating in a deficit
  - Primarily due to lack of sales
  - Utility Cost
  - Debt Service
- Need to set aside for reserves



Business Plan Developed

- October 2020: Staff presented potential option to pursue at LWP
  - Perform Energy Audit
  - Renegotiate CourseCo lease
  - Lease facility
  - Perform operations "In House"
  - Do nothing

- Council directed staff to prepare a Business Plan
- Plan presented to City Council in June of 2021
- Council directed staff to obtain a peer review of the plan
- Review to evaluate break even analysis

Peer Review

- October 2021: Council authorized agreement with DTA
- Evaluation costs, revenue needs, and break-even calculations
- DTA provided memo to City Dated January 7, 2022
  - Memo provides peer review of Business Plan
  - DTA determined that City's analysis is rational, supportable and consistent with industry practice
  - DTA recommends increases in water rates

Business Plan Financial Goals

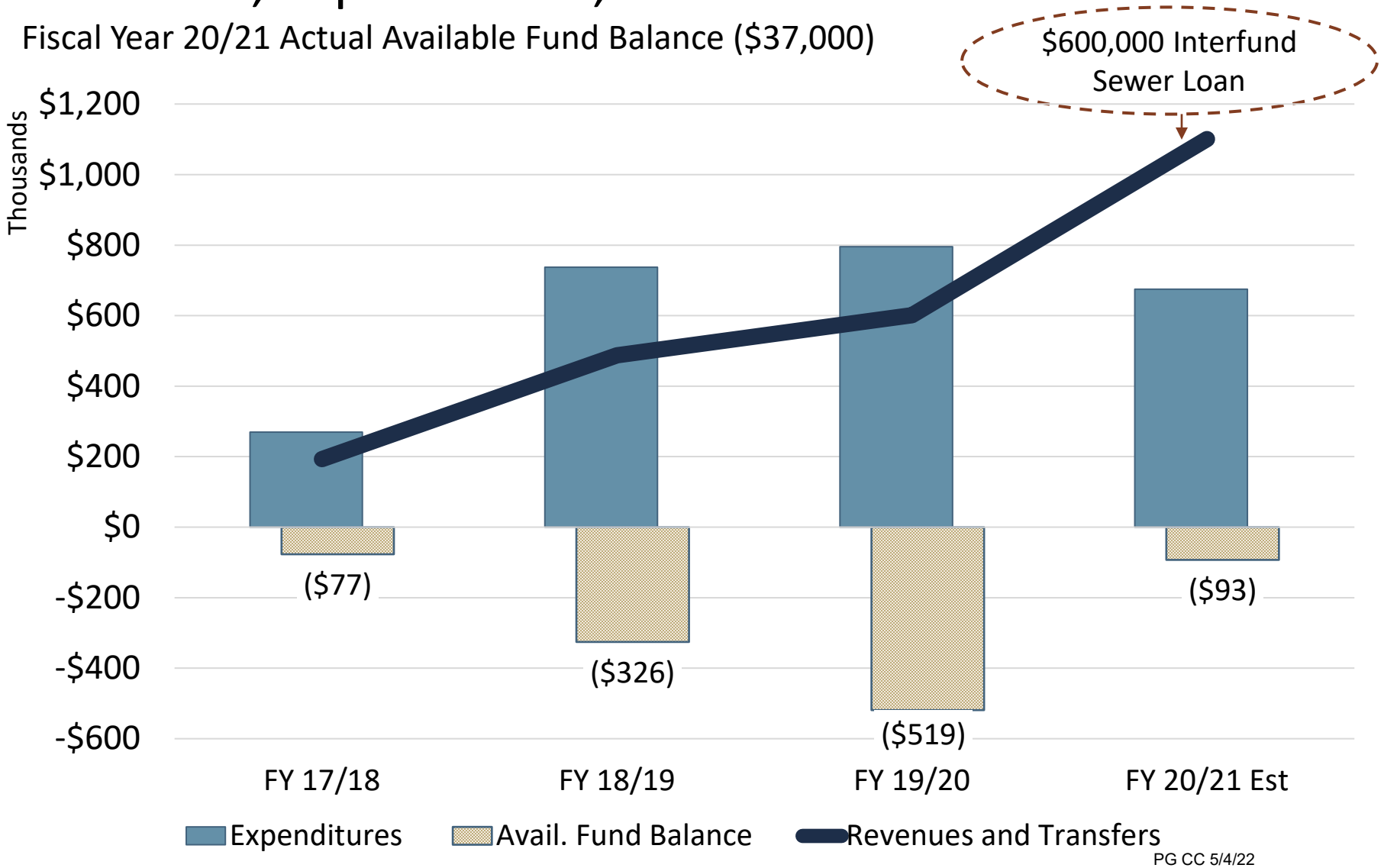
- Assess the current operations
  - Understand contributing factors
- Resolve immediate operating concerns
  - Repayment of interfund loan
  - Begin process to achieve on-going fiscal sustainability
- Incorporate best practices
- Continually evaluate operations
  - Potential rate study in two-three years
- Confirm with peer review



The business plan presents long-term information for the purpose of capital planning; however, it also needs to be evaluated on an on-going basis and short-term basis

Revenues, Expenditures, and Available Fund Balance

Fiscal Year 20/21 Actual Available Fund Balance ($37,000)



Local Water Project Assessment

Challenges

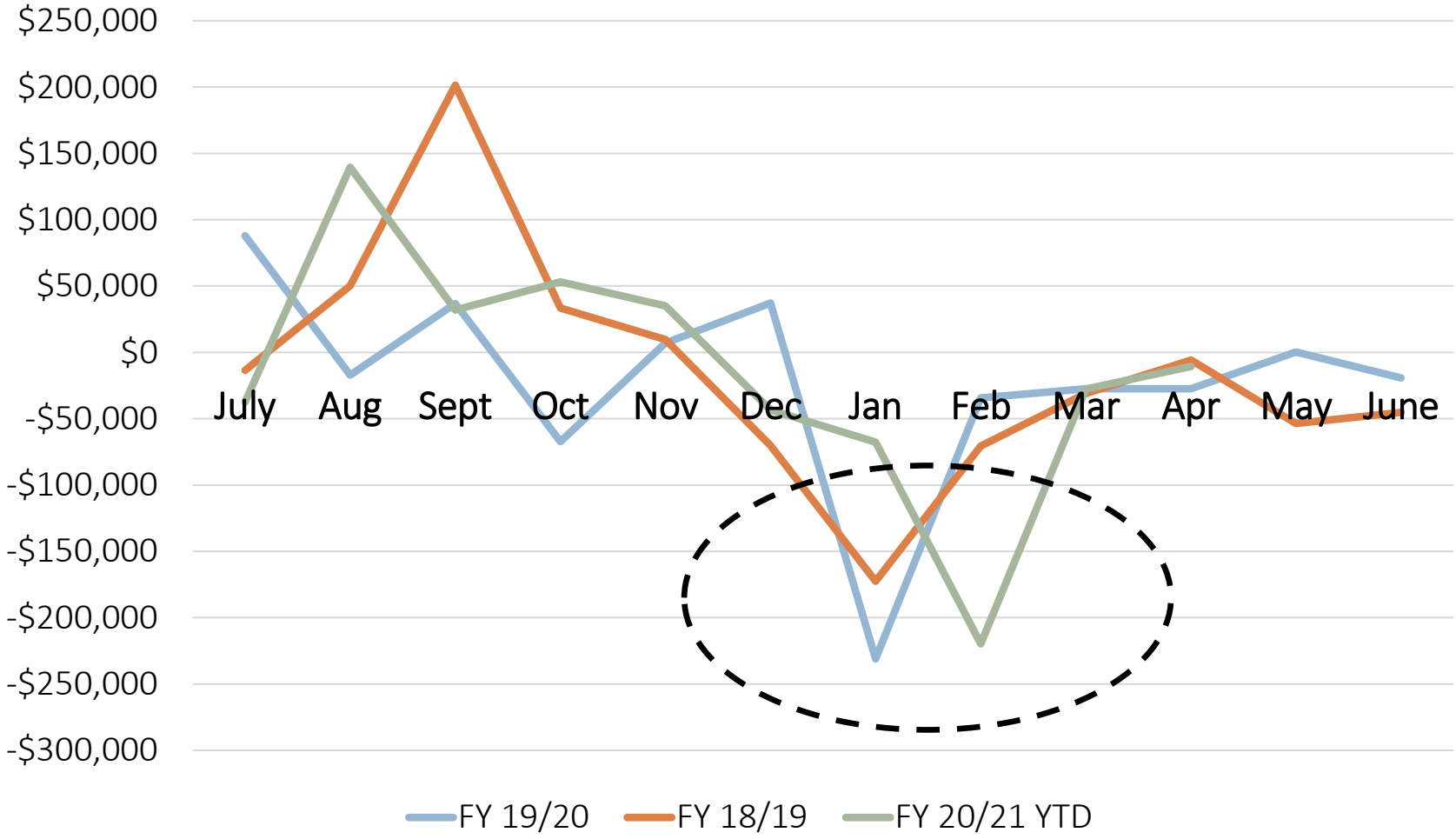
- New operation, three full years of data
- Cap placed on Golf Course water sales, prohibited full cost recovery
- Unplanned water treatment costs
- Initial costs of approx. $79,000 not covered by loan proceeds
- Demand not as high as in original model
- Recovering existing deficit and provide for future planning
  - Cash flow
  - Equipment replacement reserve
  - Rainy day reserve

Opportunities

- Work with golf course concessionaire to remove or adjust cap
- Account for full-cost recovery when developing rate
  - Consider gradual ramp-up of rates
  - Consider supplementing with water entitlement sales
- Seek cost reduction strategies
- Consider applying a percentage or flat amount from water entitlement sales to reduce or pay-off the $600,000 loan from the Sewer Fund.
- Explore other alternatives

Assess Cash Flow Needs

Cash Flow, Net of Transfers



Incorporate Capital Replacements and Membranes

Capital Replacement and Membranes						
Replace Interval	Assumed Purchase Year		Membrane Replace. Costs [1]	Capital Costs	Total	Adjusted for current dollars at est. 2.0% CPI [2]
1-5	FY 22/23	YR 5	$	$ 90,750	$ 90,750	$ 104,243
6-10	FY 27/28	YR 10	42,500	619,468	661,968	839,535
11-15			95,000	1,220,558	1,315,558	1,842,099
16-20				1,477,698	1,477,698	2,284,491
21-25			95,000	662,203	757,203	1,292,460
26-30			95,000	1,134,573	1,229,573	2,317,180
					-	
			$ 327,500	$ 5,205,250	$ 5,532,750	$ 8,680,008



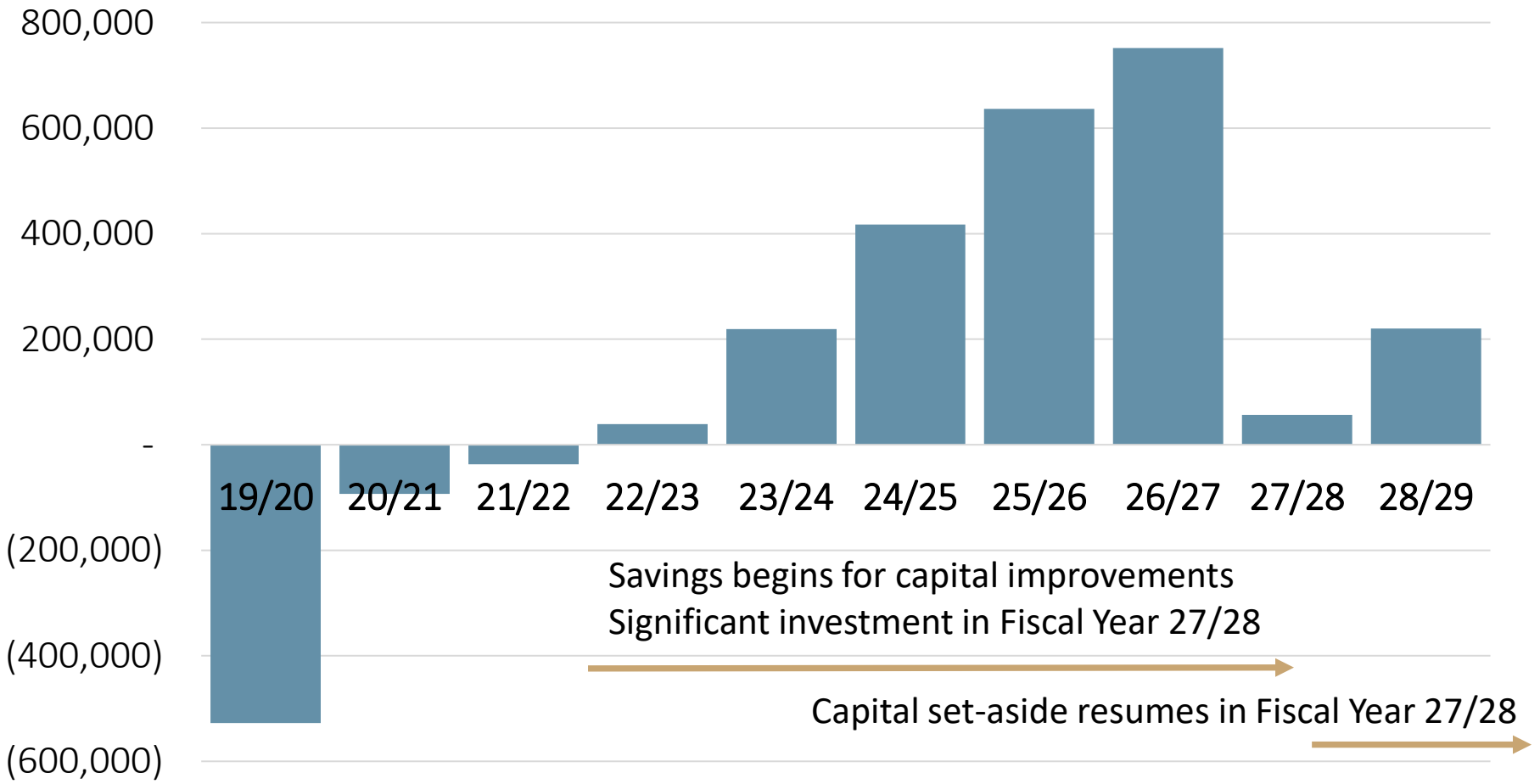
Review Estimated and Actual Information

Cost per Gallon Based on Actual and Estimated Costs			
	FY 18/19	**FY 19/20**	**FY 20/21 Est.**
Expenditures	$737,088	$795,819	$675,000
Gallons sold	29,741,422	31,126,940	30,434,000
Avg. Cost per gallon	$0.0248	$0.0256	$0.0222

Avg. Cost per Gallon (CPG) with Capital and Significant Equipment Replacement Costs			
	FY 18/19	**FY 19/20**	**FY 20/21 Est.**
CPG with avg. capital at $184,000	$0.0310	$0.0315	$0.0282
CPG with avg. capital at $232,000	$0.0326	$0.0330	$0.0298

Multiple Scenarios

Estimated Available Fund Balance: Original Scenario VI



Revised Scenario VI included in packet and analysis to reflect drought demand

City Scenarios and Peer Review

The difference primarily relates to how we get to sustainability



- City Scenarios
  - Include multiple options
    - Gradual ramp-up scenarios
    - Subsidize with water entitlement revenues, not an on-going revenue
    - Combination of rates and subsidies
  - Includes reference to loan repayments, reflects the accounting
  - Estimated break-even point with capital: Approximately $0.03 per gallon
- Consultant Independent Scenario
  - Does not include subsidies
  - Two-year significant increases, lower increases in future years
  - Assumes loan repayment and negative fund balance covered outside of operation
  - Estimated break-even point with capital: Approximately $0.03 per gallon

Loan Repayment Plan

- Option: Provide a “fresh start” by not using operating revenues to cover prior year deficits
  - Commit water entitlement promissory note payment in the amount of $625,187 to be used for the loan repayment
  - Interest on loan charged based on the City’s investment portfolio for the complete loan term, with quarterly interest payments
    - Provides the Sewer Fund with the same amount of interest that it would have earned if the funds were retained within the Sewer Fund
  - Lump sum payment of loan principal due upon receipt of the promissory note proceeds



Recommendation

Receive the Peer Review of Pacific Grove Local Water Project Business Plan prepared by DTA, validating the City's assumptions noted in the Business Plan, and authorize staff to being negotiations with CourseCo; and approve a loan repayment plan for the Sewer Fund Interfund Loan.

Questions?

City Council
City of Pacific Grove