NOTICE OF MEETING

CITY OF PACIFIC GROVE

CITY COUNCIL

SPECIAL MEETING AGENDA

Wednesday, November 19, 2025, 5:00 P.M.

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

Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. This is a warning that if a member of the public attending this meeting remotely or in-person violates the Brown Act by failing to comply with these requirements of the Brown Act, then the Mayor or Chair may request that speaker be muted. If a member of the public attending this meeting in-person engages in disruptive behavior that disturbs the orderly conduct of the meeting, they may be removed from the meeting after a warning, pursuant to Council Policy 000-17.

PACIFIC GROVE MEETINGS ARE CONDUCTED IN PERSON AT CITY HALL COUNCIL CHAMBER AND VIRTUALLY.

PLEASE NOTE THE MEETING WILL PROCEED AS NORMAL EVEN IF THERE ARE TECHNICAL DIFFICULTIES ACCESSING ZOOM.
THE CITY WILL DO ITS BEST TO RESOLVE ANY TECHNICAL ISSUES AS QUICKLY AS POSSIBLE.

Join the Zoom Meeting to participate live at:
https://www.cityofpacificgrove.org/Zoom_Closed

Please click here for directions to dial into the meeting audio.

AGENDA

CALL TO ORDER

APPROVAL OF THE AGENDA

SPECIAL MEETING

PUBLIC COMMENT ON SPECIAL MEETING MATTERS

Comments from the public will not receive Council action. Comments must deal with matters on the Special Meeting agenda and will be limited to three minutes.

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54956.8:

Property: City Parking Lot #4 located at168 Forest Avenue, Pacific Grove, California

Agency negotiator: City Manager Matt Mogensen

Negotiating parties: Lisa Weiman

Under negotiation: Price and Terms of Payment for Lease of portion of the Property for outdoor dining area.

ADJOURNMENT

NOTICE OF MEETING

CITY OF PACIFIC GROVE

CITY COUNCIL

REGULAR MEETING AGENDA

Wednesday, November 19, 2025, 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. Public comments received through this email address by noon on the day of the meeting will be posted with the corresponding agenda item.

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THE PUBLIC MAY ALSO VIEW THE MEETING ON PENINSULA CHANNEL 25.

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:
https://www.cityofpacificgrove.org/Zoom_CC

Please click here for directions to dial into the meeting audio.

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE: Councilmember McDonnell

1. **APPROVAL OF AGENDA**

2. **PRESENTATIONS**

A. Certificate of Recognition in Honor of Richard Stillwell **PG 9**
Reference: Nick Smith, Mayor
Recommended Action: Present certificate.
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.

A. Written General Public Comment

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

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

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. Check Register and Interim Financial Report - October 2025 **PG 11**
Reference: David Stiles, Senior Accountant
Recommended Action:

1. Receive the Check Register and Interim Financial Report.
2. Alternatively, discuss and take other action related to this item.

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

B. FY26 Q1 Quarterly Treasurer's Report **PG 38**
Reference: David Stiles, Senior Accountant
Recommended Action:

1. Receive the report.
2. Alternatively, discuss and take other action related to this item.

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

C. Community Human Services Highlights for October 16, 2025 **PG 57**
Reference: Lori McDonnell, Councilmember
Recommended Action: Receive the highlights.
CEQA: Does not constitute a Project per California Environmental Quality Act Guidelines Section 15378

D. Monterey Salinas Transit Meeting Minutes for October 13, 2025 **PG 60**
Reference: Joe Amelio, Mayor Pro Tem
Recommended Action: Receive minutes.
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. Extension of Agreement with The Pun Group LLP for Independent Financial Audit Services
Reference: Fred Marsh, Administrative Services Director **PG 67**

Recommended Action: Approve an Extension of Agreement with The Pun Group LLP for Independent Financial Audit Services for two additional Fiscal Years through March 31, 2028

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

B. Cedar, Sunset & Congress Intersection Improvements Project Contract Amendments

Reference: Daniel Gho, Public Works Director/Deputy City Manager **PG 161**

Recommended Action: 1. Authorize the execution of Amendment #1 with the Transportation Agency for Monterey County (TAMC) to increase the funding agreement by$137,961 for the Cedar, Sunset, and Congress Intersection Project.
2. Authorize the execution of Amendment #2 with GHD for an amount of $340,387 for the Cedar, Sunset and Congress Intersection Project, to continue with the Design Engineering Evaluation Report, for a roundabout at the intersection.
3. Alternatively, discuss and take other action related to this item

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. Architectural Review Board Meeting Minutes: October 14, 2025. **PG 197**

Reference: Anna Bornstein, Associate Planner

Recommended Action: Receive the minutes.

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

B. Library Board Regular Meeting Minutes: September 2, 2025 **PG 201**

Reference: Rachel Gaither, Library Director

Recommended Action: Receive the minutes.

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

C. Recreation Board Minutes: February 27, March 27, and April 34, 2025 **PG 202**

Reference: Katie Clark, Recreation Manager

Recommended Action: Receive the 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.

A. Ordinance to Amend the Salary Schedule (Minimum Wage) **PG 212**

Reference: Staphany Arriola, Management Analyst, Leticia Livian, Human Resources Director

Recommended Action:

1. Request the City Attorney read the title of the ordinance;
2. Motion to waive further reading of the ordinance;
3. Introduce and hold first reading of an ordinance to amend the salary classification schedule modifying salary ranges for Cashier, Intern,Lighthouse Docent Coordinator and Recreation Assistant I.
4. Direct a summary of a proposed ordinance be published as approved by the City Attorney.

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

12. **UNFINISHED AND ONGOING BUSINESS**

13. **NEW BUSINESS**

A. Review of Five-Year Operating and Capital Forecast, Infrastructure Needs and Public Engagement Agreement

Reference: Fred Marsh, Administrative Services Director **PG 216**

Recommended Action:

1. Receive a presentation regarding a review of the five-year fiscal forecast, infrastructure funding needs and the onboarding of a public engagement and polling consultant.
2. Approve a Professional Services Agreement with Props & Measures for ballot measure feasibility, preparation and outreach services in a not-to-exceed amount of $141,530.
3. Direct staff to take an alternative action.

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

B. Approval Of the California Employers' Pension Prefunding Trust (CEPPT) Participation Agreement with CalPERS

Reference: Fred Marsh, Administrative Services Director **PG 255**

Recommended Action: 1) Approve and adopt a resolution, authorizing establishment of the California Employer Pension Pre-funding Trust (CEPPT) Section 115 Trust.
2) Adopt and Execute the CalPERS CEPPT Participation Agreement
3) Adopt and Execute the CalPERS CEPPT Delegation of Authority document listing the City Manager, and Administrative Services Director as authorized to request disbursements from the Trust.
4) Adopt the Certification of Pre-Funding Policy designating the CEPPT Trust Fund be established with the Asset Allocation Strategy of Strategy 1.

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

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: Nick Smith, Mayor

MEETING DATE: November 19, 2025

SUBJECT: Certificate of Recognition in Honor of Richard Stillwell

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

RECOMMENDATION

Present certificate.

Attachments

Certificate of Recognition

CERTIFICATE OF RECOGNITION

This certificate is respectfully presented in honor of

Richard Stillwell

In recognition of his exceptional dedication, service, and contributions to our community. His unwavering commitment, generosity, and lasting influence enriched the lives of all who knew him and strengthened our community as a whole.

MATT MOGENSEN
City Manager

NICK SMITH
Mayor

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: David Stiles, Senior Accountant

MEETING DATE: November 19, 2025

SUBJECT: Check Register and Interim Financial Report - October 2025

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

RECOMMENDATION

1. Receive the Check Register and Interim Financial Report.
2. Alternatively, discuss and take other action related to this item.

DISCUSSION

The check register is an account of monthly expenditures. It provides budgetary insight and promotes transparency. The check register is produced from the City's financial system. The report groups the checks by the respective city fund. Attached is the check register report for October 2025. In addition, a detailed listing of the checks issued for the month is available on the City's website.

The Administrative Services Department produces Quarterly Interim Financial reports to assist in evaluating the City's fiscal condition. The attached report provides details on General Fund revenues as well as a summary related to its other funds.

Please note that this report is preliminary for Quarter 1 of Fiscal Year 2025-26 and that it is possible that not all quarterly revenue and expenditure adjustments have been accrued and/or recorded at the time this report was generated.

OPTIONS

N/A - This is informational only.

FINANCIAL IMPACT:

There is no fiscal impact. This is informational only.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Check Register by Fund October 2025

Check Register by Detail October 2025
FY26 Q1 Interim Financial Report

Check Register - Summary by Fund - September 2025

Fund		Transaction Amount
01 - General Fund Total	$	1,622,383.41
07 - Library Bldg & Equip Fund Total		352.58
11 - Library Book Fund Total		6,331.07
18 - Gas Tax Fund Total		13,010.26
24 - Stillwell Children's Pool Total		1,077.02
25 - Recreation Donation Fund Total		668.68
27 - Lighthouse Maint.& Impv. Total		4,409.86
40 - Poetry Promotion Fund Total		834.57
42 - Pub Safety Aug Fund Total		128,832.00
63 - Capital Improv Proj Fund Total		1,061.00
70 - Emp Benefit Fund Total		10,191.02
71 - Workers Comp Fund Total		2,708.49
74 - Local Water Project Total		86,174.25
75 - Cemetery Fund Total		6,683.30
76 - Sewer Fund Total		131,087.21
77 - Golf Fund Total		3,327.20
Grand Total	$	2,019,131.92

Check Register - Summary by Detail - September 2025

Fund	Check Date	Name	Description	Amount
01 - GENERAL FUND	09/03/25	County Of Monterey	Ceqa Noe Gw Park Ad	$ 50.00
		AT&T Mobility	Library Phones 1990	222.06
			Pd Cell Phones 5185	1,787.67
		Verizon Business	Rec Phones Aug	37.32
			It Phones Aug	40.88
			Pd Data 371210040	567.07
			Pw Phones Aug	737.78
			Pw Data	62.07
			Fd Phones Aug	63.26
			Admin Data	72.87
			Library Data	76.02
			Cmo Phones Aug	89.39
			Pd Phones Aug	99.87
			Cdd Phones Aug	159.73
			Admin Phones Aug	212.21
	09/05/25	AFLAC	Ded:5200 Aflac Prem	694.67
			Ded:5201 Aflac P/T	1,356.38
		Calif Law Enforcmen	Ded:3200 Ltd Pd	512.00
		Calpers Health	Ded:128 Health Emp	556.45
			Ded:2072 Health	1,109.00
			Ded:129 Health	1,134.79
			Ded:116 Health	506.85
			Ded:4304 Hlth Retro	(168.56)
			Ded:111 Health	1,633.65
			Ded:108 Health	1,918.93
			Ded:3053 Health Fam	1,446.77
			Ded:2071 Health	1,462.50
			Ded:126 Health	1,475.23
			Ded:112 Health	2,225.80
			Ded:3051 Health Emp	2,225.80
			Ded:103 Health	3,041.10
			Ded:104 Health	3,041.10
			Ded:106 Health	3,690.25
			Ded:124 Health	4,425.69
			Ded:123 Health	5,673.95
			Ded:105 Health	7,906.86
			Ded:2073 Health Fam	8,331.00
			Ded:122 Health	11,348.00
		City Of Pacific Gro	Ded:3301 Aflac Med	1,520.72
		EFT	Ded:*Sca State Tax	15,986.57
			Ded:*Ft Federal Tx	40,222.86
			Ded:*Fm Medicare	11,187.60
		Franchise Tax Board	Ded:7502 Wage Garn	1,368.78
		Pacific Grove City	Ded:7000 Assoc Dues	856.00
		Mass Mutual (457 Pl	Ded:3999 Roth Ira	1,348.00
			Ded:4000 Def Comp	11,611.60
		Mtry County Dept Of	Ded:0023 Garnish	463.07
		Pacific Grove Manag	Ded:7203 Assoc Dues	40.00
		City Of Pacific Gro	Ded:1006 Work Comp	54.64
			Ded:1009 Work Comp	215.91
			Ded:1005 Work Comp	1,525.22
			Ded:1010 Work Comp	3,153.03
			Ded:1003 Work Comp	5,241.26
			Ded:7510 Pers Reimb	41.15
			Ded:200 Dentaleoer	271.59
			Ded:2101 Dentaleoee	978.98
			Ded:2102 Dental+1Ee	1,022.08
			Ded:2103 Dental Fam	1,559.90
			Ded:0005 Suta	136.47
		PERS	Ded:2003 Pers Other	173.96
			Ded:15 Pers-Retro	204.77
			Ded:0022 Pers Sp Ms	218.16
			Ded:0019 Pers Rt Sf	(3.44)
			Ded:0025 Pers Rt Ms	22.83
			Ded:0004 Surv Ben	86.49
			Ded:0009 Pers Other	478.02
			Ded:0018 Pers Sp Sf	494.16
			Ded:08 Pers Other	354.98
			Ded:2001 Pers	2,193.46
			Ded:0002 Pers	2,821.00
			Ded:2000 Pers Emply	3,784.48
			Ded:01 Pers	9,578.43
			Ded:0017 Pers Rg Sf	6,314.65

Fund	Check Date	Name	Description	Amount
			Ded:07 Pers City	$ 6,403.92
			Ded:0006 Pers City	6,702.50
			Ded:0011 Pers Er Sf	6,924.17
			Ded:0021 Pers Reg M	15,189.32
			Ded:0020 Pers Er M3	15,848.43
			Ded:0019 Pers Rt Sf	3.44
			Ded:0025 Pers Rt Ms	(22.83)
			Ded:0004 Surv Ben	(86.49)
			Ded:2003 Pers Other	(173.96)
			Ded:15 Pers-Retro	(204.77)
			Ded:0022 Pers Sp Ms	(218.16)
			Ded:08 Pers Other	(354.98)
			Ded:0009 Pers Other	(478.02)
			Ded:0018 Pers Sp Sf	(494.16)
			Ded:2001 Pers	(2,193.46)
			Ded:0002 Pers	(2,821.00)
			Ded:2000 Pers Emply	(3,784.48)
			Ded:0017 Pers Rg Sf	(6,314.65)
			Ded:07 Pers City	(6,403.92)
			Ded:0006 Pers City	(6,702.50)
			Ded:0011 Pers Er Sf	(6,924.17)
			Ded:01 Pers	(9,578.43)
			Ded:0021 Pers Reg M	(15,189.32)
			Ded:0020 Pers Er M3	(15,848.43)
		Police Officers Ass	Ded:7205 Assoc Dues	654.61
			Ded:7204 Assoc Dues	8.00
		Legal Shield	Ded:6100 Legal Svc	31.75
		State Disability Ta	Ded:0026 Sdi	4,709.68
		Standard Insurance	Ded:3500 Life Ins	1,401.75
		Transamerica Employ	Ded:5202 Transameri	311.82
		Union Bank Of Calif	Ded:4005 Pars-457	826.20
		Vision Service Plan	Ded:300 Visioneoer	59.76
			Ded:2504 Vision Fam	228.48
			Ded:2503 Vision+1Ee	228.48
			Ded:2502 Visioneoee	205.84
		PERS	Gasb 68 Fees	700.00
	09/09/25	Total Security Solu	Relocation Of Exisi	7,142.77
		US Bank	B Anderson Refund	(690.00)
			L Livian Stamps	11.70
			L Livian Emplee Eve	13.25
			M Mogensen Mty Hera	18.00
			M Khasimi Website F	20.99
			D Delfino Summer Ev	21.12
			C Day Natl Nt Out F	646.24
			S Arriola Conf Fee	655.00
			M Khasimi Pw Printe	753.80
			L Livian Calpelra C	825.00
			M Khasimi Repair Su	882.58
			L Livian Subscripti	1,060.00
			M Khasimi Printr/Mo	1,070.62
			S Kandell Train/Con	1,079.88
			F Marsh Seminar/Web	1,180.00
			Pd 5084 Firearm Tra	1,490.30
			S Arriola Cc Dinner	101.94
			Pd 5084 Acdmy Recrt	132.19
			S Arriola Emp Event	134.35
			D Gho Mech Tools	151.95
			D Gho Chapter Dues	185.00
			F Marsh Misac Mbrsh	199.00
			Pd 5084 Lobby Signs	235.14
			K Clark Rec Supplie	265.89
			M Khasimi Softwre F	279.85
			S Arriola Job Posti	300.00
			L Livian Dh Mtg/Mea	432.63
			D Gho Training Food	443.04
			B Anderson Conf/Air	536.96
			M Khasimi Zoom Subs	702.15
			Pd 5092 Ntl Nt Out	1,709.68
			C Day Cpoa Training	1,895.00
			S Arriola Natl Nt O	29.57
			K Clark Staff Train	33.00
			D Gho Mty Newspaper	34.00
			D Delfino Seminar	35.00

Fund	Check Date	Name	Description	Amount
			M Mogensen Workshop	$ 39.00
			D Delfino Train Amm	56.72
			D Gonzales Seminar	59.00
			Pd 5084 Cape Membrs	60.00
			K Clark Prgm Suppli	65.48
			S Arriola Cm Report	70.50
			D Gho Volunteer Foo	70.54
			S Hoffman Tlo Searc	75.00
			D Gonzales Fedex Ma	78.53
			M Mogensen Mty Chmb	85.00
			J Halabi Mty Chambe	85.00
	09/12/25	Pacific Gas & Elect	Forest 40 Ft E/O Lh	612.19
			17Th St & Laurel	645.12
			Fire Dept - 24%	665.77
			Forest & Central Dr	716.87
			Fire Dept - 24%	791.87
			550 Central Ave	794.70
			Chautauqua Hall	184.56
			Caledonia Pk Lights	0.04
			17 Mi Dr Ballpark	0.18
			Forest Centrl Spr	0.25
			117 Recreation Room	5.18
			Lovers Point	6.16
			17 Mi Dr Ballpark	7.84
			Berwick Park	8.13
			Platt Pk Sprnklr	9.26
			Caledonia Pk Lights	10.59
			Forest Centrl Spr	10.91
			168 16Th St	11.04
			17 Mi Dr Ballpark	11.39
			Corp Yard Sunset Dr	15.10
			Parking Lot Light	15.28
			Corp Yard Dm & 5Th	15.63
			300 16Th St.	17.77
			Lovers Point	23.90
			101 Ch -Cedd - 50%	24.77
			101 Ch -Fin - 50%	24.78
			1307 Forst Sinex Si	24.89
			Cor Melrose	24.99
			117 Recreation Room	20.87
			Grand Av & Pk Pl	22.08
			1307 Forst Pine Sig	26.69
			Phone Booth-Berwick	27.60
			Platt Pk Sprnklr	29.81
			Piedmont & Moreland	30.66
			Cor Melrose	61.41
			1307 Forst Sinex Si	63.27
			1307 Forst Pine Sig	66.84
			162 16Th Street	87.34
			Oceanview & 17Th	87.40
			Chautauqua Hall	90.02
			Public Library	95.98
			City Council - 3%	98.98
			Recreation - 3%	98.98
			17 Mi Dr Ballpark	100.00
			City Council - 3%	83.22
			Recreation - 3%	83.22
			300 Forest Ave	84.20
			Fire Dept	142.08
			117 Community Ctr	143.03
			17Th St & Laurel	148.24
			Concession Stand	71.83
			165 Forest Ave	151.79
			Police Dept	161.90
			Beach Boat Storage	188.35
			Finance - 7%	194.19
			17 Mile Drive	195.10
			Finance - 7%	230.97
			117 Community Ctr	240.07
			Cedd - 9.5%	263.53
			City Manager - 9.5%	263.53
			Forest 40 Ft E/O Lh	288.18
			117 Community Ctr	311.50

Fund	Check Date	Name	Description	Amount
			Cedd - 9.5%	$ 313.45
			City Manager - 9.5%	313.45
			580 Pine Ave - Loan	1,046.81
			Police Dept - 43%	1,192.84
			Forest & Central Dr	1,327.92
			Police Dept - 43%	1,418.77
			Public Library	1,581.24
			620 Ocean View Pool	1,654.58
		Aloha Pool And Spa	Pool Supplies	1,043.61
		Amazon Capital Serv	Fin Desk Risers	373.62
			Fin Desk Riser	186.81
			Fin Desk Riser	186.81
			Fin Office Supplies	20.13
			Lib Office Supplies	23.94
			Cdd Office Supplies	38.22
			Cdd Office Supplies	41.50
			Pw Park Clean Up	84.00
			Pw Park Pest Contro	89.66
		American Supply Com	B&G Janitorial Supp	2,969.61
		AT&T	Lighthouse Internet	112.35
		AT&T Calnet 3	Admin Phone 3242	2,108.11
			Library Internet 33	222.13
			Pd Data Line 8120	1,057.31
		Atkinson, Andelson,	Legal Services	918.75
		Behavioral Analysis	Pd Backgrnd Psych	575.00
		Bound Tree Medical,	Fd Medical Supplies	1,330.35
		Bps Tactical, Inc.	Pd Vest Carriers	1,824.87
			Pd Vest & Carriers	2,082.51
		Ca Dept Of Industri	Ch Elevator Fees	675.00
		Ca Dept Of Justice	Cmo Background Cks	107.00
		Caltronics Business	Konica Copies Fy26	23.47
			Konica Copies Fy26	97.57
			Konica Copies Fy26	148.21
			Konica Copies Fy26	160.56
			Konica Copies Fy26	175.69
			Konica Copies Fy26	192.30
			Rec Konica Lease	17.45
		Carmel Pine Cone	Cc Amnd Bid Request	87.75
		Centralsquare Techn	Fin Training Servic	945.00
		Clint Box	Rfnd Cancel Class	45.00
		Code Publishing, In	Cc Muni Code Subscr	416.50
		Comcast	Ch Internet 0085844	153.24
		Community Human Ser	Jpa Allocation Memb	23,175.00
			Jpa Allocation Memb	(23,175.00)
		Daniel M Deis	Pd Boot Reimbursemt	195.75
		DDI Signs	Pd Media Background	1,635.00
		Elizabeth Nicknam	Rfnd Cancel Class	45.00
		Ewing Irrigation Pr	Irrigation Supplies	58.70
		AT&T Mobility	Pd Cell Phones 5185	1,787.67
			Library Phones 1990	222.06
		FirstTwo, Inc.	Pd Le Resource	3,600.00
		Fitzgerald Brown	Boot Reimbursement	247.40
		Gachina Landscape M	Park Mowing Service	1,387.00
		Gardaworld	Sept Services Fees	98.53
		Granite Constructio	Street Hot Mix	945.42
		Granite Rock Compan	Refund Concrete	(2,345.41)
			Street Supplies	436.50
			Street Concrete Mix	2,132.04
		Harris & Associates	Contract Planning S	5,655.00
			Contract Planning S	7,697.50
		Hayward Lumber Comp	Lib Repair Supplies	88.59
			B&G Repair Supplies	3,834.35
		Heihachiro Takarabe	Pmt For Tai Chi Cla	84.00
		Hinderliter, De Lla	Cannabis Fee Study	2,100.00
		International Busin	Pd Cloud Services	58.34
		Kimball Midwest	B&G Stock Unit 58	2,049.11
			Mech Stock	266.04
			Stock /Repair Unit	239.91
		Secure Solutions	Pd Backgrounds	2,066.38
			Pd Backgrounds	2,032.88
			Pd Backgrounds	2,750.30
		Liebert Cassidy Whi	Legal Services	630.00
		Lisa Romero	Rfnd Cancel Class	45.00

Fund	Check Date	Name	Description	Amount
		Hometek	Mem Bench Engraving	$ 495.00
		Monterey Peace Offi	Mcpoa Range Mbrship	560.00
			Mcpoa Range Mbrship	630.00
		Mission Linen Suppl	Fire Dept Linen Uni	331.87
		Mission Uniform Ser	Linen / Uniform Cle	470.74
			Linen / Uniform Cle	126.66
			Linen / Uniform Cle	240.88
			Linen / Uniform Cle	470.73
			Linen / Uniform Cle	470.73
		Monterey Bay Pest C	Rodent Control For	135.00
			Rodent Control For	175.00
		Monterey Co. Busine	Cc Speaker Series	65.00
		Monterey County Ele	Cc Contract Svcs	404.27
		Monterey County Wee	Cc Notice Public He	192.00
			2Nd Read Cannibis O	144.00
			Cc 2Nd Read Fire Zo	144.00
			Pub Notice Ord	144.00
			Notice Pub Hearing	144.00
		Monterey Tire Servi	Pd Repairs Stock	280.95
		City Of Monterey	Fy26 Fire Services	286,394.00
		Andrea M. Moreland	Pd Backgrounds	2,136.80
		Napa Auto Parts	Club House Equipmt	22.01
			Club House Equipmt	(22.01)
			Fd Repair Unit 6414	(100.42)
			Fd Repair Unit 6414	100.42
		Noland, Hamerly, Et	Legal Services	6,664.00
		ODP Business Soluti	Fin Office Supplies	21.07
			Cdd Office Supplies	114.88
			Cdd Office Supplies	117.67
			Fin Office Supplies	109.46
			Cdd Office Supplies	69.36
		O'Reilly Auto Enter	Street Repair Suppl	339.34
			Mech Credit Supplie	(37.72)
			B&G Repair Supplies	515.87
			Pd Repair Supplies	670.00
			Fd Repair Supplies	5.04
		Pacific Gas & Elect	Rec Elec 0956-9	5,097.91
			Golf St Elec 3438-9	38.87
		Pacific Grove Hardw	Rec Office Supplies	29.01
			Lib Repair Supplies	33.81
			B&G Tools	38.22
			Fd Repair Supplies	15.49
			B&G Vehicle Repairs	114.63
			Pw Supplies	89.73
			Cdd Office Supplies	84.54
			Pd Repair Supplies	75.31
			Fd Repair Supplies	64.18
			Museum Repair Suppl	469.76
			B&G Repair Supplies	383.62
			Mech Supplies	3.05
			Cdd Office Supplies	3.27
			Forestry Supplies	3.92
			Streets Supplies	230.00
			Pw Supplies	239.47
			B&G Repair Supplies	1,445.79
			Street Supplies	684.03
			Rec Supplies	181.40
			Lib Repair Supplies	137.29
		Pacific West Water	Fin Water Service	42.85
			Cdd Water Service	42.85
		Parma	Parma Conf Registrt	848.00
		Peninsula Welding &	Mech Supplies	68.48
		Primo Brands	Pd Water Service	352.46
		Regional Government	Payroll Advisory Se	302.50
		Dunnigan Psychologi	Pd Backgrounds	750.00
		Salinas Valley Pros	Pd Uniforms	1,614.44
			Pd Uniforms	1,790.35
			Pd Uniforms	1,825.28
			Pd Uniforms	1,825.28
		Lehr	Pd Vehicle Outfit	2,267.12
			New Patrol Vehicle	24,408.54
		Tom'S Site Services	Labor Day Services	4,770.05
		Verizon Business	Pd Port Access	74.69

Fund	Check Date	Name	Description	Amount
		Vestis Services, Ll	Pd Linen Services	$ 182.31
		Brian Whitson	Janitorial Services	380.00
			Monthly Museum Jani	2,100.00
		Aria Med	Pd Background Medic	1,644.00
			Pd Backgrounds	548.00
		Community Human Ser	Jpa Allocation Memb	23,175.00
		Napa Auto Parts	Club Hse Equipment	22.01
			Fd Repair Unit 6414	100.42
	09/15/25	PERS	Ppe8.16.25 Inclcred	20,778.22
	09/17/25	CA Dept Of Conserva	Smip 2022 Apr - Jun	717.78
		Liebert Cassidy Whi	2025 Erc Membership	5,045.00
		Quadient Finance Us	Postage Aug	1,018.09
		SPCA Of Monterey Co	Pd Animal Shelter	490.00
			Pd Animal Services	930.00
		The Pun Group, LLP	Audit, Acfr, Gann R	21,000.00
		Swift Car Wash	Pd Car Washes	320.00
	09/19/25	AFLAC	Ded:5200 Aflac Prem	694.67
			Ded:5201 Aflac P/T	1,371.86
		Calpers Health	Ded:3053 Health Fam	1,446.77
			Ded:2071 Health	1,462.50
			Ded:126 Health	1,475.23
			Ded:116 Health	506.85
			Ded:128 Health Emp	556.45
			Ded:2072 Health	1,109.00
			Ded:129 Health	1,134.79
			Ded:111 Health	1,633.65
			Ded:104 Health	2,027.40
			Ded:4304 Hlth Retro	2,869.82
			Ded:106 Health	2,952.20
			Ded:103 Health	3,041.10
			Ded:112 Health	2,225.80
			Ded:3051 Health Emp	2,225.80
			Ded:108 Health	3,837.86
			Ded:123 Health	5,673.95
			Ded:124 Health	5,900.92
			Ded:2073 Health Fam	8,331.00
			Ded:105 Health	9,224.67
			Ded:122 Health	11,348.00
		City Of Pacific Gro	Ded:3301 Aflac Med	1,565.16
		EFT	Ded:*Sca State Tax	17,000.18
			Ded:*Ft Federal Tx	42,378.47
			Ded:*Fm Medicare	11,658.68
		Franchise Tax Board	Ded:7502 Wage Garn	1,368.78
		Pacific Grove City	Ded:7000 Assoc Dues	856.00
		Mass Mutual (457 Pl	Ded:3999 Roth Ira	1,673.00
			Ded:4000 Def Comp	11,559.68
		Mtry County Dept Of	Ded:0023 Garnish	439.99
		Pacific Grove Manag	Ded:7203 Assoc Dues	40.00
		City Of Pacific Gro	Ded:1006 Work Comp	54.64
			Ded:1003 Work Comp	6,253.84
			Ded:1009 Work Comp	220.46
			Ded:1010 Work Comp	3,178.04
			Ded:1005 Work Comp	1,523.74
			Ded:7510 Pers Reimb	56.58
			Ded:200 Dentaleoer	271.59
			Ded:2103 Dental Fam	1,559.90
			Ded:2101 Dentaleoee	978.98
			Ded:2102 Dental+1Ee	1,085.96
			Ded:0005 Suta	143.11
		PERS	Ded:2003 Pers Other	173.96
			Ded:0004 Surv Ben	92.07
			Ded:07 Pers City	6,294.90
			Ded:0006 Pers City	6,879.63
			Ded:0017 Pers Rg Sf	7,175.52
			Ded:0000 Pers	15.02
			Ded:0009 Pers Other	701.15
			Ded:0018 Pers Sp Sf	749.18
			Ded:0022 Pers Sp Ms	299.45
			Ded:0019 Pers Rt Sf	316.89
			Ded:08 Pers Other	348.83
			Ded:2000 Pers Emply	3,784.48
			Ded:0002 Pers	2,685.05
			Ded:2001 Pers	2,193.46

Fund	Check Date	Name	Description	Amount
			Ded:0021 Pers Reg M	$ 15,243.18
			Ded:0020 Pers Er M3	15,963.79
			Ded:01 Pers	9,616.77
			Ded:0011 Pers Er Sf	8,385.44
			Ded:0020 Pers Er M3	(15,963.79)
			Ded:0021 Pers Reg M	(15,243.18)
			Ded:01 Pers	(9,616.77)
			Ded:0011 Pers Er Sf	(8,385.44)
			Ded:0018 Pers Sp Sf	(749.18)
			Ded:0009 Pers Other	(701.15)
			Ded:08 Pers Other	(348.83)
			Ded:0019 Pers Rt Sf	(316.89)
			Ded:0022 Pers Sp Ms	(299.45)
			Ded:2003 Pers Other	(173.96)
			Ded:0004 Surv Ben	(92.07)
			Ded:0000 Pers	(15.02)
			Ded:0017 Pers Rg Sf	(7,175.52)
			Ded:0006 Pers City	(6,879.63)
			Ded:07 Pers City	(6,294.90)
			Ded:2000 Pers Emply	(3,784.48)
			Ded:0002 Pers	(2,685.05)
			Ded:2001 Pers	(2,193.46)
		Police Officers Ass	Ded:7205 Assoc Dues	654.61
		State Disability Ta	Ded:0026 Sdi	5,051.78
		Transamerica Employ	Ded:5202 Transameri	311.82
		Union Bank Of Calif	Ded:4005 Pars-457	819.90
		Vision Service Plan	Ded:300 Visioneoer	59.76
			Ded:2502 Visioneoee	205.84
			Ded:2504 Vision Fam	228.48
			Ded:2503 Vision+1Ee	242.76
		PERS	Sep 2025 Ual	395,585.00
	09/26/25	California American	1025 Morse Dr	1,497.17
			620 Oceanview	1,546.44
			196 Oceanview	525.23
			1051 Oceanview	1,883.87
			616 Oceanview	2,007.23
			711 Oceanview	2,112.16
			707 Oceanview	2,203.35
			Caledonia Ave Irrig	2,348.23
			150 Forest Pk	2,378.25
			930 Sinex	2,443.32
			980 Piedmont	2,831.92
			230 17 Mile Dr	2,861.62
			863 Oceanview	3,564.37
			616 Oceanview	3,833.51
			391 Oceanvw	8,490.82
			643 Hydrants	44.54
			Mech 5%	52.66
			165 Forest Ave	61.55
			611 Central	61.55
			600 Pine Ave	61.55
			300 Forest Ave	61.55
			308 16Th St	83.68
			748 Lighthouse	83.68
			765 Lighthouse	83.68
			800 Lighthouse Ave	83.68
			792 Lighthouse	83.68
			582 Lighthouse Ave	83.68
			300 Forest Ave	525.23
			580 Pine Ave	651.06
			304 16Th St	888.49
			610 Oceanview St	1,001.39
			550 Central Ave	1,119.47
			2100 Sunset Dr	83.68
			840 Lighthouse	83.68
			850 Lighthouse	83.68
			882 Lighthouse	83.68
			106 7Th St	83.68
			304 16Th St	98.29
			139 Grand Ave	108.33
			300 Forest Ave	126.42
			611 Central Ave	147.59
			B & G 15%	157.99

Fund	Check Date	Name	Description	Amount
			Sunset-Corpyard18%	$ 189.59
			585 Laurel Ave	224.30
			130 Lighthouse Ave	224.30
			600 Pine Ave	340.82
			165 Forest Ave	350.14
			300 Forest Fire-50%	412.41
			300 Forest Fire-50%	412.41
			St Fund 50%	526.63
			100 Oceanview	531.62
			515 Junipero	639.07
	09/25/25	PERS	Ppe 8.30.25 & Adj	77,883.07
	09/26/25	Accent Clean & Swee	Fy 25/26 Street Swe	18,810.00
		Amazon Capital Serv	Rec Progrm Supplies	2,097.44
			Pd Office Equipment	557.73
			Cmo Office Supplies	107.88
			Rec Office Supplies	119.08
			Dept Head Training	122.06
			Rec Office Supplies	138.90
			Library Supplies	141.30
			Fin Cash Drawer	141.97
			Rec Office Supplies	150.33
			Rec Program Supplie	162.26
			Pw Vacuum Supplies	207.56
			Dept Head Training	246.26
			Pw Office Supplies	205.38
			Elop Progrm Supplie	507.93
			Rec Office Supplies	88.08
			B&G Volunteer Suppl	43.44
			Pd Monitor Mounts	43.68
			Pd Office Supplies	44.75
			Library Supplies	46.86
			Rec Office Supplies	69.63
			Pw Office Supplies	78.56
			Cmo Credit Office	(70.40)
			Rec Program Supplie	9.20
			Rec Program Supplie	10.28
			Elop Supplies Credi	(38.23)
			Elop Supplies Credi	(25.06)
			Elop Supplies Credi	(17.47)
			Elop Supplies Credi	(16.38)
			Elop Supplies Credi	(16.37)
			Elop Supplies Credi	(15.28)
			Prgrm Supplies Cred	(4.88)
			Rec Prgrm Supplies	15.72
			Rec Progrm Supplies	18.23
			Elop Progrm Supplie	19.62
			Pd Office Supplies	20.63
			Pw Office Supplies	21.58
			Pw Office Supplies	21.70
			Elop Supplies Credi	(46.94)
			Pd Name Badges	37.03
			Rec Office Supplies	25.01
			Rec Program Supplie	26.21
			Pd Binder Tabs	26.46
			Rec Program Supplie	27.92
			Rec Program Supplie	28.71
			Pw Office Supplies	29.48
			Rec Program Supplie	29.49
			Elop Progrm Supplie	31.42
			Pd Air Filter	32.64
		Ambag	Annual Membership	4,607.10
		Arcpoint Labs Of Mo	Pre Employmt Screen	70.00
		Arlon Moore	Reimburse Boots	250.00
		Axon Enterprise, In	Axon License/Fees	25,038.84
		Baker & Taylor Comp	Books & Materials /	303.42
		Bills Plumbing, Dra	Backflow Testing	225.00
		Burke, Williams & S	City Atty Services	31,719.43
		CA Dept Of Justice	Pd Livescans	486.00
			Cmo Background Chks	64.00
		Caltronics Business	Rec Konica Copier	394.96
			Konica Copies Fy26	77.02
			Konica Copies Fy26	132.42
			Konica Copies Fy26	175.49

Fund	Check Date	Name	Description	Amount
			Konica Copies Fy26	$ 404.05
			Konica Copies Fy26	418.99
			Konica Copies Fy26	2,518.23
		Centralsquare Techn	Finance Software Fy	5,211.10
		Comcast	Pw Internet 0194117	228.74
			Pd Internet 0387836	151.24
			Rec Internet 021497	99.21
			City Hall Tv 003903	14.08
		Cps Hr Consulting	Credit For Pd Exams	(70.00)
			Pd Testing Material	687.50
			Lib Testing Materia	890.75
			Lib Testing Materia	890.75
		Creekside Center Fo	Fy 26 Monarch Sanct	8,000.00
		Dianne Lyle	Pmt For Jazz Classe	105.00
		Doctors On Duty Med	Dmv Physical A Hert	150.00
		Dwan Elevator Co	Museum Elevator	3,222.29
		Engineered Fire Sys	Fd Plan Review Augu	742.50
		Ewing Irrigation Pr	B&G Irrigation Supp	55.02
		Fred Marsh	Mileage Reimburseme	399.09
		Fresh Coats Auto Bo	Pd Repair Unit 9	3,368.20
		Grainger	B&G Stock	1,680.68
		Granite Constructio	Streets Supplies	471.88
		Granite Rock Compan	Streets Supplies	598.91
		Hometek	Mem Bench Engraving	495.00
		International Code	Cdd Books Supplies	301.50
		Jd Repairs Inc	Fd Repairs Unit 641	3,247.07
			Fd Repairs Unit 641	871.42
			Fd Repairs Unit 641	1,809.36
		John Kenney	Reimb Safety Boots	149.58
		Language Line Servi	Pd Dictation Servic	32.77
		Liebert Cassidy Whi	Cmo Legal Services	242.50
			Cmo Legal Services	824.50
			Cmo Legal Services	2,325.00
			Cmo Legal Services	3,686.00
			Cty Cncl Legal Svcs	1,358.00
		Metal Specialties,	Deposit Rail Work	1,190.00
		Monterey Bay Pest C	Rodent Control For	135.00
			Rodent Control For	175.00
			Rodent Control For	180.00
			Rodent Control For	490.00
		Monterey County Dis	Pd Bac Costs	1,095.39
		Monterey County Wee	2Nd Rd Ord 25-007	144.00
			2N Rd Ord Cip Budge	144.00
		Monterey Sports Cen	Cm Fitness Assessmt	120.00
		Nicholas Smith	Per Diem Advance	170.00
		ODP Business Soluti	Cty Cncl Office Sup	136.11
			Pd Office Supplies	427.80
			Fin Office Supplies	91.75
			Cmo Office Supplies	79.53
		Pacific Products &	Streets Stock	1,218.34
		Pure Water	Pw Water Service	23.95
			Mech Water Service	23.95
			B&G Water Service	23.95
			Street Water Servic	23.95
		Quadient Inc	Postage Supplies	34.25
		Becks Shoes And Rep	B&G Boots	1,156.13
			Street Boots	227.51
		Rincon Consultants,	Rincon - Housing El	20,924.00
		Dunnigan Psychologi	Pd Psych Eval	650.00
			Pd Psych Eval Backg	1,000.00
		Safety-Kleen System	Mech Supplies	471.95
			B&G Supplies	471.95
			Streets Supplies	471.96
			Mech Supplies	81.77
			B&G Supplies	81.77
			Streets Supplies	81.77
		Same Day Shred	Cmo Confidntl Shred	50.00
		Sentry Alarm System	Lwp / Fd Monitoring	106.50
			Alarm Maint	685.85
		SPCA Of Monterey Co	Pd Animal Services	3,380.00
		Stitch Witch	Pd Custom Patches	766.50
		Stryker Sales Llc	Heart Monitor For A	2,166.95
		Sturdy Oil Company	B&G Fuel August	807.77

Check Register - Summary by Detail - September 2025

Fund	Check Date	Name	Description	Amount
			Streets Fuel August	$ 403.88
			Ar Fuel August	4,819.72
			B&G Fuel July	1,051.78
			Street Fuel July	525.89
			Pd Fuel July	3,053.24
			Pd Fuel August	1,741.90
			A/R Fuel July	2,580.48
		Suburban Propane	Pw Propane August	49.75
			Mech Propane August	49.75
			B&G Propane August	49.76
			Street Propane Augu	49.76
		Summit Uniforms	Pd Uniform Equip	142.19
		Susan Carter	Rfnd Zoning App Fee	215.00
		The Monterey County	Notice Cannabis Lic	178.63
		Tina Rau	Travel Advance	1,508.29
		Tope'S Tree Service	Contract Tree Servi	8,760.00
		Uline	Lib Office Equip	439.46
		V & V Manufacturing	Pd Chief Badge	193.30
		Verizon Business	Pd Port Access Sept	118.08
			Pw Data	62.07
			Fd Phone Sept	63.13
			Admin Phone Sept	170.63
			Cdd Phone Sept	142.19
			Pw Phone Sept	674.26
			Pd Data Sept	545.44
			It Phone Sept	45.16
			Asd Data	70.81
			Lib Data	76.02
			Pd Phone Sept	99.93
			Cmo Phone Sept	89.83
			Rec Phone Sept	37.34
		Vestis Services, Ll	Pd Linen Services	182.31
			Pd Linen Services	182.31
		Watsonville Ford	Pd Repair Unit 5	253.93
			Mech Repair Unit 35	736.54
			Pd Repair Unit 02	161.49
			Pd Repair Unit 02	111.79
		Wells Fargo Vendor	Konica Lease Fy25/2	91.57
			Konica Lease Fy25/2	195.01
			Konica Lease Fy25/2	230.57
			Konica Lease Fy25/2	230.57
			Konica Lease Fy25/2	291.72
			Konica Lease Fy25/2	291.74
			Konica Lease Fy25/2	291.74
			Konica Lease Fy25/2	291.74
		Brian Whitson	Janitorial Services	380.00
		Swift Car Wash	Pd Car Washes Oct	320.00
07 - LIBRARY BLDG & EQUIP FUND	09/09/25	US Bank	A Canales Local His	261.29
	09/12/25	Minuteman Press	Local History	91.29
11 - LIBRARY BOOK FUND	09/09/25	US Bank	A Canales Book/Matl	99.00
	09/12/25	Amazon Capital Serv	Lib Books Credit	(25.07)
			Lib Books & Materia	7.64
			Lib Books & Materia	19.69
			Lib Books & Materia	38.58
			Lib Books & Materia	17.26
		Overdrive, Inc.	Lib Books & Materia	8.97
			Lib Books & Materia	5.98
	09/26/25	Amazon Capital Serv	Lib Books & Materia	32.51
			Lib Books & Materia	406.67
			Lib Books & Materia	114.76
			Lib Books & Materia	21.80
			Lib Books & Materia	17.69
		Baker & Taylor Comp	Books & Materials /	2,827.70
		Midwest Tape	Lib Books & Materia	49.15
		Wt Cox Information	Lib Books & Materia	2,688.74
18 - GAS TAX FUND	09/12/25	Pacific Gas & Elect	Forest Av Sunset Av	26.51
			Forest Ave Sunset A	50.86
			Forest Ave Sunset A	23.14
			19Th & Sunset Dr.	15.00
			Forest Av Sunset Av	66.63
	09/17/25		Pw Electric 4482-4	9,018.80
	09/19/25	PERS	Sep 2025 Ual	2,373.42
	09/26/25	California American	Cem 4%	42.13

Check Register - Summary by Detail - September 2025

Fund	Check Date	Name	Description	Amount
		4Leaf	Fy 25/26 On-Call Tr	$ 464.00
		Sturdy Oil Company	Gas Tax Fuel August	403.88
			Gas Tax Fuel July	525.89
24 - STILLWELL CHILDREN'S POOL	09/12/25	American Supply Com	Pool Supplies	932.41
		Pacific Grove Hardw	Pool Supplies	107.68
	09/26/25	Amazon Capital Serv	Pool Supplies	17.57
			Pool Supplies	19.36
25 - RECREATION DONATION FUND			Youth Equip Donatio	16.38
			Youth Equip Donatio	652.30
27 - LIGHTHOUSE MAINT.& IMPV.	09/09/25	US Bank	D Gho Vlnteer Namet	153.38
	09/12/25	Pacific Gas & Elect	Asilomar Blvd Pg Lh	69.74
			Asilomar Blvd Pg Lh	148.88
		Bella Terra Publish	Lighthouse Merch	109.20
		Minuteman Press	Lighthouse Brochure	674.30
		Pacific Grove Hardw	Lh Repair Supplies	441.22
			Lh Repair Supplies	140.35
	09/17/25	Kay Bonnell	Lighthouse Merch	412.50
	09/26/25	California American	90 Asilomar Blvd	213.64
		Amazon Capital Serv	Lighthse Gift Suppl	13.48
			Lh Merch Bal Due	1.65
			Lighthse Supplies	42.72
			Lighthouse Supplies	34.92
			Lighthse Supplies	32.76
			Lighthse Merch	31.62
		AT&T Calnet 3	Lighthouse Phone	31.41
		Bella Terra Publish	Lighthouse Merch	636.58
			Lighthouse Merch	68.80
		Bill Wolfe	Lighthouse Audio Re	207.21
		Escarraga'S Luxury	Lighthse Cleaning	480.00
		Ghost Town Publicat	Lighthse Merch	293.50
		Ziga Media Llc	Lighthouse Merch	172.00
40 - POETRY PROMOTION FUND	09/09/25	Us Bank	R Gaither Poetry Pr	581.50
	09/12/25	Amazon Capital Serv	Lib Poetry Supplies	42.70
	09/26/25		Lib Poetry Promotio	10.37
		Avery Burns	Poetry Promotion	100.00
		Leroy Knight Jr	Poetry Promotion	100.00
42 - PUB SAFETY AUG FUND	09/12/25	Monterey County Eme	Dispatch Services &	128,832.00
63 - CAPITAL IMPROV PROJ FUND	09/26/25	Joseph Kavanagh	Cip Sanctuary Fence	1,061.00
70 - EMP BENEFIT FUND	09/05/25	Calpers Health	Sep2025 Ret & Chang	9,152.98
	09/12/25	Claremont Behaviora	Eap Sept Services	648.15
	09/26/25	PARS	Pars Fees July	389.89
71 - WORKERS COMP FUND	09/19/25	PERS	Sep 2025 Ual	1,000.83
	09/26/25	Faa Mike Monroney A	Medicare Claim	1,707.66
72 - LIABILITY INS FUND	09/19/25	PERS	Sep 2025 Ual	890.00
74 - LOCAL WATER PROJECT	09/12/25	Pacific Gas & Elect	Lwp Elec 0792-1	13,891.79
	09/26/25	California American	1313 Ocean View Bl	14,822.85
		Perc Water Corporat	Lwp O&M Services Fy	57,459.61
75 - CEMETERY FUND	09/12/25	Pacific Gas & Elect	Cemetery - 1%	27.74
			Cemetery - 1%	32.99
			Cemetery	41.47
			Crest & Ripple	15.02
		Mission Uniform Ser	Linen / Uniform Cle	470.73
		Pacific Grove Hardw	Cem Supplies	455.08
			Cem Supplies	124.51
	09/19/25	PERS	Sep 2025 Ual	4,105.92
	09/26/25	California American	1254 Delmontecem70%	442.23
			Sewer 8%	84.26
		C & N Tractors	Cem Repair Unit 70	663.70
		Sturdy Oil Company	Cem Fuel August	202.61
			Cem Fuel July	17.04
76 - SEWER FUND	09/12/25	Pacific Gas & Elect	Oceanview Blvd & 8T	8.59
			520 Ocean View Blvd	7.13
			Pump Sunset Arena	7.84
			Pump Station	27.67
			1996 Sunset Dr.	25.32
			520 Ocean View Blvd	25.42
			Pump Russell Svc Ct	18.97
			Pump Russell Svc Ct	65.51
			17Th & Ocnvw	85.31
			Pump 17Th & Ocnvw	207.09
			Pump Sunset Arena	224.72
			471 Ocean View Bl.	164.58
			1996 Sunset Dr.	77.81

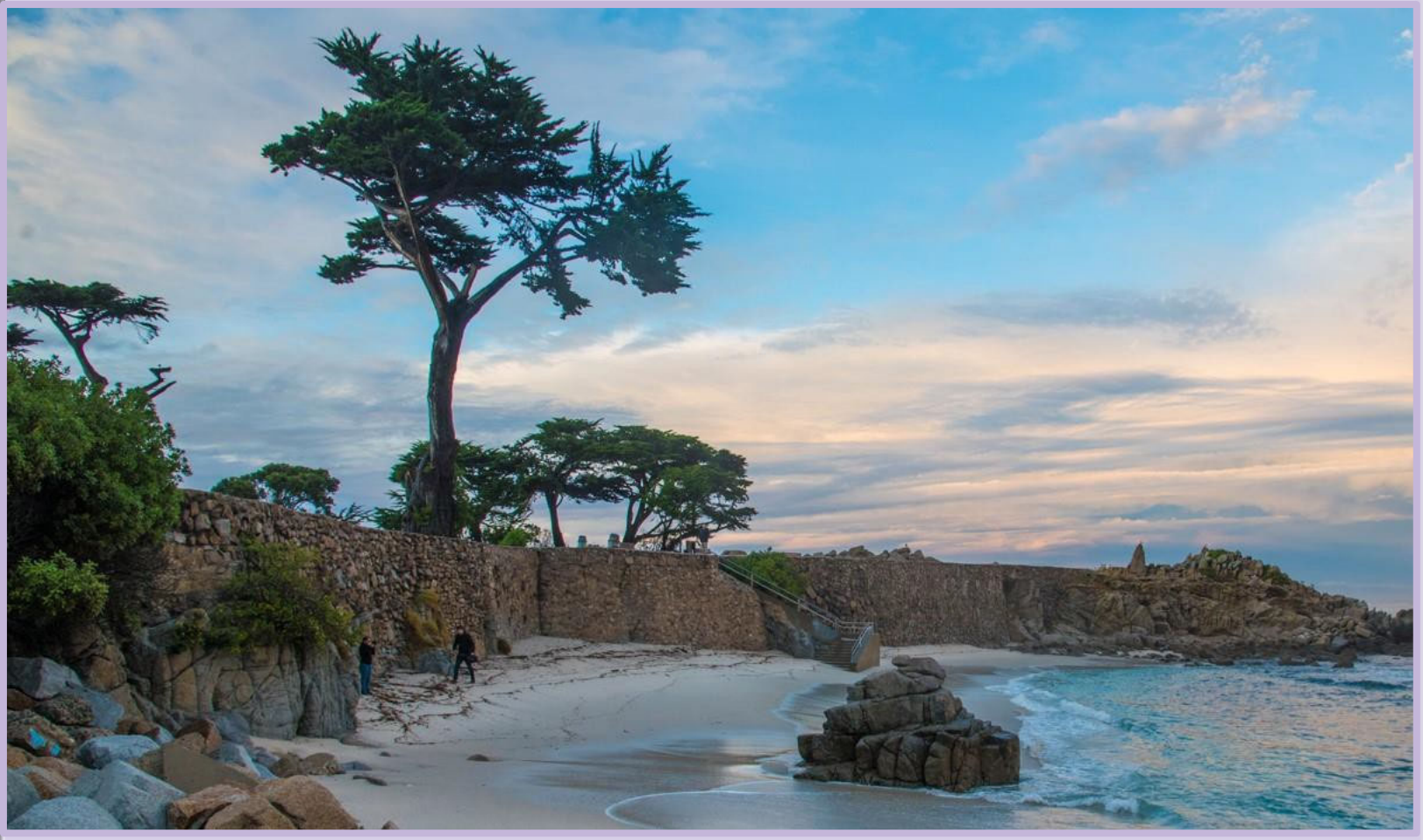
Check Register - Summary by Detail - September 2025

Fund	Check Date	Name	Description		Amount
			Eardley Pump #1	$	80.27
			471 Ocean View Bl.		342.50
			Pump Sunset Arena		476.71
			360 Ocean View Blvd		500.63
			Eardley Pump #1		186.36
			O V 9Th Pump #2		1,028.83
		Kimball Midwest	Sewer Unit 44		183.28
		Mission Uniform Ser	Linen / Uniform Cle		470.73
		Monterey Peninsula	Emergency Sewer Wor		26,023.00
			Del Monte And Beach		57,327.00
		Pacific Gas & Elect	Pw Sewer Elec 4175-		45.00
			Pw Sewer Elec 5126-		1,918.00
		Pacific Grove Hardw	Sewer Supplies		7.84
		Pj Trucking Academy	Class B Training -		5,800.00
		Wallace Group	Scsmp 1, 6, 9 Cip24		4,421.00
			Scsmp 1, 6, 9 Cip24		11,638.41
	09/19/25	PERS	Sep 2025 Ual		12,774.67
	09/26/25	California American	263 Grove Acre Ave		1,427.62
			100 Oceanview		83.68
			1273 Crespi Pond 50		124.47
		Albion Environnment	Sewer Monitor Oct		940.10
			Sewer Monitor Nov		459.97
		Bowman Consulting G	Consulting Pump Stn		1,270.00
		Neill Engineers Cor	Admin Engineering S		1,000.00
		Pure Water	Sewer Water Service		23.95
		Rincon Consultants,	Amendment #3 - Arch		741.00
		Safety-Kleen System	Sewer Supplies		471.96
			Sewer Supplies		81.78
		Sturdy Oil Company	Sewer Fuel August		625.28
			Sewer Fuel Cr July		(382.55)
		Suburban Propane	Sewer Propane Augus		49.76
77 - GOLF FUND	09/12/25	Pacific Gas & Elect	1313 Ocean View Blv		50.90
			1313 Ocean View Blv		114.05
	09/26/25	California American	1254 Delmontegolf30		442.23
			1273 Crespi Pond 50		124.47
			77 Asilomar		98.29
			77 Asilomargolfhse		2,497.26
Grand Total				$	2,020,021.92

City of Pacific Grove California

Interim Budget Status Report

For the Fiscal Year Ended June 30, 2026



City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950
www.cityofpacificgrove.org

City of Pacific Grove Interim Financials Fiscal Year 2025-26

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Mission and Vision

- Mission: To deliver quality professional public services in the City and region
- Vision: To thoughtfully grow as an inclusive community, protecting its character

Core Values

- Leadership: Uphold the highest work ethic
- Inclusiveness: Cultivate an environment of trust
- Integrity: Safeguard public trust
- Collaboration: Promote transparent engagement
- Stewardship: Protect our natural environment

Focused Priority Areas and Goals

- Recreation: Robust and accessible activities
- Infrastructure: Maintain community assets
- Stewardship: Implement sustainable practices
- Housing: Diversity affordable opportunities

City Council Fiscal Year 2025-26

Mayor:	Nick Smith
Councilmembers:	Joe Amelio, Mayor Pro Tempore
	Cynthia Garfield
	Lori McDonnell
	Chaps Poduri
	Tina Rau
	Paul Walkingstick

Welcome Message From the City Manager

The City of Pacific Grove presents its interim financials for Fiscal Year 2025-26.

This report presents the City's overall financial condition in an easy to read format for all users, focusing on major revenues and expenses by major fund type.



Matthew Mogensen
City Manager

Summary of Annual Report

This report is an interim financial update on the City's various funds, including its General, Sewer, Local Water and Cemetery funds, as presented in more detail in the City's adopted budget for FY 2025-26.



Audit Opinion / Awards for Excellence

The City has received a "clean" unmodified audit opinion for its prior audited financial reports, and a Certificate of Achievement for Excellence in Financial Reporting (COA) from the Government Finance Officers Association (GFOA). In addition, the City has received awards for excellence for its operating budget from GFOA and the California Society of Municipal Finance Officers. These awards focus on providing quality documents that are easy to understand by the public.

Social Media for the City

Website: cityofpacificgrove.org

Facebook: CityofPacificGrove

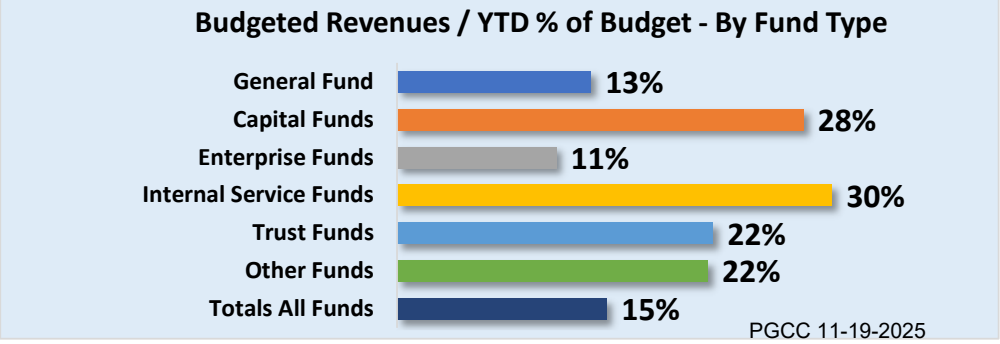
X/Twitter: @PacificGrove

Revenues by Fund - FY 2025-26 (Unaudited)
Through September 2025
25% of Budget Year Complete

Fund	Revenues				Working Capital	
	Revised Budget	YTD	YTD % of Budget	Prior YTD	Projected Change for Fiscal Year	Projected Ending Reserves *
Main Fund - Fund 01	$ 32,729,400	$ 4,535,690	14%	$ 4,169,350	$ (1,969,722)	$ 15,480,866
Other Funds Included	1,027,610	20,674	2%	10,321	(110,640)	61,089
General Fund	**33,757,010**	**4,556,364**	**13%**	**4,179,671**	**(2,080,362)**	**15,541,955**
Capital Projects	$ 506,682	$ 143,555	28%	$ 217,587	(143,318)	2,244,375
Capital Funds	**506,682**	**143,555**	**28%**	**217,587**	**(143,318)**	**2,244,375**
Local Water Project	1,288,746	488,911	38%	566,041	263,641	(127,082)
Cemetery	580,902	95,645	16%	198,059	(267,207)	766,398
Sewer	4,099,809	76,130	2%	230,292	154,540	10,265,039
Golf	956,538	106,515	11%	109,033	(70,144)	881,890
Sewer Lateral Loans	3,908	1,466	38%	3,007	3,908	185,482
Enterprise Funds	**6,929,903**	**768,667**	**11%**	**1,106,432**	**84,738**	**11,971,727**
Employee Benefit	316,299	76,394	24%	66,059	3,599	65,661
Worker's Compensation	925,299	328,279	35%	169,728	8,351	614,952
Liability Insurance	753,944	200,557	27%	191,843	(128,223)	930,712
Internal Service Funds	**1,995,542**	**605,230**	**30%**	**427,630**	**(116,273)**	**1,611,326**
Library	13,141	4,827	37%	10,187	13,141	610,620
Cemetery	121,734	26,645	22%	56,050	121,734	2,411,891
Yount	8,000	-	0%	22,640	-	807,008
Trust Funds	**142,875**	**31,472**	**22%**	**88,877**	**134,875**	**3,829,519**
Library / Poetry	101,677	52,898	52%	55,267	14,277	332,397
Museum	8,073	2,329	29%	5,905	8,073	306,456
Public Safety	821,890	107,926	13%	108,265	(120,319)	458,245
Housing	48,956	14,612	30%	12,194	(107,927)	555,633
Streets	1,619,540	346,579	21%	145,684	(289,743)	1,656,268
Lighthouse	126,917	34,925	28%	37,366	(4,991)	219,181
Community Development/CDBG	41,957	7,260	17%	13,651	(241,444)	477,797
ARPA	-	-	0%	17,121	-	73,216
Downtown/Hospitality Districts	561,700	160,590	29%	163,436	-	58,804
Cable Franchise / Other	62,750	7,599	12%	73,587	(105,253)	265,021
Other Funds	**3,393,460**	**734,718**	**22%**	**632,476**	**(847,327)**	**4,403,018**
Totals All Funds	**$ 46,725,472**	**$ 6,840,006**	**15%**	**$ 6,652,673**	**$ (2,967,667)**	**$ 39,601,920**

* Excludes Proposed Adjustments and Rollovers

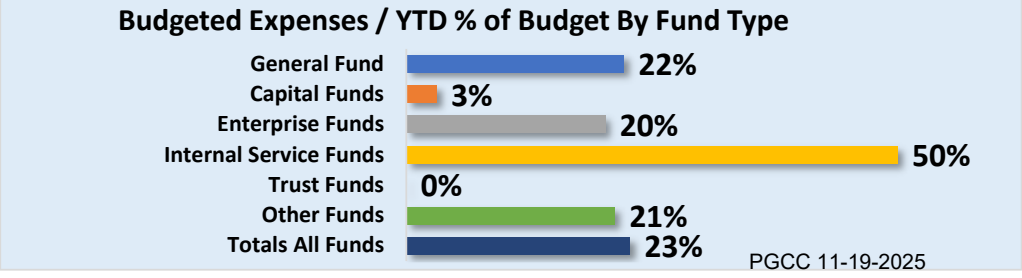
Analysis: Q1 Revenues are slightly lower than budget primarily due to low Property, Sales, and Franchise Tax receipts. See analysis of General Fund Revenues for more detailed explanation.



Expenses by Fund - FY 2025-26 (Unaudited)
Through September 2025
25% of Budget Year Complete

Fund	Expenses					
	Revised Budget	YTD	YTD % of Projected	Purchase Orders	YTD % with POs	Prior YTD
Main Fund - Fund 01	$ 34,699,122	$ 7,986,535	23%	$ 3,150,442	32%	$ 8,510,490
Other Funds Included	1,138,250	(2,985)	0%	-	0%	12,399
General Fund	**35,837,372**	**7,983,550**	**22%**	**3,150,442**	**31%**	**8,522,889**
Capital Projects	$ 650,000	$ 20,248	3%	$ -	3%	$ 7,125
Capital Funds	**650,000**	**20,248**	**3%**	**-**	**3%**	**7,125**
Local Water Project	1,025,105	187,879	18%	391,858	57%	705,974
Cemetery	848,109	227,797	27%	31,112	31%	174,002
Sewer	3,945,269	536,546	14%	1,618,197	55%	703,543
Golf	1,026,682	440,393	43%	29,150	46%	396,746
Sewer Lateral Loans	-	-	0%	-	0%	-
Enterprise Funds	**6,845,165**	**1,392,615**	**20%**	**2,070,317**	**51%**	**1,980,265**
Employee Benefit	312,700	72,107	23%	-	23%	132,755
Worker's Compensation	916,948	391,793	43%	-	43%	443,832
Liability Insurance	882,167	597,808	68%	5,446	68%	570,938
Internal Service Funds	**2,111,815**	**1,061,708**	**50%**	**5,446**	**51%**	**1,147,525**
Library	-	-	0%	-	0%	-
Cemetery	-	-	0%	-	0%	-
Yount	8,000	-	0%	-	0%	1,211
Trust Funds	**8,000**	**-**	**0%**	**-**	**0%**	**1,211**
Library / Poetry	87,400	19,004	22%	17,337	42%	6,945
Museum	-	21,307	200%	19,147	200%	33,768
Public Safety	942,209	315,543	33%	219,019	57%	170,913
Housing	156,883	27,673	18%	-	18%	27,869
Streets	1,909,283	96,427	5%	424,423	27%	62,167
Lighthouse	131,908	28,328	21%	-	21%	29,009
Community Development/CDBG	283,401	396,692	140%	39,000	154%	3,491
ARPA	-	-	0%	-	0%	33,209
Downtown/Hospitality Districts	561,700	-	0%	-	0%	40,375
Cable Franchise / Other	168,003	31	0%	-	0%	25
Other Funds	**4,240,787**	**905,005**	**21%**	**718,926**	**38%**	**407,771**
Totals All Funds	**$ 49,693,139**	**$ 11,363,126**	**23%**	**$ 5,945,131**	**35%**	**$ 12,066,786**

Analysis: Q1 Expenses are in line with budget. Individually significant items are as follows:
Museum: There were no budgeted expenses for the current year.
Community Development: There were two CDBG loans, for approximately $200k each, recorded in the year. It was budgeted for Community Development to expend all of their grant awards by FY26 Year End. This increase is due to awards not spent in FY25.



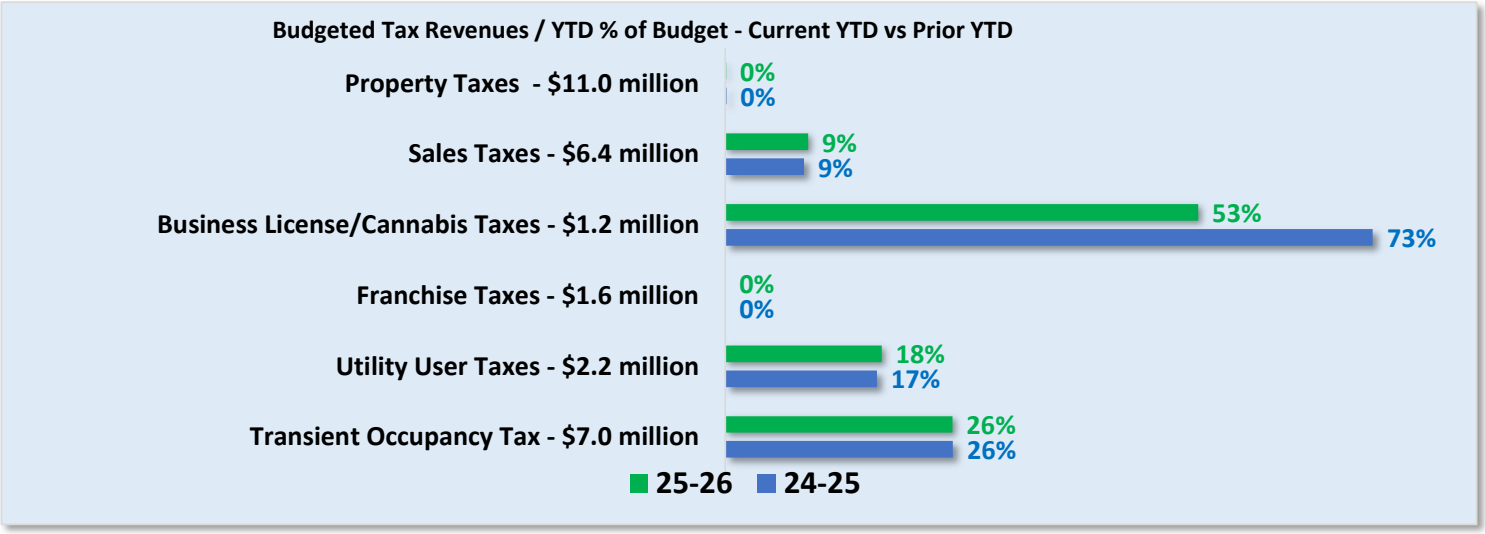
General Fund Revenues - FY 2025-26 (Unaudited)
Through September 2025
25% of Budget Year Complete

Revenue Account	Revised Budget	YTD Revenues	YTD % of Budget	Year End Projection	Prior YTD Revenues	Prior YTD % of PY Actual
Property Taxes	$ 11,022,700	$ 11,817	0%	11,022,700	15,519	0%
Sales Taxes	6,353,575	592,430	9%	6,353,575	563,951	9%
Business License/Cannabis Taxes	1,181,790	629,354	53%	1,181,790	217,467	73%
Franchise Taxes	1,603,400	-	0%	1,603,400	-	0%
Utility User Taxes	2,183,500	384,335	18%	2,183,500	416,252	17%
Transient Occupancy Tax	6,965,984	1,780,809	26%	6,965,984	1,778,151	26%
Litter Abatement	210,000	-	0%	210,000	-	0%
Construction Permits	932,200	335,134	36%	932,200	234,510	23%
Zoning Enforcement	206,000	118,144	57%	206,000	38,240	18%
Plan Check Fees	606,700	147,298	24%	606,700	160,226	29%
Parking Meters	351,200	101,655	29%	351,200	106,141	29%
Water Entitlements	287,600	53,766	19%	287,600	146,170	9%
Interest Earned	819,203	215,317	26%	819,203	255,235	49%
Investment Market Value Gain/Loss	-	127,930	200%	146,000	309,321	200%
Indirect Cost Reimbursement	578,600	138,000	24%	578,600	138,000	25%
Total Major Revenues	**33,302,452**	**4,635,989**	**14%**	**33,448,452**	**4,379,183**	**13%**
Total General Fund Revenues	**33,757,010**	**4,556,364**	**13%**	**33,904,000**	**6,264,450**	**19%**

FY 2023-24 Tax Revenues	Property Taxes	Sales Taxes	BL/Other	Franchise	Hotel Taxes	Utility
	10,135,764	5,975,031	697,772	1,635,968	6,730,240	2,118,068

Analysis: Q1 Revenue is slightly lower than budget primarily due to:
1. Low Property Tax receipts, which are billed twice a year plus supplemental,
2. Low Sales Tax receipts, as Burns and Measure A revenues were recevied after Quarter-end,
3. No Franchise Tax receipts, as quarterly payments have not yet been received,
4. No Litter Abatement receipts, as quarterly payments were received after Quarter-end,

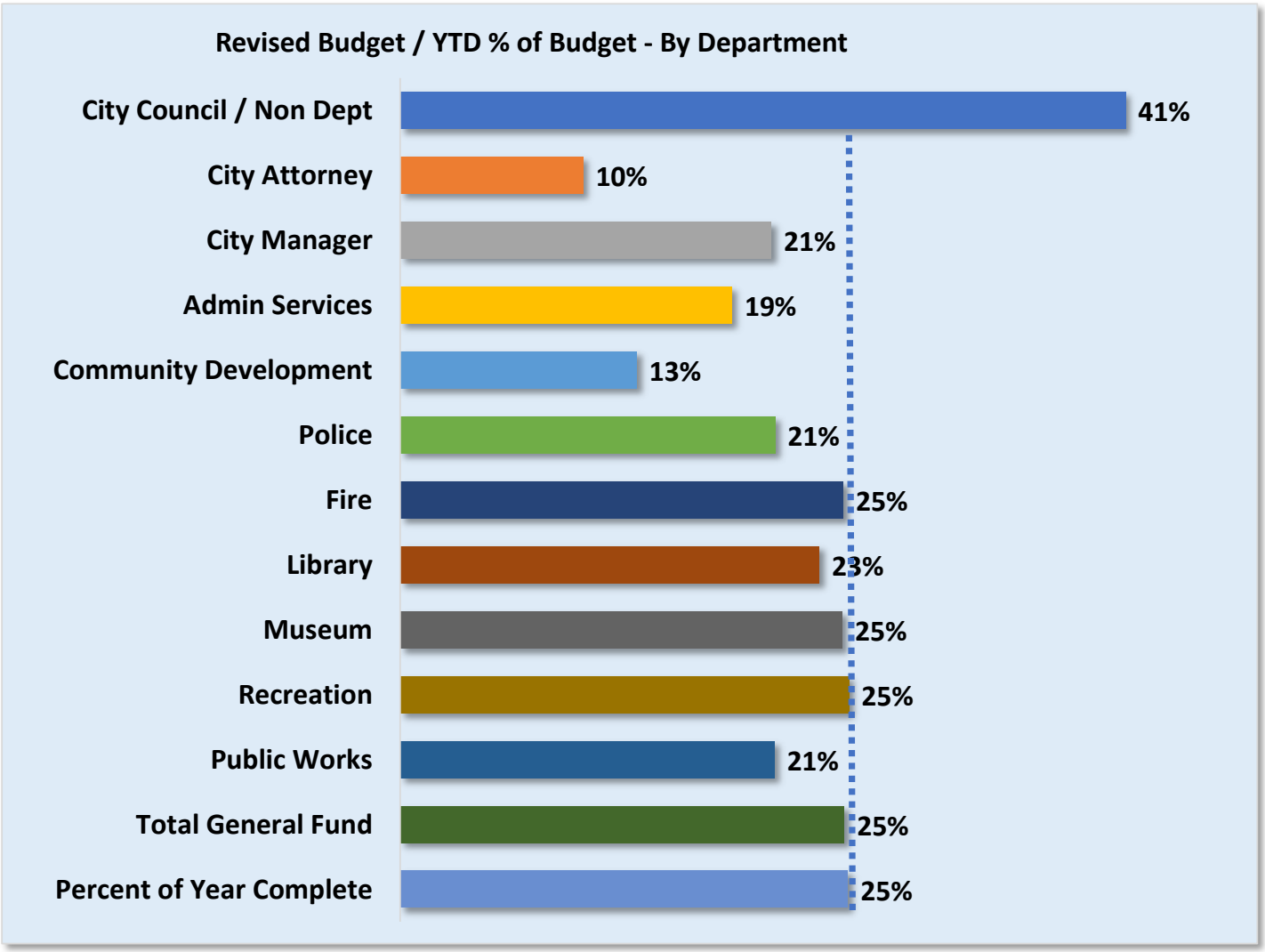
And was offset by:
1. Business License/Cannabis Taxes, as the majority of business license revenue is received at the beginning ot the year.
2. Zoning Enforcement, as current YTD receipts are higher than prior three years at this same time. Zoning enforcement revenue is unpredictable in nature.
3. Investment Market Value Gain/(Loss), which is not a budgeted item due to unpredictable nature of markets.



General Fund Expenses (including Transfer) by Department - FY 2024-25 (Unaudited)
Through September 2025
25% of Budget Year Complete

Department	Revised Budget	YTD Expenditures	YTD % of Budget	PY YTD % of PY Budget	Outstanding Purchase Orders	YTD % with POs	Year End Projection
City Council / Non Dept	$ 7,310,984	$ 2,962,491	41%	121%	$ -	41%	$ 7,311,000
City Attorney	915,000	93,330	10%	93%	606,871	77%	915,000
City Manager	1,609,254	333,244	21%	91%	9,018	21%	1,650,000
Admin Services	2,699,548	499,811	19%	88%	89,684	22%	3,900,000
Community Development	2,439,321	321,775	13%	100%	1,297,994	66%	2,400,000
Police	7,981,343	1,671,371	21%	84%	6,364	21%	8,000,000
Fire	3,899,497	964,767	25%	67%	292,358	32%	3,890,000
Library	1,200,659	280,960	23%	81%	9,857	24%	1,200,000
Museum	424,493	104,785	25%	83%	282,000	91%	424,000
Recreation	1,802,832	451,703	25%	96%	7,860	25%	1,863,000
Public Works	4,416,191	922,698	21%	102%	548,435	33%	4,236,000
Total General Fund	**$ 34,699,122**	**$ 8,606,935**	**25%**	**87%**	**$ 3,150,442**	**34%**	**$ 35,789,000**

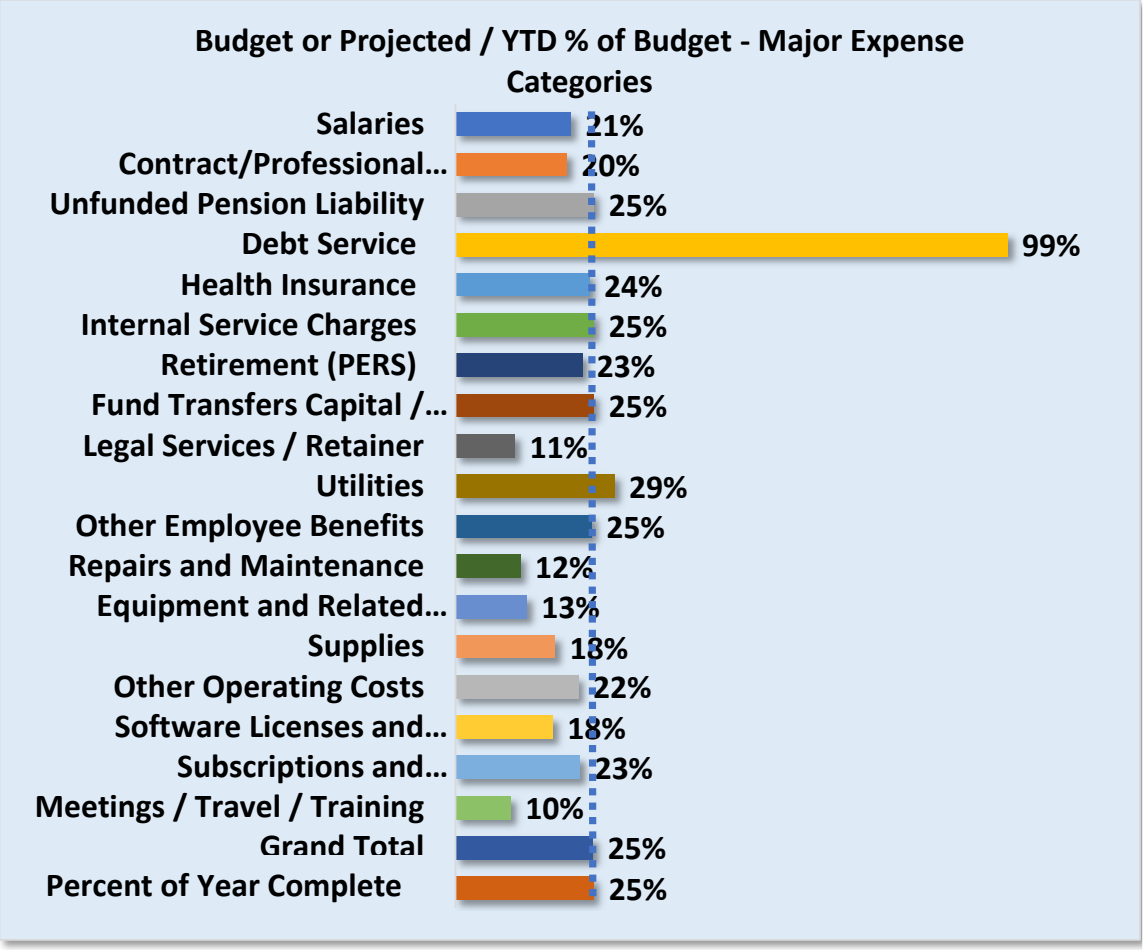
Analysis: Q1 expenses are on target. City Council / Non Dept is high due to a $1.5M PERS P.O.B. payment made at the beginning of the year.



General Fund Expenditure Report - FY 2024-25 (Unaudited)
Through September 2025
25% of Budget Year Complete

Expense Line Item	Revised Budget	YTD	YTD % of Budget	Purchase Orders	YTD % with POs
Salaries	11,628,459	2,416,631	21%	0	21%
Contract/Professional Services	6,471,443	1,301,387	20%	2,457,896	58%
Unfunded Pension Liability	4,747,019	1,186,755	25%	0	25%
Debt Service	1,512,562	1,504,169	99%	0	99%
Health Insurance	1,368,833	331,530	24%	0	24%
Internal Service Charges	1,364,000	341,000	25%	0	25%
Retirement (PERS)	1,150,254	263,423	23%	0	23%
Fund Transfers Capital / Other	1,117,600	279,400	25%	0	25%
Legal Services / Retainer	966,000	104,287	11%	606,871	74%
Utilities	900,968	258,757	29%	0	29%
Other Employee Benefits	634,618	156,270	25%	0	25%
Repairs and Maintenance	537,892	63,286	12%	4,492	13%
Equipment and Related Leases	519,780	67,284	13%	47,123	22%
Supplies	455,600	82,060	18%	24,796	23%
Other Operating Costs	443,625	98,428	22%	9,264	24%
Software Licenses and Support	397,569	69,892	18%	0	18%
Subscriptions and Memberships	285,200	64,193	23%	0	23%
Meetings / Travel / Training	181,500	18,182	10%	0	10%
Grand Total	**34,682,922**	**8,606,935**	**25%**	**3,150,442**	**34%**

Analysis: Q1 expenditures are on target. Debt Service represents a $1.5M PERS P.O.B. payment made at the beginning of the year.

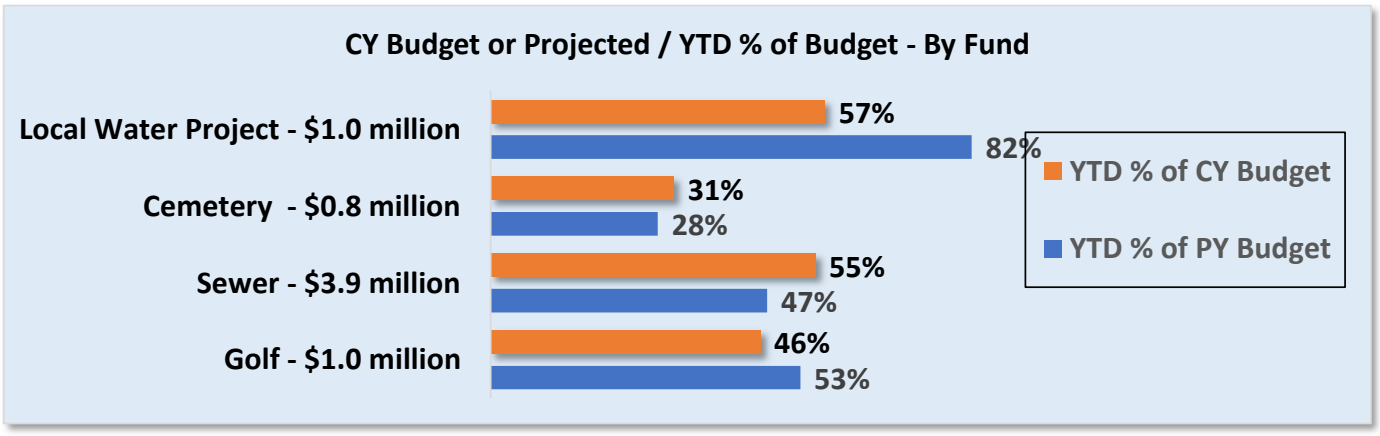


Expense Report by Object - Enterprise Funds - FY 2024-25 (Unaudited)
Through September 2025
25% of Budget Year Complete

Fund / Expense Line Item	CY BUDGET	CY Expenses	% CY Budget	PY Budget	PY Expenses	% PY Budget
Local Water Project	**1,025,105**	**581,475**	**57%**	**1,360,925**	**1,110,218**	**82%**
Supplies And Services	25,000	0	0%	25,000	1,467	6%
Contract Services	425,656	500,000	117%	419,476	502,232	120%
Fund Transfers	0	0	0%	350,000	87,500	25%
Indirect And ISF Charges	41,000	10,250	25%	50,000	12,500	25%
Debt Service	206,449	0	0%	206,449	0	0%
Project Utilities	327,000	71,225	22%	310,000	506,519	163%
Cemetery Fund	**848,109**	**263,909**	**31%**	**720,349**	**204,316**	**28%**
Services And Supplies	88,700	42,790	48%	114,650	44,479	39%
Salaries And Benefits	350,409	80,227	23%	315,699	53,306	17%
Indirect Costs And Isf Charges	169,000	42,250	25%	169,000	42,250	25%
Utilities	240,000	98,642	41%	121,000	64,282	53%
Sewer Fund	**3,945,269**	**2,173,993**	**55%**	**3,250,050**	**1,524,932**	**47%**
Debt Service	87,814	44,782	51%	89,689	49,653	55%
Other Operating Costs	200,769	17,331	9%	238,069	274,508	115%
Capital Improvements	1,050,000	1,592,474	152%	622,052	831,468	134%
Employee Salaries	789,214	143,069	18%	637,237	144,866	23%
Contract Services	407,000	128,448	32%	374,725	0	0%
Employee Benefits	211,176	43,106	20%	174,278	41,815	24%
Indirect Cost / ISF Charges	430,000	107,500	25%	423,000	105,750	25%
Maintenance Services	516,000	0	0%	450,000	0	0%
Unfunded Pension Liability	153,296	38,324	25%	141,000	35,250	25%
Utilities	100,000	58,958	59%	100,000	41,622	42%
Golf Fund	**1,026,682**	**469,543**	**46%**	**755,057**	**396,746**	**53%**
Capital Projects And Equipment	128,000	29,150	23%	108,000	0	0%
Services And Supplies	15,000	50	0%	30,000	0	0%
Debt Service	272,097	112,154	41%	272,057	135,955	50%
Utilities	23,019	7,613	33%	20,000	7,235	36%
Indirect Cost Allocation	20,000	5,000	25%	20,000	5,000	25%
Utilities	568,566	315,576	56%	305,000	248,555	81%
	6,845,165	**3,488,919**	**51%**	**6,086,381**	**3,236,211**	**53%**

Analysis: Q1 Enterprise Fund Expenses are higher than budget primarily due to:

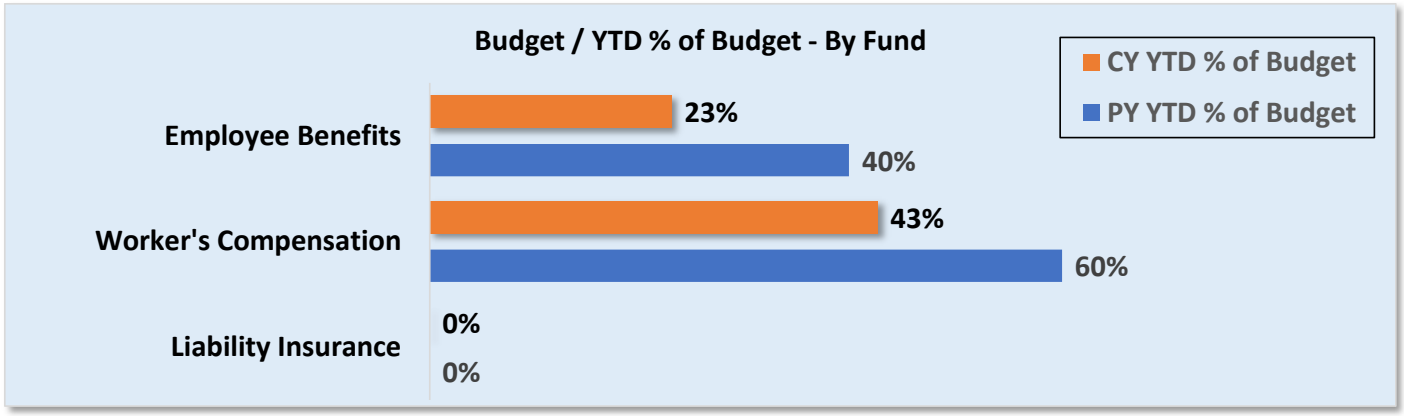
1. Sewer - Capital Improvements: CY expenses higher than budget due to work on PY approved projects. Utilities: $36k true up.
2. LWP - Contract Services: Operations & Maintenance are higher than budgeted.
3. Golf - Utilities: July through September are the highest water-use months.
4. Cemetery - Utilities: July through September are the highest water-use months.

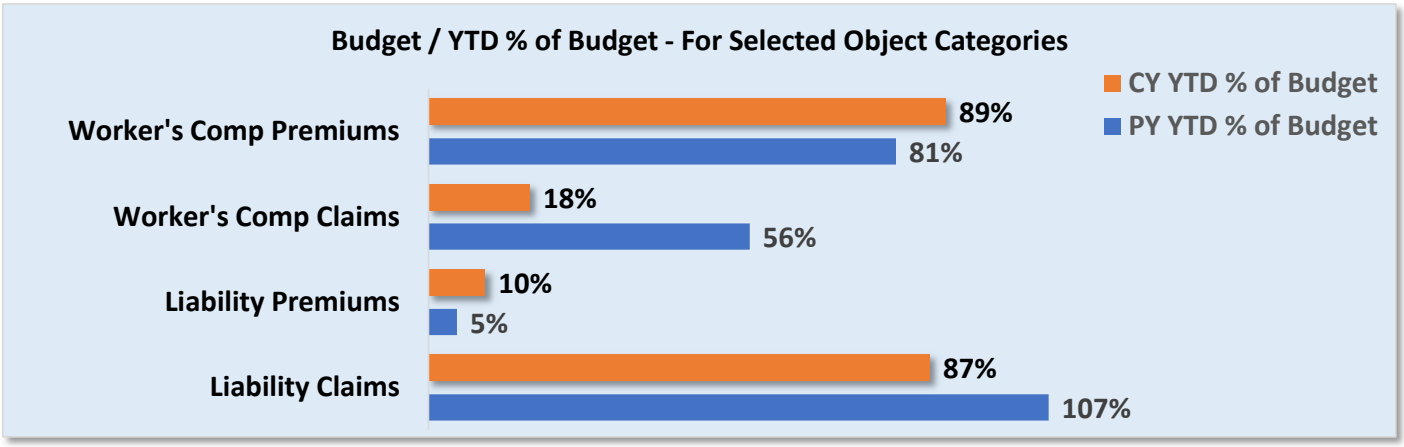


Internal Service Funds Expense Report - FY 2024-25 (Unaudited)
Through September 2025
25% of Budget Year Complete

Fund / Expense Line Item	CY BUDGET	CY Expenses	% CY Budget	PY Budget	PY Expenses	% PY Budget
70 - Employee Benefit Fund	**312,700**	**72,107**	**23%**	**332,000**	**132,755**	**40%**
Other Costs	95,500	25,556	27%	89,000	25,372	29%
Health Benf. Reimbrmst	5,200	11,453	220%	57,000	9,686	17%
Health Insurance Cost	209,000	33,640	16%	183,000	97,697	53%
Unemployment Claims	3,000	1,458	49%	3,000	0	0%
71 - Workers Compensation	**916,948**	**391,793**	**43%**	**735,949**	**443,832**	**60%**
Services And Supplies	25,000	150	1%	25,000	416	2%
Salary And Benefits	72,948	18,708	26%	55,949	2,704	5%
Insurance Premiums	319,000	285,241	89%	305,000	246,394	81%
Insurance Claims	500,000	87,694	18%	350,000	194,318	56%
Overtime	0	0	0%	0	0	0%
72 - Liability Insurance	**882,167**	**603,254**	**68%**	**717,003**	**570,938**	**80%**
Services And Supplies	40,200	150	0%	39,200	162	0%
Salaries And Benefits	64,967	6,391	10%	49,803	2,454	5%
Insurance Premiums	677,000	586,511	87%	515,000	552,048	107%
Insurance Claims	100,000	10,202	10%	113,000	16,274	14%
Grand Total	**2,111,815**	**1,067,154**	**51%**	**1,784,952**	**1,147,526**	**64%**

Analysis: Q1 Internal Service Fund Expenses are higher than budget primarily due to:
Workers Compensation - Insurance Premiums: Paid up front at the beginning of the year.
Liability Insurance - Insurance Premiums: Paid up front at the beginning of the year.





Other Related Information for Insurance Funds:

Recommended Reserve Levels:	75% of outstanding liabilities for Insurance ISF Funds
Self Insured Retention Amount:	$150,000 per occurrence (WC) / $200,000 per occurrence (GL)
New Claims for Quarter:	↓ 2 (9 compared to 11 in same quarter of prior fiscal year)
Claims Outstanding:	↑ 2 (37 compared to 35 in same quarter of prior fiscal year)

City of Pacific Grove, California
Fund Numbers and Descriptions

General and Capital Project Funds

General Fund - Accounts for funds not accounted for and reported in another fund, including the following subfunds:

- General Fund (01)
- Civic Center (14)
- Drug Awareness (21)
- Asset Seizure (22)
- Stillwell Children's Pool (24)
- Youth Center Donation (25)
- Operating Donations (31)
- Vehicle Replacement (32)
- Storm Water (44)
- Small Business Assistance (48)
- Reiko Koo Estate Donation (93)

Capital Projects (63) - Accounts for capital projects funded fully or in part by discretionary General Fund revenues.

Enterprise Funds

Cemetery (75) - Accounts for revenue from El Carmelo Cemetery site sales and the Little Chapel lease.

Local Water Project (74) - Accounts for the reclamation plant's operation, treatment, and sale of recycled water.

Sewer (76,78) - Accounts for the City's sewer operations and maintenance (76) and provides funds for sewer lateral loans (78).

Golf Course (77) - Accounts for the concessionaire leases for the golf course, property improvement costs, and debt service.

Internal Service Funds:

Employee Benefit (70) - Accumulates contributions from departments to pay for a variety of employee benefit costs.

Workers' Compensation (71) – Accumulates contributions from departments to pay for premiums, claims and administrative costs.

Liability Insurance (72) – Accumulates contributions from departments for claims, legal costs, and insurance premiums.

Trust (Permanent) Funds

Library (85) - Retains donations and bequeaths for the benefit of Library materials and collections.

Cemetery (86) - Accounts for perpetual expenses; and preservation of burial sites, grounds, paths, roadways and structures.

Yount (90) - Supports beautification of the City and minor improvements to education or recreational facilities.

Other Funds

Library / Poetry (7,11,40) – Accounts for funds to support the promotion of poetry and library improvements and equipment.

Museum (8) – Accounts for donations designated for improvements to the City's museum of natural history.

Public Safety (12,42-45) – Accounts for funds in support of fire and police safety programs, SRO and 911 services and equipment.

Housing (15,28,36) – Accounts for affordable housing activities for residents and seniors and supports loans for affordable housing.

Streets (17-20,47) – Accounts for Gas and RMRA taxes, Measure X, and other grant funds for street maintenance and improvements.

Lighthouse (27) – Supports the operation at the Point Pinos Lighthouse including staffing, supplies, maintenance and improvements.

Community Development/CDBG (5,34,55) – Accounts for Community Development Block Grants and other department activities.

ARPA (84) – Accounts for funds received and expenditures from the American Rescue Plan Act provided by the federal government.

Downtown/Hospitality Districts (9-10) – Funds support the Chamber of Commerce and Convention/Visitor's Bureau operations.

Cable Franchise / Other (6, Other) – Funds programming on public access television (PEG) and other donations and grants, including:

- ASBS Grant (79)
- Coastal Conservancy Grant (69)
- Operating Grants (30)
- Yount Income (41)
- Strong Disbursements (46)
- Carillon Fund (03)
- Chautauqua Hall (26)
- Mcindoo Donation (92)

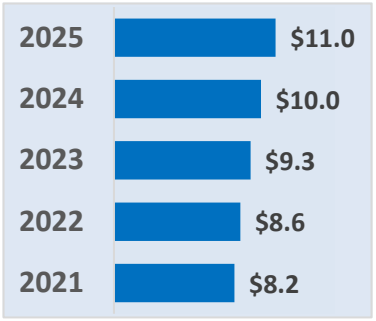
City of Pacific Grove

General Fund Revenue Overview

Information related to major revenues categories is provided within this section. All graphs are in millions.

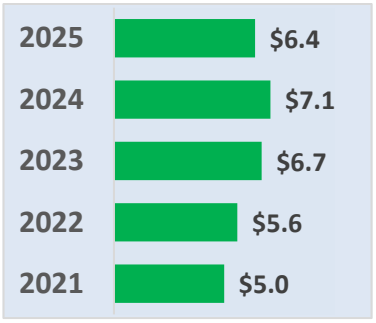
Property Taxes

Property tax revenues are received in December and April, with a minor amount in June. Proposition 13 sets FY 75-76 assessed values as the base year, with a growth rate limited to 2% for future years. The County Assessor also reappraises each real property parcel when there are purchases, construction, or other statutorily defined changes in ownership. Proposition 13 limits the property tax to 1% of each property's full value, plus additional percentages for voter approved indebtedness. The City receives approximately sixteen cents of every dollar of property tax. Variations can result from timing differences, changes in assessed valuations, new developments and property sales during the year.



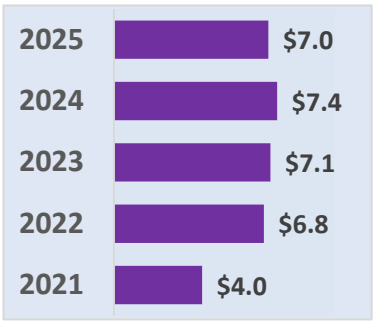
Sales Tax

Voters approved Measure A, a new 0.50% transaction and use tax. This increased the combined sales tax rate to 9.25% in October 2022. The General Fund portion of the City sales tax is comprised of a 1% Bradley-Burns statutory sales tax rate; and Measure U, a 1% transaction and use tax that was approved by voters in 2008. Restaurants and Hotels are the largest providers of sales tax to the City, followed by businesses in the building and construction category and from the County/State sales tax pool. Variances can occur annually resulting from timing differences, changes in car sales and online purchases, the two largest categories of its use tax, and from variances in tourism in the area.



Transient Occupancy Tax (TOT)

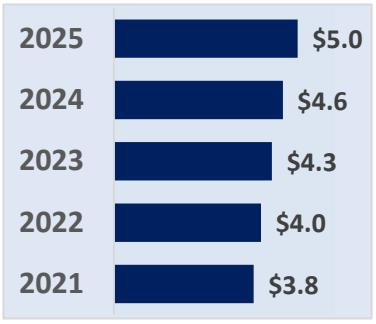
TOT is a lodging tax received on a monthly basis that is collected on overnight rental accommodation stays of 30 consecutive days or less. In 2010, the City updated its municipal code and began collecting TOT on residential or short-term rental properties (STRS). In Fiscal Year 17/18, the City approved an ordinance to reduce the number of short-term rentals, effective April 30, 2019. A one-time lottery was also conducted that eliminated 51 STR licenses to meet the ordinance's new density requirements. In November of 2018 voters approved Measure U, increasing the TOT rate to 12%. This increased tax was partially offset by Measure M, eliminating STRs outside of the Coastal and Commercial zones. Variances can be affected by timing differences and changes in room and hotel occupancy rates.



Other Taxes

The City imposes a utility users' tax on residents and businesses that utilize water, gas, electricity, telephone, and cable services. This tax is assessed at a rate of 5% of the amount charged by the utility; and it is paid by the person consuming the service. The amount of revenues received is affected by timing differences and updates to the underlying rate structures or new development projects.

The City grants franchises to utilities to construct, maintain, lay infrastructure, or operate transportation on or over streets, alleys, lanes, or other public places within the City. New franchises or their renewal are levied a tax of at least 2% if gross annual receipts from franchises within the City.



The City charges a business license tax on entities doing business within the City. The tax rate is based upon gross receipts of the previous calendar year, with a minimum annual tax of $15 and a maximum of $3,000. The tax is payable on July 31st of each year along with a business improvement district assessment of 35% of the tax. The amounts can vary annually due to timing differences and periodic external audits and changes in business activity.

City of Pacific Grove

Departmental Expenditure Overview / Variance Analysis

Note that expenditures for most operating departments include amounts budgeted for personnel costs, including allocations for payment of the City's unfunded pension liability, meeting and travel costs (except the City Attorney, Fire and Museum departments, operated on a contract basis), and internal service charges for support provided by other departments. In addition, most departments include allocations for utilities and contracted professional services. Note that variances for departments frequently can occur due to vacancies, timing differences in the payment for items, unexpected repairs and delays in projects, and higher than anticipated increases in costs for products and services. The departments' budgets also include the following expense categories,

General Fund

City Council – Includes annual association memberships

City Attorney – Includes the legal retainer and contract legal services

City Manager – Includes economic development and human resources programs and consultants

Administrative Services – Includes contracted technology services, bank fees, leases for equipment and cloud based services, communication / phone services, software licenses, computer equipment / support and repairs

Community Development – Includes contracted building, planning and dept legal professional services, bank fees, advertising for bidding, leases for equipment and cloud based services and software licenses

Police – Includes dept legal services, communication / phone services, bank fees, safety and computer equipment / support, vehicle fuel and dept related debt service payments and fund transfers

Fire – Includes contracted fire services, repairs, fire prevention services and dept related debt service / transfers

Library – Includes new library books, leases for equipment and cloud based services and building repairs

Museum – Includes the operation of the museum and building repairs

Public Works – Includes maintenance of buildings, equipment, grounds and trees, street cleaning, maintenance of the fleet, leases for equipment and cloud based services, supplies and services and communication charges

Recreation - Includes bank fees, advertising for recreation programs, building repair and operating supplies

Enterprise / Internal Service Funds

Local Water Project – Funds equipment and its debt service payments. This fund may exceed budget by year end due to higher than expected utility costs

Cemetery – Includes its staffing and for operating supplies

Sewer– Funds maintenance, equipment and vehicle repairs, equipment, supplies, capital and debt service

Golf – Includes operations, improvements and for its debt service.

Employee Benefit – Includes contributions for various employee benefits

Worker's Compensation / Liability Insurance – Funds claims, administration and insurance premiums

See additional details on capital expenditures for these funds in the City's separate quarterly capital project report.

Other Funds

Several of the City's funds will require mid-year adjustments due to the carryover of several capital projects from Fiscal Year 2024-25 to Fiscal Year 2025-26. These include the following funds:

- Museum (Fund 08)
- Local Streets / Roads (Fund 17)
- ARPA (Fund 84)
- RSTP / TAMC Transportation (Fund 20)
- Lighthouse (Fund 27)
- Road Maintenance RMRA (Fund 47)
- General Fund Capital Projects (Fund 63)
- Sewer (Fund 76)

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: David Stiles, Senior Accountant

MEETING DATE: November 19, 2025

SUBJECT: FY26 Q1 Quarterly Treasurer's Report

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

RECOMMENDATION

1. Receive the report.
2. Alternatively, discuss and take other action related to this item.

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 September 30th, 2025 and shows that cash and investments were held citywide, with a market value of $37,774,845. All investments are in government securities, certificates of deposit (CD), or other approved investment vehicles. The maturity dates are laddered, to ensure liquidity. Investments that have matured will be reinvested according to the cities' applicable policies. All bank balances are insured. The City does not actively trade either certificates of deposits or federal agency securities but holds investments in the portfolio for maturity. The average yield on the City's portfolio for the quarter is 3.68%. This represents a yield rate that is 0.05% more than the prior quarter and 0.48% greater than the same quarter of the prior year.

OPTIONS

N/A – This is an informational report.

FINANCIAL IMPACT:

There is no fiscal impact. This is informational only.

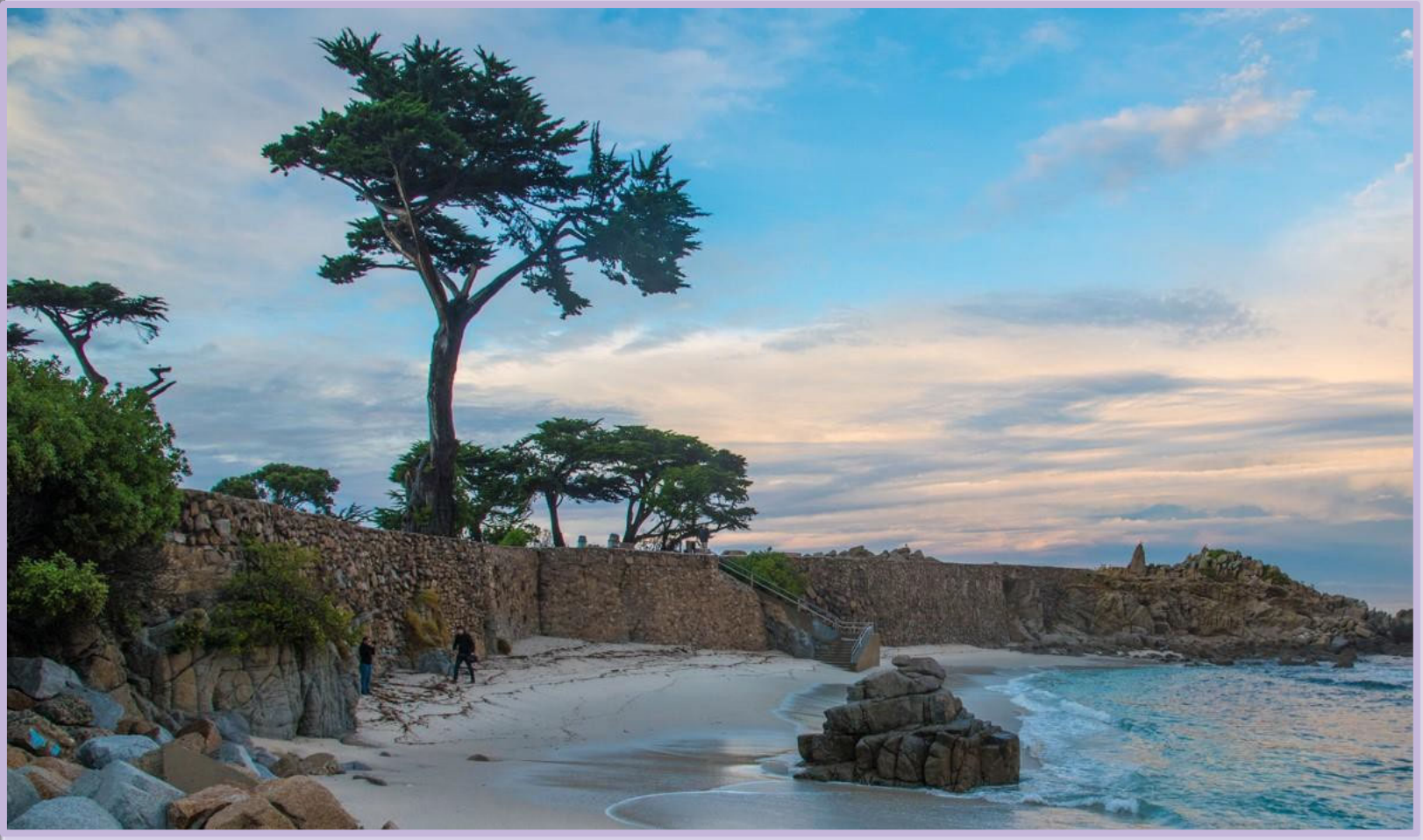
FOCUSED PRIORITY AREA: Not Applicable.

Attachments

City of Pacific Grove
California

Interim Investment Report

For the Fiscal Year Ended June 30, 2026



City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950
www.cityofpacificgrove.org

City of Pacific Grove Investment Report Fiscal Year 2025-26

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Investment Compliance Report..... 3
LAIF Pool Background..... 4
Economic Trends..... 5
Investment Summary and Details..... 6

Long Term Investment Restrictions

Only debt reserve funds may be invested in securities exceeding five years without prior Council approval, so long as their maturities coincide with the expected use of funds.

Liquidity Objectives

The City's investments will remain liquid to enable it to meet all operating requirements which might be reasonably anticipated. Maturities of some investments for which there is limited opportunity for resale shall be staggered to maximize liquidity.

Safety Objectives

The City's investments shall be overseen in a manner to ensure preservation of capital in the portfolio. The City will diversify its funds among a variety of securities with varying maturities.

Additional Resources for Information

Website: cityofpacificgrove.org

Facebook: CityofPacificGrove

X/Twitter: @PacificGrove

Welcome Message From the City Manager

The City of Pacific Grove presents its investment report for the current fiscal year, including details on types of securities held and maturities of its investments, as well as reporting on compliance with the City's investment policy and recent market conditions.



Matthew Mogensen
City Manager

Cash Overview

The City pools its cash for investment purposes. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Certain restricted funds, held by outside firms through agreements with the City, are not pooled and reported as restricted cash.

Investment Reporting Standards

The City reports its investments in accordance with its investment policy, which has been adopted by the Council. The policy is designed to meet the standards of the Government Finance Officers Association (GFOA), California Municipal Treasurer's Association (CMTA) California Debt and Investment Advisory Committee (CDIAC) and the Association of Professional Treasurers of the United States and Canada (APTUSC).

Yield Objectives

The objective is to attain a established benchmark or an acceptable rate of return commensurate with the City's risk constraints identified in its investment policy and its cash flow requirements.

City of Pacific Grove, California
Investment Disclosures and Compliance Review

Overview of Investment Policy

The following provides a summary of the City's investment policy, which provides guidelines that City staff follow in placing investments. Investments of bond proceeds are governed by the debt issue covenants. Per the City investment policy, any investments temporarily in non-compliance will be addressed in subsequent months. The City is projected to have sufficient funds to meet its expenses for the next six months.

Investment Type	Maximum % or $ of Portfolio Or In One Issuer	Minimum Required Rating	Maximum Maturity	Agency in Compliance?
Demand Deposits	None	None	5 years	Yes
U.S. Treasuries	None	N/A	5 years	Yes
U.S. Agencies	None	N/A	5 years	Yes
Joint Powers Agency Pool	100% - CAMP/CalTrust	None	N/A	N/A
Money Market Funds	20%	AAA	N/A	No
Bankers Acceptances	40% (10% with one institution)	A1/P1	180 days	None Held
Commercial Paper	25% (10% with one firm)	A1/P1	270 days	None Held
Placement Service / Negotiable CDs	50% / 30% (10% with one bank)	A1 < 1 year A for 1-5 years	5 years	Yes
LAIF	Per State Statute $75 million per account	N/A	N/A	Yes
State / Local Agency Debt Issues	None	AA (except City bonds)	5 years	None Held
County Pool	100%	None	N/A	None Held

Overview of Investment Policy (Continued)
Additional information on the investments allowed under the City's investment policy is provided below, as described in the footnotes to the City's annual financial report:

• Certificates of Deposit - Non-Negotiable Certificates of Deposits will be made only in FDIC or FSLIC insured accounts. For deposits in excess of the insured maximum of $250,000, approved collateral shall be required in accordance with Government Code 53652 and/or 53651 (m) (1). Investment in these instruments shall be limited to financial institutions that, in the Treasurer's judgement, are of high quality, and shall not have a term exceeding five years from the date of purchase.

• Securities of the U.S. Government or its Agencies - Includes obligations issued by Federal Home Loan Banks, Government National Mortgage Association, Farm Credit System, the Federal Home Loan Bank, Federal Home Loan Mortgage Association, Federal National Mortgage Association, or obligations or other instruments of or issued by a federal agency or a United States Government sponsored enterprise.

• Treasury Bills and Notes - U.S. Treasury Bills, Notes, Bonds, or Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

• Local Agency Investment Fund (LAIF) - Investment of funds in the California LAIF which allows the State Treasurer to invest through the Pooled Money Investment Account (PMIA). Maximum investment is subject to state regulation. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Fair Value of Investments

The three levels of the fair value measurement hierarchy are described below:

Level 1 – Inputs are unadjusted, quoted prices for assets liabilities in active markets at the measurement date.

Level 2 – Inputs, observable for the assets through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs reflecting the City's best estimate of market pricing at the measurement date.

Federal Agency Securities and corporate bonds categorized as Level 2 are valued based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

PMIA/LAIF Performance Report as of 10/22/25

Quarterly Performance Quarter Ended 9/30/25

LAIF Apportionment Rate[2]:	4.34
LAIF Earnings Ratio[2]:	0.00011893333163814
LAIF Administrative Cost[1]*:	0.26
LAIF Fair Value Factor[1]:	1.001929581
PMIA Daily[1]:	4.19
PMIA Quarter to Date[1]:	4.24
PMIA Average Life[1]:	254

PMIA Average Monthly Effective Yields[1]

September	**4.212**
August	4.251
July	4.258
June	4.269
May	4.272
April	4.281

Pooled Money Investment Account Monthly Portfolio Composition [1] 9/30/25 $161.7 billion

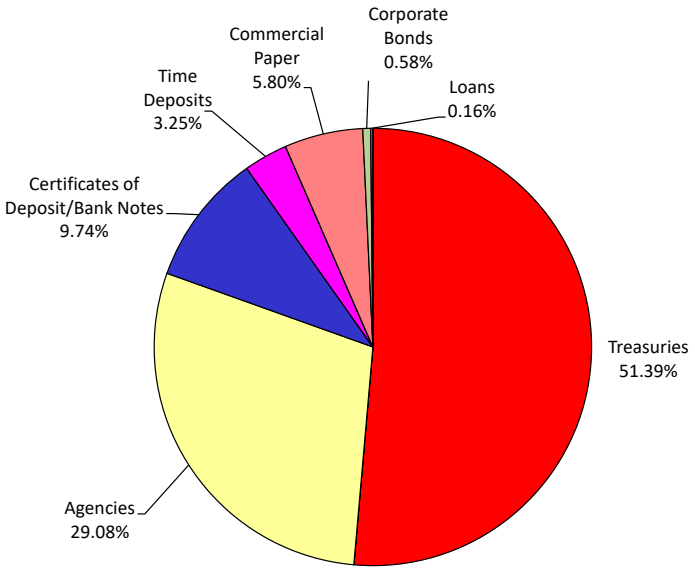


Chart does not include $987,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. **View PMIA Daily Rates**

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) .

**The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.*

Source:
[1] State of California, Office of the Treasurer
[2] State of California, Office of the Controller

Monthly Market Review

Fixed Income | October 2025

Information provided by CAMP's Program Administrator PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.

CAMP® CALIFORNIA ASSET MANAGEMENT PROGRAM

How many cuts does it take to get to the center of the Tootsie Pop?

Economic Highlights

- The Federal Reserve (Fed) delivered its first rate cut of 2025, lowering the federal funds target range to 4.00% to 4.25%. Fed Chair Jerome Powell called it a "risk management cut" as the Fed weighs risks to its dual mandate of full employment and price stability. Newly confirmed Governor Stephen Miran dissented, favoring a 50 basis point (bps) cut.
- The median forecast from the Fed's updated "dot plot" shows an additional 50 bps of rate cuts this year, 25 bps more than its June projections. This comes despite an upward revision to Fed projections for gross domestic product (GDP) growth and inflation, which is projected to remain above the Fed's 2% target for longer, along with a slight downward adjustment to the projection for the unemployment rate.
- The October 1 shutdown of the U.S. government delayed the September jobs report, a key data point for the Fed given its focus on the labor market. Other labor market data continues to suggest a low hiring/low firing environment.
- The Consumer Price Index (CPI) rose to 2.9% year-over-year. Certain import-reliant goods are showing modest tariff passthroughs, but the Fed expects tariff price effects to be short-lived. The tension between the weakening labor market and sticky inflation reinforces the Fed's data dependence.
- August's retail sales and consumer spending data showed consumers continued to support the U.S. economy. Q2 GDP was revised higher with consumer spending up 2.5%, rebounding from Q1's 0.6% reading

Bond Markets

- Yields on 3-month, 2-year, and 10-year U.S. Treasuries ended the month at 3.93%, 3.61%, and 4.15%, representing decreases of 21 bps, 1 bps, and 8 bps, respectively.
- The 30-year U.S. Treasury yield declined 20 bps and modestly flattened the yield curve from its steepest levels in over three years. This drop in longer-dated Treasury yields pushed mortgage rates to their lowest levels in nearly three years, improving the backdrop for home buying activity.
- As a result of lower yields in September, fixed income indices produced positive returns for the month. The ICE BofA 3-month, 2-year, and 10-year U.S. Treasury indices returned +0.33%, +0.27%, and +0.94%, respectively.

Equity Markets

- Equities rallied throughout the month and ended September just shy of all-time highs. The NASDAQ ended the month up +5.7%, the S&P 500 up +3.6%, and the Dow Jones Industrial Average up +2.0%. Year-to-date, the S&P 500 has returned 14.8%, while the NASDAQ is up 18.0% and the Dow Jones Industrial Average is up 13.9%. Notably, U.S. small cap stocks – which have materially lagged large caps – finally eclipsed their previous high from November 2021.
- International equities also reached all-time highs by month-end as measured by the MSCI ACWI ex U.S. Index which rallied +3.6% for the month. International equities continue to outperform domestic stocks as the index is up over 26% for the year.
- The value of the U.S. Dollar reached its lowest level in over three years in September and is now down nearly 10% on the year. This continues to serve as a tailwind for international equities.

PFMAM Strategy Recap

- Given the expected trajectory of additional Fed rate cuts, we plan to maintain portfolio durations near 100% of benchmarks and position portfolios to take advantage of our curve steepening bias.
- Spreads on federal agencies and supranationals remain quite narrow amid a lack of issuance. We do not anticipate any material changes or new issuance in the near term. We continue to monitor the Administration's ongoing efforts to at least partially privatize Fannie Mae and Freddie Mac. Treasury Secretary Bessent has suggested a possible initial public offering (IPO) by year-end, though this timing remains challenging. Initial estimates are in the $50 billion range for up to a 15% equity stake, which would be the largest IPO in history.
- Investment-grade (IG) corporate bond spreads remained extremely tight through the month, ending near multi-year lows across most maturity structures. Spreads on the long end of the curve in particular remain exceptionally narrow. Relentless demand continues to highlight strong technicals while resilient economic conditions have supported corporate fundamentals. We continue to look for opportunities to trim any issues we perceive as overvalued.
- Spreads on asset-backed securities (ABS) stabilized and remained mostly unchanged over the month. AAA-rated ABS continue to offer more yield than equivalent-maturity AAA-A corporates. Current supply projections are for issuance to be down year-over-year.
- Mortgage-backed securities (MBS) posted strong excess returns in September as longer collateral MBS securities (30-yr mortgages) outperformed shorter-duration collateral structures (15-yr mortgages). Agency-backed commercial MBS (CMBS) grinded out positive excess returns for the month. Lower volatility continues to serve as a tailwind to the sector, although heighted fiscal policy uncertainty may weigh on volatility going forward. We remain cautious on rich valuations.
- On the short end of the curve, gross Treasury Bill issuance rose but net issuance declined as maturities of existing securities outweighed new issuance. The Treasury Bill market remains priced for further Fed rate cuts. Credit spreads on the short end of the curve stabilized during the month, allowing selective attractive buying opportunities across various maturities.

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U.S. Treasury Yields

Maturity	Sep 30, 2024	Aug 31, 2025	Sep 30, 2025	Monthly Change
3-Month	4.63%	4.15%	3.96%	-0.19%
6-Month	4.41%	3.97%	3.85%	-0.12%
2-Year	3.64%	3.62%	3.63%	0.01%
5-Year	3.56%	3.70%	3.74%	0.04%
10-Year	3.78%	4.23%	4.14%	-0.09%
30-Year	4.12%	4.93%	4.70%	-0.23%

Yields by Sector and Maturity

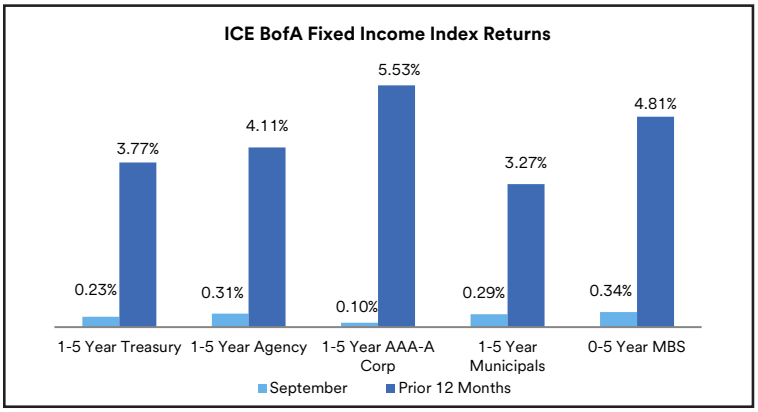
Maturity	U.S. Treasury	Federal Agency	Corporates-AA-A Industrials	AAA Municipals
3-Month	3.96%	3.97%	4.15%	-
6-Month	3.85%	3.85%	4.16%	-
2-Year	3.63%	3.64%	3.98%	2.38%
5-Year	3.74%	3.75%	4.27%	2.42%
10-Year	4.14%	4.20%	4.79%	3.11%
30-Year	4.70%	-	5.52%	4.05%

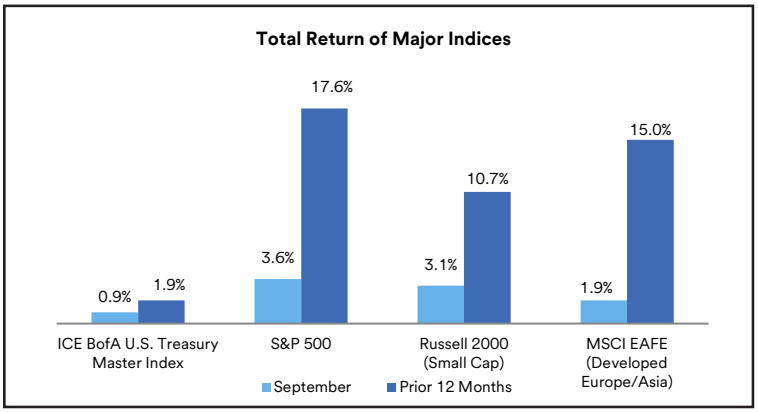
Spot Prices and Benchmark Rates

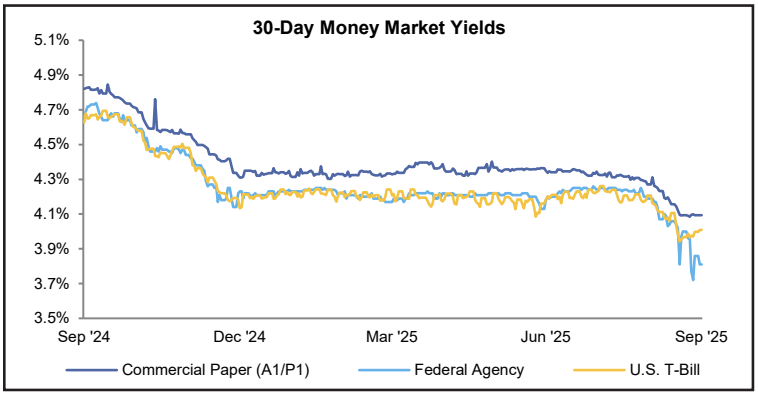
Index	Sep 30, 2024	Aug 31, 2025	Sep 30, 2025	Monthly Change
1-Month SOFR	4.85%	4.27%	4.16%	-0.11%
3-Month SOFR	4.59%	4.17%	4.00%	-0.17%
Effective Fed Funds Rate	4.83%	4.33%	4.09%	-0.24%
Fed Funds Target Rate	5.00%	4.50%	4.25%	-0.25%
Gold ($/oz)	$2,636	$3,487	$3,825	$338
Crude Oil ($/Barrel)	$68.17	$64.01	$63.05	-$0.96
U.S. Dollars per Euro	$1.11	$1.17	$1.17	$0.00

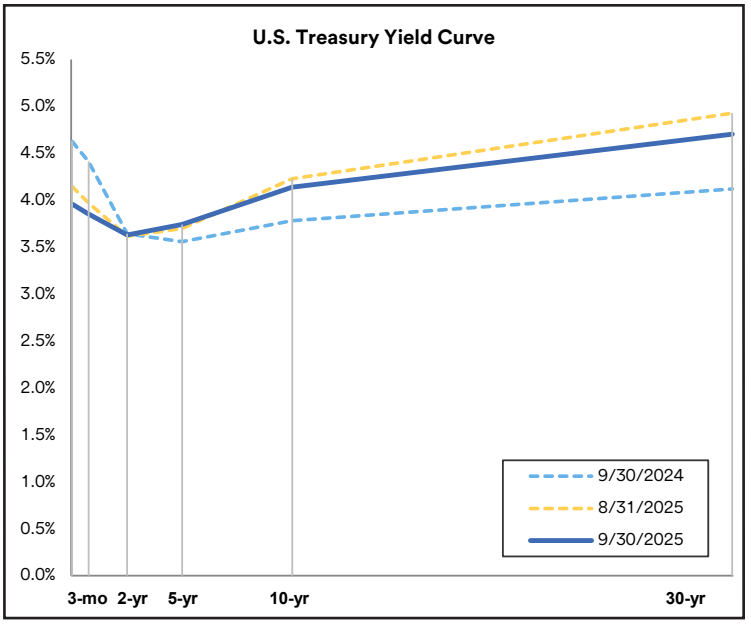
Economic Indicators

Indicator	Release Date	Period	Actual	Survey (Median)
Retail Sales Advance MoM	15-Sep	Aug	0.60%	0.20%
FOMC Rate Decision	17-Sep	Sep	4.25%	4.25%
GDP Annualized QoQ	25-Sep	2Q T	3.80%	3.30%
Existing Home Sales MoM	25-Sep	Aug	-0.20%	-1.50%
U. of Mich. Consumer Sentiment	26-Sep	Sep F	55.1	55.4
PCE YoY	26-Sep	Aug	2.70%	2.70%
ISM Manufacturing	1-Oct	Sep	49.1	49









Source: Bloomberg. Data as of September 30, 2025, unless otherwise noted.

Indices shown are not available for investment. The index data reference herein is the property of the index provider and/or its licensors. The index provider assumes no liability in connections with its use and does not sponsor, endorse or recommend the products or services contained herein. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

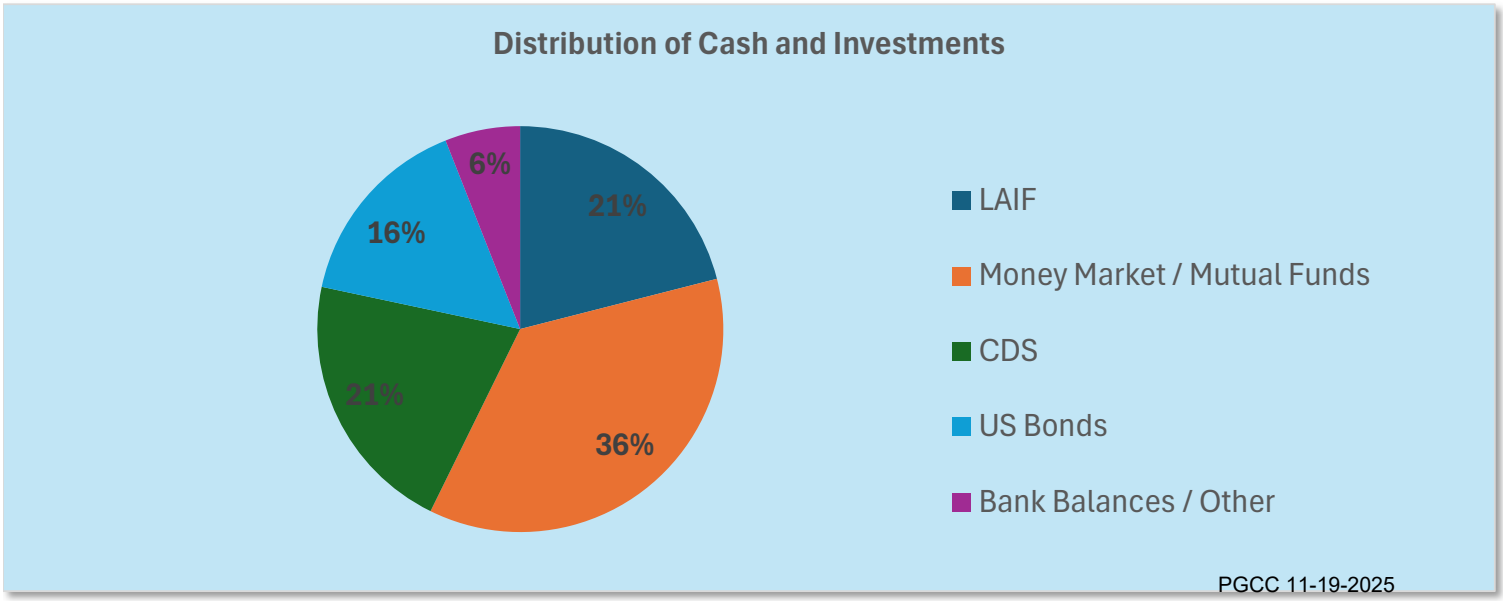
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City of Pacific Grove
Cash and Investments Summary - All Funds
As of September 30, 2025

Institution	Category	Rating	% of Total	% Yield	Book Value	Market Value
Cash Deposits						
Petty Cash			0.05%	0.00%	1,045	1,045
Bank of America Checking			100%	0.00%	2,057,886	2,057,886
Total Cash Deposits			**100%**	**0.00%**	**2,058,931**	**2,058,931**
Investments - Yount Trust						
Money Market	Uncategorized	Not Rated	0%	3.94%	509	509
Fixed Income	Uncategorized	Not Rated	27%	0.50%	205,000	203,452
U.S. Government Bonds	Level 2	AA/AAA	73%	2.35%	542,000	540,403
Total Investments - Yount Trust			**100%**	**1.84%**	**747,509**	**744,365**
Investments - Other City Wide						
State Local Agency Fund (LAIF)	Uncategorized	Not Rated	23%	4.40%	7,924,277	7,924,277
Dreyfus Money Market (TVI)	Uncategorized	Not Rated	1%	3.95%	324,889	324,889
Umpqua Bank Money Market	Uncategorized	Not Rated	6%	0.01%	2,018,018	2,018,018
Mututal Funds	Uncategorized	Not Rated	32%	4.14%	11,329,967	11,329,967
Certificates of Deposit	Level 2	Not Rated	23%	3.33%	7,937,000	7,966,514
U.S. Government Bonds	Level 2	AA/AAA	15%	3.90%	5,114,000	5,162,902
U.S. Treasury Securities	Level 1	AA/AAA	1%	0.75%	250,000	244,983
Total Investments - Other City Wide			**100%**	**3.71%**	**34,898,151**	**34,971,549**
Total Cash and Investments - City Wide				**3.68%**	**37,704,591**	**37,774,845**
Difference in Cost/Market Value					**70,254**	**0.19%**
Net Deposits / (Withdrawals) for Quarter						

As required under State law, the City is able to meet its expenditure requirements for the next six months.



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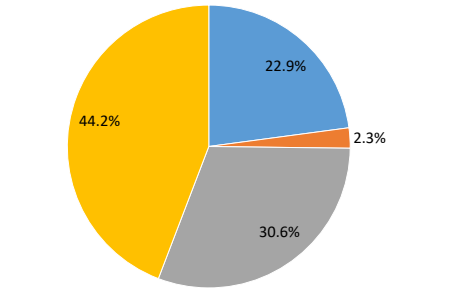
Portfolio Summary

Wgtd Avg YTM *	3.37%
Wgtd Avg YTM with Liq. Bal.*	3.60%
Wgtd Avg YTW **	3.37%
Wgtd Avg Mat (no call)	1.88 yrs
Wgtd Avg Mat with Liq. Bal.	1.05 yrs
Wgtd Avg Mat (all called)	1.77 yrs
Market Value 9/30/2025	14,341,598
Par Value	14,395,000
Liquid Balances	11,399,535
Total Par with Liquid Bal.	**25,794,535**
Current MV with Liquid Bal.	**25,741,133**

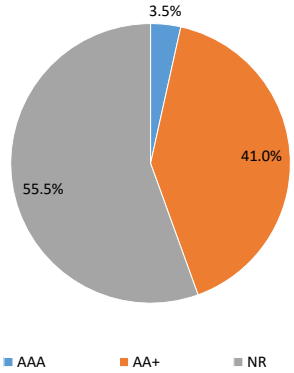
Portfolio Composition (incl. Liquid Balances)

Sector	Par Value	YTM *	Weight
Agencies	5,903,000	3.82%	22.9%
Treasuries	597,000	1.15%	2.3%
Certificates of Deposit	7,895,000	3.21%	30.6%
Municipal Bonds			
Corporate Bonds			
Mortgages			
Commercial Paper			
Supra Nationals			
Total	**14,395,000**	**3.37%**	**55.8%**

Account Name	Balance	Rate	Weight
Money Market	11,399,535	3.88%	44.2%
Total Liquid Balances	**11,399,535**	**3.88%**	**44.2%**



Portfolio Ratings (Worst***)

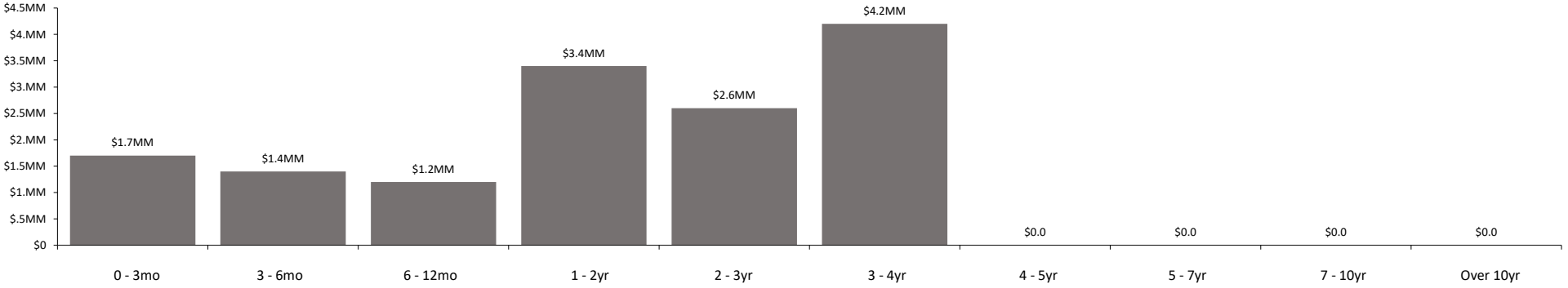


*** All ratings are shown in S&P format.
Ratings Do Not Include Liquid Balances.

* Purchase Yield to Maturity

** Purchase Yield to Worst

Maturity Distribution



Performance versus Benchmark as of 9/30/2025

	1Yr Average	As of 9/30/2025	1Mo Ago	3Mos Ago	6Mos Ago	9Mos Ago	As of 12/31/2024	1Yr Ago	3Yrs Ago	5Yrs Ago
Yield to Maturity:										
Portfolio	n/a	3.37%	3.35%	3.26%	3.38%	n/a	n/a	n/a	n/a	n/a
2-Year Treasury	3.97%	3.63%	3.59%	3.72%	3.89%	4.24%	4.25%	3.66%	4.22%	0.13%
Fed Funds	4.58%	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%	5.00%	3.25%	0.25%

Excluded Securities

Bonds that are not found will not be shown

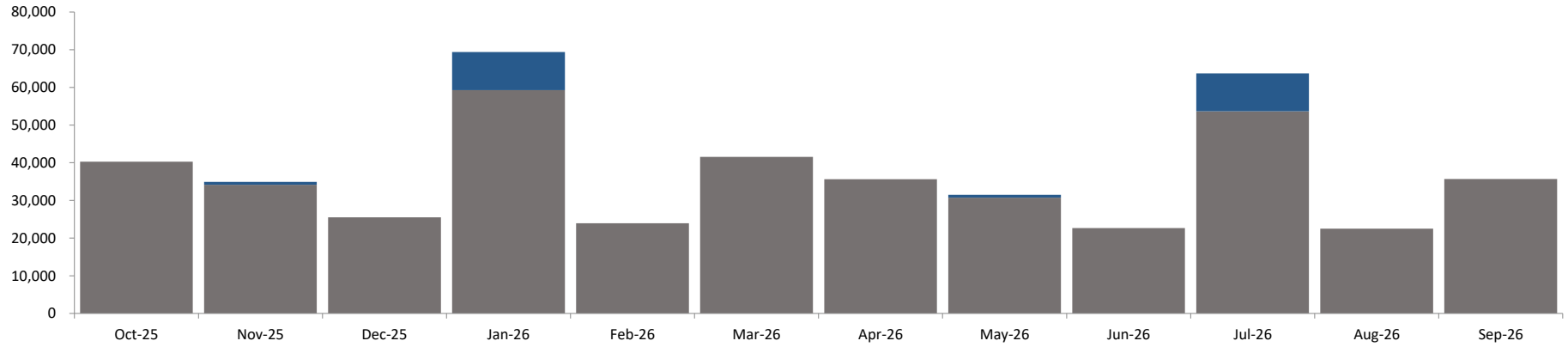
Cusip	Reason

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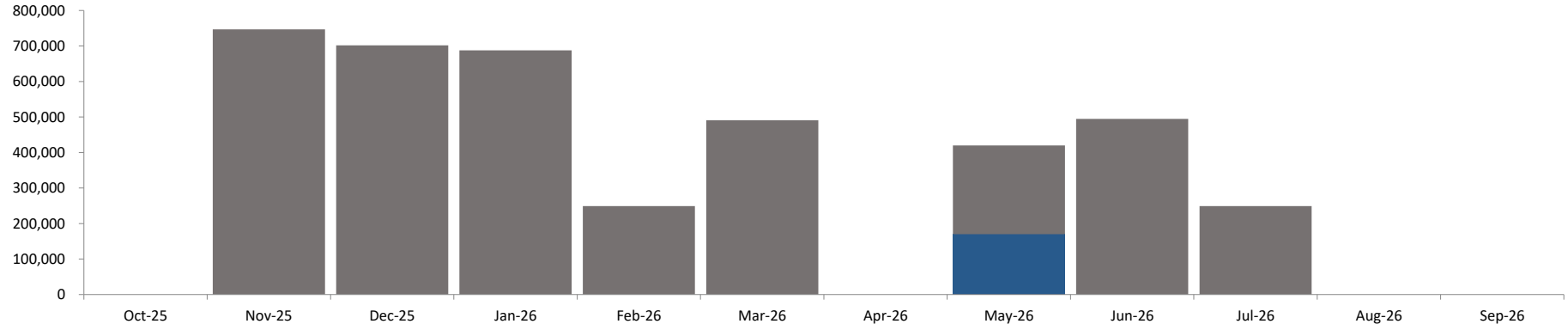
Cash-Flows - from 10/2025 to 09/2026 - Assuming None Called

Type	Par	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Callable	1,047,000	0	744	0	10,078	0	0	0	170,744	0	10,078	0	0
Non-Callable	13,348,000	40,296	781,157	727,499	747,297	272,908	532,560	35,614	280,744	517,649	302,629	22,490	35,678
TOTAL	**14,395,000**	**40,296**	**781,901**	**727,499**	**757,375**	**272,908**	**532,560**	**35,614**	**451,488**	**517,649**	**312,707**	**22,490**	**35,678**

Interest Payments



Principal Payments

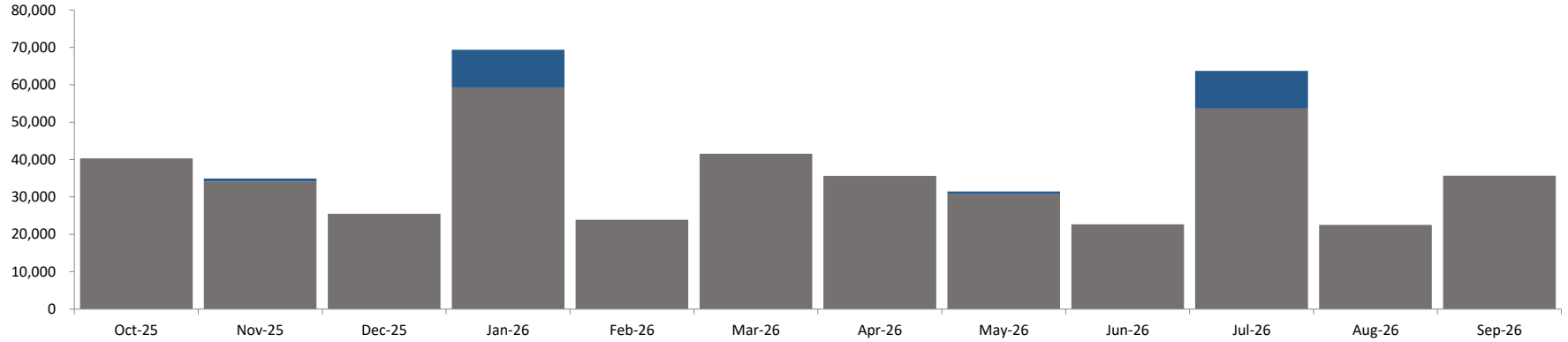


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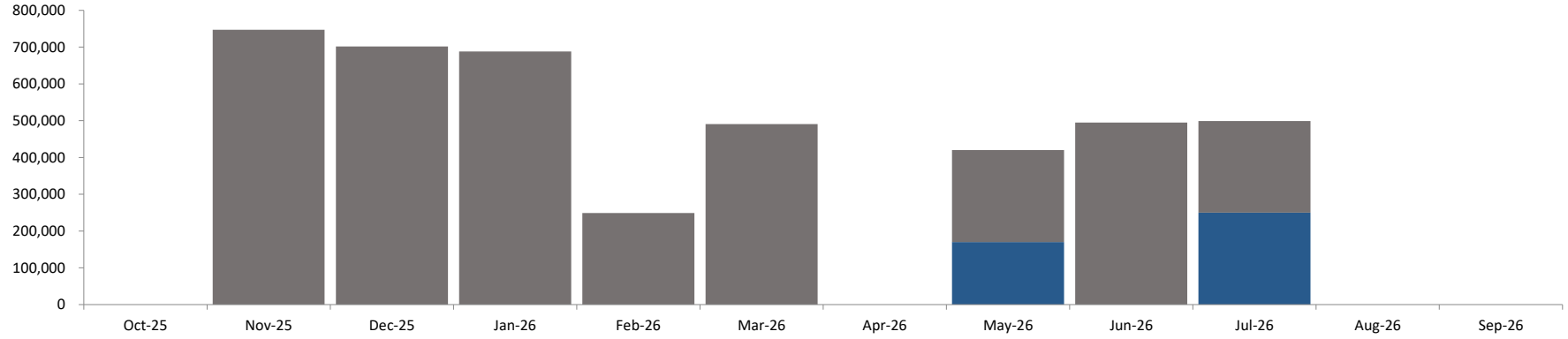
Cash-Flows - from 10/2025 to 09/2026 - Recognizing Likelihood of Call*

Type	Par	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Callable	1,047,000	0	744	0	10,078	0	0	0	170,744	0	260,078	0	0
Non-Callable	13,348,000	40,296	781,157	727,499	747,297	272,908	532,560	35,614	280,744	517,649	302,629	22,490	35,678
TOTAL	**14,395,000**	**40,296**	**781,901**	**727,499**	**757,375**	**272,908**	**532,560**	**35,614**	**451,488**	**517,649**	**562,707**	**22,490**	**35,678**

Interest Payments



Principal Payments



** Likelihood based on 09/30/2025 market rates*

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Extended Cash-Flows

#	Cusip	Par Value	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Year 1 Total
1	91282CAM3	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0
2	05580AXU3	249,000	0	249,628	0	0	0	0	0	0	0	0	0	0	249,628
3	88241TJN1	249,000	123	249,127	0	0	0	0	0	0	0	0	0	0	249,250
4	108622LL3	249,000	92	249,095	0	0	0	0	0	0	0	0	0	0	249,187
5	02357QAN7	249,000	92	95	249,092	0	0	0	0	0	0	0	0	0	249,279
6	06251A2Q2	205,000	0	0	205,514	0	0	0	0	0	0	0	0	0	205,514
7	48128UTP4	248,000	0	0	248,622	0	0	0	0	0	0	0	0	0	248,622
8	25844MAM0	247,000	2,802	0	0	249,802	0	0	0	0	0	0	0	0	252,604
9	912797RJ8	97,000	0	0	0	97,000	0	0	0	0	0	0	0	0	97,000
10	31422B6K1	95,000	0	0	0	95,228	0	0	0	0	0	0	0	0	95,228
11	530520AA3	249,000	931	962	931	249,962	0	0	0	0	0	0	0	0	252,786
12	45581ECE9	249,000	0	0	0	0	249,565	0	0	0	0	0	0	0	249,565
13	552249CG7	244,000	0	0	0	0	0	249,747	0	0	0	0	0	0	249,747
14	89789AAJ6	247,000	1,029	1,029	1,029	1,029	1,029	248,029	0	0	0	0	0	0	253,174
15	3133EMZC9*	170,000	0	744	0	0	0	0	0	170,744	0	0	0	0	171,488
16	91282CCF6	250,000	0	938	0	0	0	0	0	250,938	0	0	0	0	251,876
17	02007GSU8	246,000	0	0	3,700	0	0	0	0	0	249,680	0	0	0	253,380
18	90348JN48	249,000	153	159	153	159	159	143	159	153	249,159	0	0	0	250,397
19	649447UZ0	249,000	0	0	0	879	0	0	0	0	0	249,864	0	0	250,743
20	25460FDV5	249,000	972	1,005	972	1,005	1,005	907	1,005	972	1,005	972	1,005	1,005	11,830
21	07181JAV6	248,000	1,019	1,053	1,019	1,053	985	1,019	1,053	1,019	1,053	1,019	1,053	1,053	12,398
22	87164WH84	248,000	0	0	1,554	0	0	0	0	0	1,546	0	0	0	3,100
23	052392CH8	249,000	1,013	1,047	1,013	1,047	1,047	946	1,047	1,013	1,047	1,013	1,047	1,047	12,327
24	3133ENKG4*	530,000	0	0	0	3,896	0	0	0	0	0	3,896	0	0	7,792
25	3133ENKG4*	97,000	0	0	0	713	0	0	0	0	0	713	0	0	1,426
26	15118RE78	249,000	962	994	962	994	994	898	994	962	994	962	994	994	11,704
27	32116QBK1	244,000	0	5,474	0	0	0	0	0	5,384	0	0	0	0	10,858
28	254673G34	246,000	0	0	3,885	0	0	0	0	0	3,864	0	0	0	7,749
29	58404DSN2	249,000	921	952	921	952	952	860	952	921	952	921	952	952	11,208
30	438649AJ4	249,000	952	983	952	983	983	888	983	952	983	952	983	983	11,577
31	02589ADB5	246,000	0	0	0	4,030	0	0	0	0	0	3,965	0	0	7,995
32	90352RCU7	249,000	846	819	846	846	764	846	819	846	819	846	846	819	9,962
33	31422XH70	334,000	6,329	0	0	0	0	0	6,329	0	0	0	0	0	12,658
34	914098DJ4	249,000	860	888	860	888	831	860	888	860	888	860	888	888	10,459
35	01664MAB2	249,000	900	931	900	931	931	840	931	900	931	900	931	931	10,957
36	51828MAC8	249,000	921	952	921	952	952	860	952	921	952	921	952	952	11,208
37	45157PAZ3	249,000	921	952	921	952	890	921	952	921	952	921	952	952	11,207
38	01882MAA0	249,000	993	1,026	993	1,026	960	993	1,026	993	1,026	993	1,026	1,026	12,081
39	82671DAB3	249,000	900	931	900	931	931	840	931	900	931	900	931	931	10,957
40	61690U3L2	244,000	0	0	0	0	0	5,929	0	0	0	0	0	6,027	11,956
41	91527PBW6	249,000	839	867	839	867	867	783	867	839	867	839	867	867	10,208
42	3130AXEL8	250,000	0	0	0	0	0	5,938	0	0	0	0	0	5,938	11,876
43	3133EPF91	500,000	0	11,250	0	0	0	0	0	11,250	0	0	0	0	22,500
44	3130AYJ31**	250,000	0	0	0	5,469	0	0	0	0	0	255,469	0	0	260,938

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Extended Cash-Flows

#	Cusip	Par Value	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Year 1 Total
45	3133EPW84	750,000	0	0	0	14,531	0	0	0	0	0	14,531	0	0	29,062
46	3133ERQD6	500,000	0	0	0	0	9,063	0	0	0	0	0	9,063	0	18,126
47	3133EP5J0	500,000	0	0	0	0	0	10,313	0	0	0	0	0	10,313	20,626
48	3133EPXV2	500,000	11,563	0	0	0	0	0	11,563	0	0	0	0	0	23,126
49	3133EPXV2	180,000	4,163	0	0	0	0	0	4,163	0	0	0	0	0	8,326
50	3133ERKX8	1,000,000	0	0	0	21,250	0	0	0	0	0	21,250	0	0	42,500
	TOTAL	**14,395,000**	**40,296**	**781,901**	**727,499**	**757,375**	**272,908**	**532,560**	**35,614**	**451,488**	**517,649**	**562,707**	**22,490**	**35,678**	**4,738,165**

* Callable - currently not likely to be called

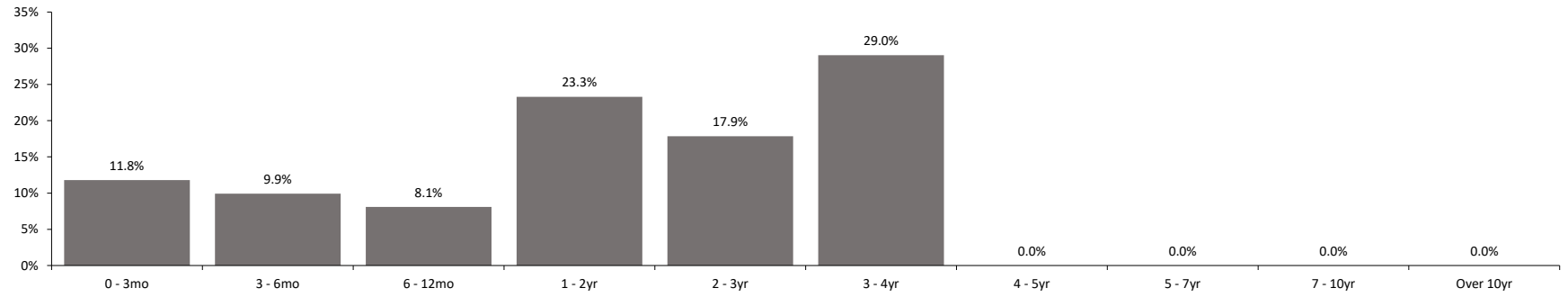
** Callable - currently likely to be called

See Cash-Flows graph above "Recognizing Likelihood of Call" for current projected cash-flows

TIME VALUE INVESTMENTS®

FOR INSTITUTIONAL INVESTOR USE ONLY

Maturity Distribution



Portfolio Details - Sorted by Maturity

#	CUSIP/Sec-ID	Sec Desc 1	Weight	Par Value	Coupon *	Settle Dt	Mat Dt	Nxt Call Dt	Rating ***	YTM **	YTW **	Duration	Call Type	Estimated Bps to Call	Estimated Redem. Date
0	Total Liquid Balances		44.2%	11,399,535											
1	91282CAM3	TREAS SER AD-202	1.0%	250,000	0.250	7/16/2021	9/30/2025		AAA	0.60	0.60	0.00			9/30/2025
2	05580AXU3	BMW BK NORTH AMER SALT LAKE	1.0%	249,000	0.500	11/20/2020	11/20/2025		NR	0.50	0.50	0.13			11/20/2025
3	88241TJN1	TEXAS EXCHANGE BK CROWLEY CD	1.0%	249,000	0.600	11/25/2020	11/25/2025		NR	0.60	0.60	0.15	Monthly		11/25/2025
4	108622LL3	BRIDGEWATER BK ST LOUIS PK M	1.0%	249,000	0.450	11/30/2020	11/28/2025		NR	0.45	0.45	0.15			11/28/2025
5	02357QAN7	AMERANT BK NATL ASSNCORAL CD	1.0%	249,000	0.450	12/3/2020	12/3/2025		NR	0.45	0.45	0.17			12/3/2025
6	06251A2Q2	BANK HAPOALIM B M NEW YORK C	0.8%	205,000	0.500	12/14/2020	12/15/2025		NR	0.50	0.50	0.20			12/15/2025
7	48128UTP4	JPMORGAN CHASE BK N A CD	1.0%	248,000	0.500	12/15/2020	12/15/2025		NR	0.50	0.50	0.20	Semi-Annual		12/15/2025
8	25844MAM0	DORT FINL CR UN GRAND BLAN	1.0%	247,000	4.500	1/10/2023	1/12/2026		NR	4.50	4.50	0.28			1/12/2026
9	912797RJ8	US TREASURY BILL	0.4%	97,000	0.000	9/26/2025	1/15/2026		NR	3.73	3.73	0.29			1/15/2026
10	31422B6K1	FAMCA	0.4%	95,000	0.480	1/27/2021	1/15/2026		AA+	0.40	0.40	0.28			1/15/2026
11	530520AA3	LIBERTY FIRST CR UN LINCOLN NE	1.0%	249,000	4.550	1/17/2023	1/20/2026		NR	4.55	4.55	0.30			1/20/2026
12	45581ECE9	INDUSTRIAL &COML BK CHINA	1.0%	249,000	0.450	2/11/2021	2/11/2026		NR	0.45	0.45	0.35			2/11/2026
13	552249CG7	LYONS NATL BK N Y CD	0.9%	244,000	4.750	3/15/2023	3/16/2026		NR	4.75	4.75	0.45			3/16/2026
14	89789AAJ6	TRULIANT FEDERAL CREDIT UNI	1.0%	247,000	5.000	3/28/2023	3/27/2026		AA+	5.00	5.00	0.48			3/27/2026
15	3133EMZC9	FFCB	0.7%	170,000	0.875	5/13/2021	5/13/2026	10/7/2025	AA+	0.84	0.84	0.60	Anytime	(293)	5/13/2026
16	91282CCF6	T	1.0%	250,000	0.750	7/16/2021	5/31/2026		AAA	0.70	0.70	0.65			5/31/2026
17	02007GSU8	ALLY BK SANDY UTAH CD	1.0%	246,000	3.000	6/9/2022	6/9/2026		NR	3.00	3.00	0.67			6/9/2026
18	90348JN48	UBS BK USA SALT LAKECITY UT CD	1.0%	249,000	0.750	6/23/2021	6/23/2026		NR	0.75	0.75	0.72			6/23/2026
19	649447UZ0	FLAGSTAR BK NATL ASSN HICKS	1.0%	249,000	0.700	6/30/2021	7/1/2026		NR	0.70	0.70	0.73			7/1/2026
20	25460FDV5	DIRECT FED CR UN NEEDHAM MA	1.0%	249,000	4.750	11/7/2022	11/9/2026		NR	4.75	4.75	1.07			11/9/2026
21	07181JAV6	BAXTER CR UN VERNON HILLS ILL	1.0%	248,000	5.000	11/28/2022	11/30/2026		NR	5.00	5.00	1.13			11/30/2026
22	87164WH84	SYNCHRONY BANK CD	1.0%	248,000	1.250	12/10/2021	12/10/2026		NR	1.25	1.25	1.15			12/10/2026
23	052392CH8	AUSTIN TELCO FED CR UN TEX	1.0%	249,000	4.950	12/16/2022	12/16/2026		NR	4.95	4.95	1.17			12/16/2026
24	3133ENKG4	FFCB	2.1%	530,000	1.470	1/31/2022	1/11/2027	10/7/2025	AA+	1.67	1.67	1.24	Anytime	(221)	1/11/2027
25	3133ENKG4	FFCB	0.4%	97,000	1.470	1/27/2022	1/11/2027	10/7/2025	AA+	1.67	1.67	1.24	Anytime	(221)	1/11/2027
26	15118RE78	CELTIC BK SALT LAKE CITY UTAH	1.0%	249,000	4.700	3/17/2023	3/17/2027		NR	4.70	4.70	1.41			3/17/2027
27	32116QBK1	FIRST NATL BK MIDDLETENN CD	0.9%	244,000	4.450	5/23/2023	5/19/2027		NR	4.45	4.45	1.54			5/19/2027
28	254673G34	CAPITAL ONE NATL ASSN VA CD	1.0%	246,000	3.150	6/7/2022	6/7/2027		NR	3.15	3.15	1.60			6/7/2027
29	58404DSN2	MEDALLION BK UTAH CD	1.0%	249,000	4.500	6/16/2023	6/16/2027		NR	4.50	4.50	1.64			6/16/2027
30	438649AJ4	HONOLULU FIRE DEPT FED CR UN	1.0%	249,000	4.650	6/22/2023	6/22/2027		NR	4.65	4.65	1.65			6/22/2027

Portfolio Details - Sorted by Maturity														
31	02589ADB5	AMERICAN EXPRESS NATL BK BR	1.0%	246,000	3.250	7/13/2022	7/13/2027		NR	3.25	3.25	1.70		7/13/2027
32	90352RCU7	USALLIANCE FCU RYE NEW YORK	1.0%	249,000	4.000	9/30/2022	9/30/2027		NR	4.00	4.00	1.91		9/30/2027
33	31422XH70	FAMCA	1.3%	334,000	3.790	11/22/2023	10/4/2027		AA+	4.50	4.50	1.88		10/4/2027
34	914098DJ4	UNIVERSITY BK ANN ARBOR MICH	1.0%	249,000	4.200	11/30/2022	11/30/2027		NR	4.20	4.20	2.06		11/30/2027
35	01664MAB2	ALL IN FEDERAL CREDIT UNION AL	1.0%	249,000	4.400	12/20/2022	12/20/2027		NR	4.40	4.40	2.11		12/20/2027
36	51828MAC8	LATINO CMNTY CR UN DURHAM NOR	1.0%	249,000	4.500	12/21/2022	12/21/2027		NR	4.50	4.50	2.11		12/21/2027
37	45157PAZ3	IDEAL CR UN WOODBURYMN	1.0%	249,000	4.500	12/29/2022	12/29/2027		NR	4.50	4.50	2.13		12/29/2027
38	01882MAA0	ALLIANT CR UN CHICAGO IL	1.0%	249,000	4.850	12/30/2022	12/30/2027		NR	4.85	4.85	2.13		12/30/2027
39	82671DAB3	SIGNATURE FED CR UN ALEXANDRIA	1.0%	249,000	4.400	1/31/2023	1/31/2028		NR	4.40	4.40	2.19		1/31/2028
40	61690U3L2	MORGAN STANLEY BK N A CD	0.9%	244,000	4.900	3/24/2023	3/23/2028		NR	4.90	4.90	2.32		3/23/2028
41	91527PBW6	UNIVEST NATL BK TR SOUDERTON	1.0%	249,000	4.100	5/5/2023	5/5/2028		NR	4.10	4.10	2.44		5/5/2028
42	3130AXEL8	FEDERAL HOME LOAN BANK M1-2028	1.0%	250,000	4.750	10/31/2023	9/8/2028		AA+	4.77	4.77	2.72		9/8/2028
43	3133EPF91	FFCB	1.9%	500,000	4.500	11/27/2023	11/27/2028		AA+	4.40	4.40	2.88		11/27/2028
44	3130AYJ31	FEDERAL HOME LOAN BANK TU-2029	1.0%	250,000	4.375	1/17/2024	1/17/2029	7/17/2026	AA+	4.24	4.12	0.77	71	7/17/2026
45	3133EPW84	FFCB	2.9%	750,000	3.875	1/18/2024	1/18/2029		AA+	3.92	3.92	3.04		1/18/2029
46	3133ERQD6	FFCB	1.9%	500,000	3.625	8/20/2024	2/20/2029		AA+	3.61	3.61	3.14		2/20/2029
47	3133EP5J0	FFCB	1.9%	500,000	4.125	3/21/2024	3/12/2029		AA+	4.22	4.22	3.18		3/12/2029
48	3133EPXV2	FFCB	1.9%	500,000	4.625	4/26/2024	4/5/2029		AA+	4.65	4.65	3.15		4/5/2029
49	3133EPXV2	FFCB	0.7%	180,000	4.625	4/30/2024	4/5/2029		AA+	4.66	4.66	3.15		4/5/2029
50	3133ERKX8	FFCB	3.9%	1,000,000	4.250	7/22/2024	7/12/2029		AA+	4.09	4.09	3.43		7/12/2029
TOTAL and AVERAGES			**100.0%**	**25,794,535**			**1.88 yrs**	**1.77 yrs**		**3.37**	**3.37**	**1.71**		

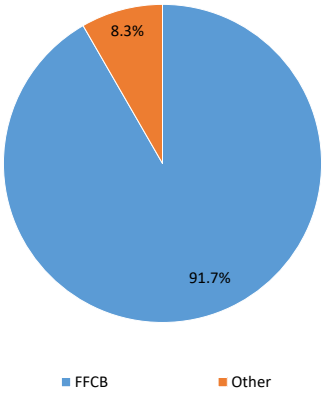
* Semi-Annual interest payment

** Yields calculated using cost price, at settlement date

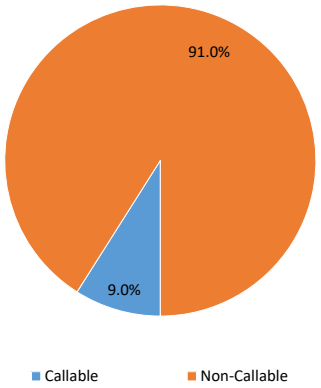
*** Ratings Shown Are: Lowest Rating in S&P format, NR AGY = Non-Rated U.S. Government Agency

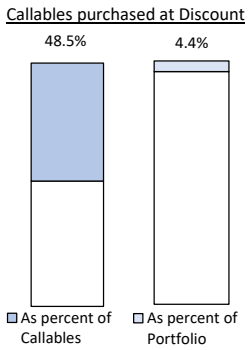
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Agency Distribution

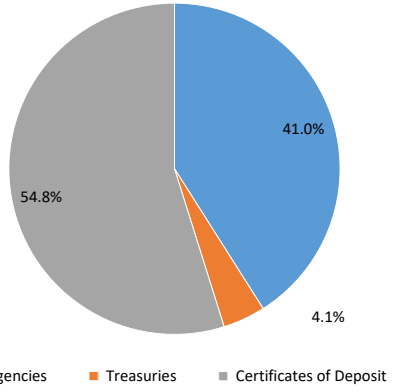


Callable Breakdown





Portfolio Composition *



Amortization/Accretion Book Calculations

#	CUSIP/Sec-ID	Sec Desc 1	Cpn	Mat Dt	Par Value	Cost	Purch Px	Book Val	Book Px	Book YTM	Mkt Val	Mkt Px	Mkt YTM	Unrealized Gain/Loss
1	91282CAM3	TREAS SER AD-202	0.25	9/30/2025	250,000	246,367	98.55	250,000	100.00		249,118	99.65	0.60	(882)
2	05580AXU3	BMW BK NORTH AMER SALT L	0.50	11/20/2025	249,000	249,000	100.00	249,000	100.00	0.50	244,476	98.18	13.84	(4,524)
3	88241TJN1	TEXAS EXCHANGE BK CROWLE'	0.60	11/25/2025	249,000	249,000	100.00	249,000	100.00	0.60	246,693	99.07	6.75	(2,307)
4	108622LL3	BRIDGEWATER BK ST LOUIS PK	0.45	11/28/2025	249,000	249,000	100.00	249,000	100.00	0.45	244,291	98.11	12.48	(4,709)
5	02357QAN7	AMERANT BK NATL ASSNCORAL	0.45	12/3/2025	249,000	249,000	100.00	249,000	100.00	0.45	244,127	98.04	11.81	(4,873)
6	06251A2Q2	BANK HAPOALIM B M NEW YO	0.50	12/15/2025	205,000	205,000	100.00	205,000	100.00	0.50	201,337	98.21	9.26	(3,663)
7	48128UTP4	JPMORGAN CHASE BK N A CD	0.50	12/15/2025	248,000	248,000	100.00	248,000	100.00	0.50	245,282	98.90	5.83	(2,718)
8	25844MAM0	DORT FINL CR UN GRAND BLA	4.50	1/12/2026	247,000	247,000	100.00	247,000	100.00	4.50	247,267	100.11	4.07	267
9	912797RJ8	US TREASURY BILL	0.00	1/15/2026	97,000	95,920	98.89	95,950	98.92	3.73	95,907	98.87	3.92	(44)
#	31422B6K1	FAMCA	0.48	1/15/2026	95,000	95,373	100.39	95,022	100.02	0.40	93,680	98.61	5.31	(1,342)
#	530520AA3	LIBERTY FIRST CR UN LINCOLN N	4.55	1/20/2026	249,000	249,000	100.00	249,000	100.00	4.55	249,334	100.13	4.10	334
#	45581ECE9	INDUSTRIAL &COML BK CI	0.45	2/11/2026	249,000	249,000	100.00	249,000	100.00	0.45	242,329	97.32	8.02	(6,671)
#	552249CG7	LYONS NATL BK N Y CD	4.75	3/16/2026	244,000	244,000	100.00	244,000	100.00	4.75	244,673	100.28	4.13	673
#	89789AAJ6	TRULIANT FEDERAL CREDIT UN	5.00	3/27/2026	247,000	247,000	100.00	247,000	100.00	5.00	248,354	100.55	3.86	1,354
#	3133EMZC9	FFCB	0.88	5/13/2026	170,000	170,291	100.17	170,036	100.02	0.84	166,376	97.87	4.40	(3,661)
#	91282CCF6	T	0.75	5/31/2026	250,000	250,596	100.24	250,082	100.03	0.70	244,033	97.61	4.42	(6,049)
#	02007GSU8	ALLY BK SANDY UTAH CD	3.00	6/9/2026	246,000	246,000	100.00	246,000	100.00	3.00	242,777	98.69	4.95	(3,223)
#	90348JN48	UBS BK USA SALT LAKECITY UT C	0.75	6/23/2026	249,000	249,000	100.00	249,000	100.00	0.75	239,797	96.30	5.96	(9,203)
#	649447UZ0	FLAGSTAR BK NATL ASSN HICK	0.70	7/1/2026	249,000	249,000	100.00	249,000	100.00	0.70	239,573	96.21	5.93	(9,427)
#	25460FDV5	DIRECT FED CR UN NEEDHAM	4.75	11/9/2026	249,000	249,000	100.00	249,000	100.00	4.75	250,803	100.72	4.08	1,803
#	07181JAV6	BAXTER CR UN VERNON HILLS IL	5.00	11/30/2026	248,000	248,000	100.00	248,000	100.00	5.00	251,306	101.33	3.83	3,306
#	87164WH84	SYNCHRONY BANK CD	1.25	12/10/2026	248,000	248,000	100.00	248,000	100.00	1.25	237,311	95.69	5.01	(10,689)
#	052392CH8	AUSTIN TELCO FED CR UN TEX	4.95	12/16/2026	249,000	249,000	100.00	249,000	100.00	4.95	251,712	101.09	4.02	2,712
#	3133ENKG4	FFCB	1.47	1/11/2027	530,000	524,988	99.05	528,659	99.75	1.67	508,053	95.86	4.84	(20,606)
#	3133ENKG4	FFCB	1.47	1/11/2027	97,000	96,081	99.05	96,755	99.75	1.67	92,983	95.86	4.84	(3,771)
#	15118RE78	CELTIC BK SALT LAKE CITY UTAH	4.70	3/17/2027	249,000	249,000	100.00	249,000	100.00	4.70	251,211	100.89	4.07	2,211

Amortization/Accretion Book Calculations													
# 32116QBK1	FIRST NATL BK MIDDLETENN CD	4.45	5/19/2027	244,000	244,000	100.00	244,000	100.00	4.45	245,240	100.51	4.12	1,240
# 254673G34	CAPITAL ONE NATL ASSN VA C	3.15	6/7/2027	246,000	246,000	100.00	246,000	100.00	3.15	241,218	98.06	4.36	(4,782)
# 58404DSN2	MEDALLION BK UTAH CD	4.50	6/16/2027	249,000	249,000	100.00	249,000	100.00	4.50	250,666	100.67	4.09	1,666
# 438649AJ4	HONOLULU FIRE DEPT FED CR U	4.65	6/22/2027	249,000	249,000	100.00	249,000	100.00	4.65	251,413	100.97	4.07	2,413
# 02589ADB5	AMERICAN EXPRESS NATL BK I	3.25	7/13/2027	246,000	246,000	100.00	246,000	100.00	3.25	241,481	98.16	4.33	(4,519)
# 90352RCU7	USALLIANCE FCU RYE NEW YOR	4.00	9/30/2027	249,000	249,000	100.00	249,000	100.00	4.00	248,046	99.62	4.20	(954)
# 31422XH70	FAMCA	3.79	10/4/2027	334,000	325,656	97.50	329,487	98.65	4.50	334,290	100.09	3.74	4,803
# 914098DJ4	UNIVERSITY BK ANN ARBOR M	4.20	11/30/2027	249,000	249,000	100.00	249,000	100.00	4.20	249,147	100.06	4.17	147
# 01664MAB2	ALL IN FEDERAL CREDIT UNION	4.40	12/20/2027	249,000	249,000	100.00	249,000	100.00	4.40	251,724	101.09	3.88	2,724
# 51828MAC8	LATINO CMNTY CR UN DURHAM	4.50	12/21/2027	249,000	249,000	100.00	249,000	100.00	4.50	252,581	101.44	3.82	3,581
# 45157PAZ3	IDEAL CR UN WOODBURYMN	4.50	12/29/2027	249,000	249,000	100.00	249,000	100.00	4.50	252,638	101.46	3.82	3,638
# 01882MAA0	ALLIANT CR UN CHICAGO IL	4.85	12/30/2027	249,000	249,000	100.00	249,000	100.00	4.85	254,591	102.25	3.80	5,591
# 82671DAB3	SIGNATURE FED CR UN ALEXAN	4.40	1/31/2028	249,000	249,000	100.00	249,000	100.00	4.40	252,182	101.28	3.82	3,182
# 61690U3L2	MORGAN STANLEY BK N A CD	4.90	3/23/2028	244,000	244,000	100.00	244,000	100.00	4.90	248,416	101.81	4.12	4,416
# 91527PBW6	UNIVEST NATL BK TR SOUDERT	4.10	5/5/2028	249,000	249,000	100.00	249,000	100.00	4.10	248,305	99.72	4.21	(695)
# 3130AXEL8	FEDERAL HOME LOAN BANK M1	4.75	9/8/2028	250,000	249,783	99.91	249,865	99.95	4.77	258,008	103.20	3.59	8,143
# 3133EPF91	FFCB	4.50	11/27/2028	500,000	502,222	100.44	501,433	100.29	4.40	507,345	101.47	4.00	5,912
# 3130AYJ31	FEDERAL HOME LOAN BANK TU	4.38	1/17/2029	250,000	251,500	100.60	251,010	100.40	4.24	249,013	99.61	4.50	(1,998)
# 3133EPW84	FFCB	3.88	1/18/2029	750,000	748,500	99.80	748,944	99.86	3.92	743,085	99.08	4.18	(5,859)
# 3133ERQD6	FFCB	3.63	2/20/2029	500,000	500,309	100.06	500,223	100.04	3.61	490,995	98.20	4.20	(9,228)
# 3133EP5J0	FFCB	4.13	3/12/2029	500,000	497,883	99.58	498,480	99.70	4.22	499,825	99.97	4.14	1,345
# 3133EPXV2	FFCB	4.63	4/5/2029	500,000	499,400	99.88	499,566	99.91	4.65	511,190	102.24	3.94	11,624
# 3133EPXV2	FFCB	4.63	4/5/2029	180,000	179,759	99.87	179,825	99.90	4.66	184,028	102.24	3.94	4,203
# 3133ERKX8	FFCB	4.25	7/12/2029	1,000,000	1,007,345	100.73	1,005,677	100.57	4.09	1,003,370	100.34	4.15	(2,307)
TOTAL and AVERAGES				**14,395,000**	**14,383,971**		**14,393,014**		**3.36**	**14,341,598**		**4.81**	**(51,415)**

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Staphany Arriola, Management Analyst (Confidential)

MEETING DATE: November 19, 2025

SUBJECT: Community Human Services Highlights for October 16, 2025

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

RECOMMENDATION

Receive the highlights.

Attachments

CHS Highlights

HIGHLIGHTS OF
REGULAR BOARD MEETING
October 16, 2025

1. *Mary Ann Carbone, Board Chair, called the meeting to order at 11:08 a.m. at the City Hall of Sand City.*

2. *Board approved Consent items: September 18, 2025 Board minutes and Disbursements for the period of September 1, 2025 through September 30, 2025, in the amount of $1,252,988.38*

3. *The Board received a Aduit update presentation from Chavan and Associates, LLP.*

4. *Robin McCrae, CEO, report was included in the board packet for review.*

5. *Shawn Stone, COO gave a construction project update. Shawn attended the Continuum of Care meeting focused on homeless services across Monterey County to discuss the recent executive order impacting homeless services and CoC funding. Shawn along with Sr. PO Marta Sullivan prepared a comprehensive presentation on our Adolescent Drug Treatment Program and other youth SUD services for the recent Superintendents Council Meeting. COO report was also included in the board packet for review.*

6. *Carol Harney, Development Director gave a brief overview of the Development Team's reports. Carol also gave a pitch regarding Monterey County Gives!*

7. *Annette Yee-Steck, Finance Committee Chair, reported that the Finance Committee met earlier in the day. The dashboard is looking good with a net income of $310K. Account Receivable County over 60 days went up to $513K, since this report the County had made a payment of $500K. All JPA Allocations payments have been made!*

8. *Mary Ann Carbone, Board Chair, reported out for the Transition Committee. The Transition Committee met with Suzy Cowen of Kittleman & Associates on Friday, September 26th. We discussed several items including the schedule for the search and next steps. The next major step is to finalize the Position Guide which will be used to advertise the CEO position to potential candidates. A draft of the Position Guide will be presented to the Transition Committee by Kittleman on October 14th. The Committee will provide comments to Suzy and the Position Guide will be finalized and distributed on Monday, October 20th. The position Guide and Salary range is included in the agenda for approval.*

9. *Alex Miller, Facilities Committee member, reported that the Committee met to discuss action item K.2 Family Service Centers – Patio & Carport Project and K.3 Off Main Expansion which is included in the agenda for review & approval.*

10. *The Board approved the Transition Committee's recommended salary range for the new CEO of $185,000 - $245,000.*

11. *The Board approved the Facilities Committee's recommendation to accept the bid from David Construction in the amount of $169,353, plus a 25% contingency, for a total not-to-exceed amount of $212,000.*

12. *The Board approved the Facility Committee's recommendation to sign the lease for 1079 South Main Street, add $2,000 per month to the budget for the additional lease amount, authorize one-time facility improvements not to exceed $96,000, and terminate the lease at 47 San Miguel Avenue.*

13. *Shawn Stone, COO, gave a PowerPoint presentation regarding 5-year Funding Projection for the Substance Use Disorder & Mental Health Services.*

14. *Mary Ann Carbone encouraged Board Members to contribute to the MC Gives campaign.*

15. *The meeting adjourned at 1:05 p.m.*

The next regular board meeting is scheduled for Thursday, November 20, 2025 from 11:00 a.m. to 1:00 p.m. at the Sand City City Hall, Sand City, CA.

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Staphany Arriola, Management Analyst (Confidential)

MEETING DATE: November 19, 2025

SUBJECT: Monterey Salinas Transit Meeting Minutes for October 13, 2025

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

RECOMMENDATION

Receive the minutes.

Attachments

MST Minutes

MEETING OF THE MST BOARD OF DIRECTORS

Meeting Minutes

October 13, 2025
10:00 a.m. (Pacific)

Present:	Mary Ann Carbone, Chair	City of Sand City
	Lorraine Worthy, Vice Chair	City of Gonzales
	Bob Delves	City of Carmel-by-the-Sea
	Kim Shirley	City of Del Rey Oaks
	Liesbeth Visscher	City of Marina
	Ed Smith	City of Monterey
	Joe Amelio	City of Pacific Grove
	Tony Barerra	City of Salinas
	Dave Pacheco	City of Seaside
	Luis Alejo	County of Monterey
Absent:	Ariana Rodriguez	City of Greenfield
	Mike LeBarre	City of King
	Fernando Cabrera	City of Soledad
Counsel:	Michael D. Laredo	General Counsel, De Lay & Laredo
Staff:	Carl Sedoryk	General Manager/CEO
	Lisa Rheinheimer	Deputy CEO
	Michael Kohlman	Chief Information Officer
	Norman Tuitavuki	Chief Operating Officer
	Michelle Overmeyer	Director of Planning and Innovation
	Jeanette Alegar-Rocha	Deputy Secretary/Clerk to the Board
	Andrea Williams	Finance Manager
	Beronica Carriedo	C/S and Community Relations Supervisor
	Cristy Sugabo	Mobility Manager
	Christine Church	Compliance Officer
	Danitza Lopez	Human Resources Assistant
	Ezequiel Rebolla	Systems Engineer
	Hector Suarez	Payroll Specialist
	Ikuyo Yoneda-Lopez	Marketing and Communications Manager
	Jacob Huggins	IT Specialist
	Jacob Newman	Communications Specialist
	Jason Anderson	Drug and Alcohol Coordinator

	Jose Sanchez Barajas	Assistant Planner
	Kelly Soriano	Mobility Specialist
	Luiza Hatlestad	Mobility Specialist
	Melissa Valadez	HR Supervisor
	Natalie Flores	Associate Planner
	Paul Lopez	Facilities Manager
	Rolando Munoz	Mobility Specialist
	Scott Taylor	Information Technology Manager
	Steven Bruno	Purchasing Agent
	Susie Flores	Grants Analyst
	Ursulla Scardina	Communications Specialist
	Vince Dance	Project Management Coordinator
	Yasmin Guevarra	HR Assistant
Public:	Michelle Adams	City of Sand City Alternate
	Emily Paz	RIDES Customer
	Christopher Wilmot	Member of the Public
	Andrew Brown	Member of the Public
	Rebecca Irwin	Member of the Public
	Jasmine Mejia-Cortes	County of Monterey
	Linda Gonzales	County of Monterey
	Christina Watson	TAMC

1. CALL TO ORDER

1-1. Roll Call.

1-2. Pledge of Allegiance

Chair Carbone called the meeting to order at 10:06 a.m. Roll call was taken and a quorum established. Director Dave Pacheco led the pledge of allegiance.

1-3. Highlights of the agenda. (Carl Sedoryk)

General Manager/CEO, Carl Sedoryk reviewed highlights of the Agenda.

2. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Emily Paz member of the public and RIDES customer commented on the need to retain coach drivers by increasing their wages. She also commented on the need to increase the number of customer service representatives to schedule RIDES.

Christopher Wilmot, a member of the public commented that more routes are needed and agreed that coach drivers wages should be increased.

Andrew Brown, a member of the public commented that the length of time for his bus route to travel from South County to CSUMB is too long.

3. CONSENT AGENDA

These items will be approved by a single motion. Anyone may request that an item be discussed and considered separately.

3-1. Financial Reports – August 2025 (Lori Lee) (Page 9)
   a) Accept Report of August 2025 Cash Flow
   b) Approve August 2025 Disbursements
   c) Accept report of August 2025 Treasury Transactions

3-2. Approve Minutes of the MST Board Meeting September 8, 2025. (Jeanette Alegar-Rocha) (Page 21)

3-3. Receive Draft Minutes of the MST Board Administrative Performance Committee Meeting on September 8, 2025. (Jeanette Alegar-Rocha) (Page 27)

3-4. Adopt Resolution 2026-06 Recognizing Ezequiel Rebollar, Systems Engineer as Employee of the Month for October 2025. (Michael Kohlman) (Page 31)

3-5. Authorize the General Manager/CEO or Their Designee to Purchase 22 Paratransit Replacement Vehicles for MST's RIDES Program from Model 1 in an Amount Not to Exceed $2,782,000. (Norman K. Tuitavuki) (Page 33)

3-6. Authorize the General Manager/CEO, or Their Designee to Execute an Agreement with Denise Duffy and Associates for Habitat Mitigation Monitoring Program Services in Support of Coastal Development Permit Conditions for the SURF! Project in an Amount not to Exceed $310,000. (Lisa Rheinheimer) (Page 35)

3-7. Approve Updates to MST's Public Transportation Agency Safety Plan (PTASP). (Jarred August) (Page 37)

3-8. Authorize the General Manager/CEO or Their Designee to Execute Contracts Related to a Transportation Agency for Monterey County Enhancing Mobility Innovation Project Award in an Amount not to Exceed $449,860. (Michael Kohlman) (Page 69)

3-9. Approve 3.0% FY 2025 Incentive Pay Pool for Eligible Monterey-Salinas Transit Employee Association (MSTEA) and Confidential Unit Employees (Excluding the General Manager/CEO). (Carl Sedoryk) (Page 71)

3-10. Receive Report Describing the Transfer of Four (4) Retired MCI Over-the-Road Coaches – Two (2) to San Joaquin Regional Transit District (SJRTD) and Two (2) to Stanislaus Regional Transit Authority (StanRTA). (Norman Tuitavuki) (Page 73)

3-11. Authorize the General Manager/CEO or Their Designee to Enter into a Three (3) Year Contract with Advanced Chemical Transport, LLC, with the Option to Extend for Two (2) Additional One (1) Year Terms, for the Transportation and Disposal of Hazardous Waste in an Amount Not to Exceed $535,500, Including Option Years. (Paul Lopez/Steven Bruno) (Page 75)

3-12. Reject Claim by the Claimant Moises Sarabia Lopez. (Jarred Augusta) (Page 77)

3-13. Reject Claim by the Claimant Yesenia Lopez Perez. (Jarred Augusta) (Page 79)

3-14. Reject Claim by the Claimant Zuleyka Sarabia Lopez. (Jarred Augusta) (Page 81)

3-15. Reject Claim by the Claimant Yesenia Sarabia Lopez. (Jarred Augusta) (Page 83)

3-16. Authorize the General Manager/CEO or Their Designee to Purchase Four (4) Ford Trucks at the Lowest Price/Best Options Available at the Time of Purchase in an Amount not to Exceed $370,000. (Norman K. Tuitavuki) (Page 85)

End of Consent Agenda

There were no public comments on the Consent Agenda.

On a motion by Director Alejo and seconded by Director Amelio, the Board unanimously approved the Consent Agenda with Directors Cabrera, LeBarre and Rodriguez noted as absent.

4. RECOGNITIONS AND SPECIAL PRESENTATIONS

4-1. October 2025 Employee of the Month – Ezequiel Rebollar, Systems Engineer. (Michael Kohlman)

4-2. 30 Year Service Recognition—James Lopez, Mechanic A. (Norman Tuitavuki)

4-3. The Wright Way Awards Recognition. (Kelly Halcon) (Page 87)

5. PUBLIC HEARINGS

None.

6. ACTION ITEMS

6-1. Receive 1st Draft 2026-2030 Strategic Plan and Provide Comment. (Carl Sedoryk) (Page 89)

The Board received a public comment emailed by Rebecca Irwin with a suggestion that every stop be announced both with a recording and with a visible message on the light board inside. It would be attractive to tourists and new riders and also improve bus riding for people with visual or auditory difficulties. It may be possible to apply for ADA funding for this improvement.

The Board members provided comments to staff.

REPORTS & INFORMATION ITEMS

The Board will receive and file these reports, which do not require action by the Board.

7-1. General Manager/CEO Monthly Report – August 2025 (Page 91)

7-2. Federal Legislative Advocacy Report – (Page 111)

7-3. State Legislative Advocacy Update – (Page 115)

7-4. Staff Trip Reports – (Pages 119-131)

7-5. Correspondence – (Page 133-135)

Lorraine Worthy left the meeting at 11:05 a.m.

7. BOARD REPORTS, COMMENTS, AND REFERRALS

8-1. Reports on Meetings Attended by Board Members at MST Expense. (AB 1234)

8-2. Board Member Comments and Announcements.

8-3. Board Member Referrals for Future Agendas.

8. ATTACHMENTS

9-1. The Monthly Report for August 2025 can be viewed online: http://mst.org/about-mst/board-of-directors/board-meetings/

9. CLOSED SESSION

Comments from the public will not receive Board action. Comments must deal with matters on the Closed Session agenda and will be limited to three minutes.

10-1. Review General Manager/CEO Performance Evaluation Gov. Code § 54957.6. (Mary Ann Carbone/Michael Laredo) (No Enclosure)

Michael Laredo, MST General Counsel, reported that the Board met and discussed closed session item 10-1. This item will be returned for action on an agenda at a future date.

10-2. Conference with Real Property Negotiators – Gov. Code § 54956.8
APN#s: 003-051-086, 003-051-087, 003-051-072, and 003-863-040 in Salinas, CA and 031-151-024-000 in Seaside, CA.
MST Negotiators: Carl Sedoryk, General Manager/CEO
Under Negotiation: Price and Terms.

Michael Laredo, MST General Counsel, reported that the Board met and discussed closed session item 10-2. General discussion was held on the Salinas properties with no reportable action. General Discussion was held on the Seaside property and the item will return at a future meeting for action.

10. ADJOURN

With no further business to discuss, Chair Carbone adjourned the meeting at 12:17 p.m. (Pacific).

Prepared by: _____ Reviewed by: _____
Jeanette Alegar-Rocha — Deputy Secretary/Clerk to the Board
Carl G. Sedoryk — General Manager/CEO

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Fred Marsh, Administrative Services Director
MEETING DATE:	November 19, 2025
SUBJECT:	Extension of Agreement with The Pun Group LLP for Independent Financial Audit Services
CEQA:	Does not constitute a Project per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Approve an Extension of Agreement with The Pun Group LLP for Independent Financial Audit Services for two additional Fiscal Years through March 31, 2028

DISCUSSION

The City is required to conduct an annual independent financial audit in accordance with generally accepted auditing standards. To ensure that the City continues to receive the best audit services at the most competitive price, a Request for Proposal was previously issued soliciting proposals. The scope of services for the City Audit Services RFP included:

- City Audit, Annual Comprehensive Financial Report (ACFR), and Management Letters
- State Controller's Annual Street Report & Financial Transactions Report
- Measure X Compliance Report
- Single Audit and Single Audit Report
- Annual Appropriations Limit (GANN) Review and Report

The audit firms were evaluated on the following criteria:

- Understanding of the audit scope of services
- Experience in conducting audits with similar local government agencies
- Education, work experience, and directly related audit experience
- Price
- References

Upon staff presentation of the results from the RFP, the City Council selected the Pun Group to perform these services for the City. The executed contract was for a three year period for Fiscal Years 2022-23 through 2024-25, with the option to extend annually for two additional one year periods upon mutual written agreement. The Pun Group has proposed two one year extensions of $66,000 for Fiscal Year 2025-26 and $68,000 for Fiscal Year 2026-27, approximately a 3% increase for each of those two fiscal years and in line with the Bay Area Consumer Price Index, which was 2.5% for the year ended August 31, 2025. The fees are based on the audit of one major program for Single audit. The fee for

auditing additional major programs will be $5,500 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Pacific Grove's management before starting Single Audit work.

The Pun Group has been providing local government auditing services for a number of years and also provides general guidance related to the implementation of new accounting standards and responds to accounting questions during the contract period.

Staff is recommending extending the contract for two years with the Pun Group, based upon their responsiveness, competitive pricing, and familiarity with our operations as displayed during their audits of the prior two fiscal years and for our most recent audit, anticipated to be completed by December 2025. A copy of the current contract and proposed amendment is included with this staff report.

OPTIONS

- Approve the amendment to the Contract
- Provide Alternate Direction

FINANCIAL IMPACT:

The fiscal impact would be $66,000 and $68,000 over the two year period, to be paid beginning in July 2026 for Fiscal Years 2025-26 and 2026-27.

FOCUSED PRIORITY AREA: Financial Sustainability

Attachments

Contract Amendment

Original Vendor Contract-The Pun Group LLP-1_31_2026

AMENDMENT #_1_
AGREEMENT FOR VENDOR SERVICES WITH The Pun Group LLP

WHEREAS, the City of Pacific Grove ("City") and The Pun Group LLP ("Contractor") entered into a Vendor Services Agreement ("Agreement") dated July 1, 2023; and

WHEREAS, the City and Contractor desire to amend certain terms of the Agreement; NOW, THEREFORE, the parties agree as follows:

A. The Agreement is amended as follows:

This Agreement shall continue in effect until the tasks described below are completed, but in no event shall be later than March 31, 2028. The price for the audits for Fiscal Years 2025-26 and 2026-27 shall be $66,000 and $68,000 respectively, and include the following services:

- City Audit, Annual Comprehensive Financial Report (ACFR), and Management Letters
- State Controller's Annual Street Report & Financial Transactions Report
- Measure X Compliance Report
- Single Audit and Single Audit Report
- Annual Appropriations Limit (GANN) Review and Report

Fees for the Single Audit and its report are based on one (1) major program. The fee for auditing additional major programs will be $5,500 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Pacific Grove's management before starting Single Audit work.

B. All other terms of the Agreement remain the same.

Dated: _____ _____
Contractor, Title

Dated: _____ _____
Administrative Services Director Name/ Title

Dated: _____ _____
City Attorney Name, Title

Dated: _____ _____
City Manager or Mayor

CITY OF PACIFIC GROVE
PROFESSIONAL SERVICES AGREEMENT

This PROFESSIONAL SERVICE AGREEMENT ("PSA") FOR NON-CONSTRUCTION PROJECTS ("Agreement"), is made and effective as of July 01 2023, between the **City of Pacific Grove** ("City"), a municipal corporation and **The Pun Group, LLP, a limited liability partnership** ("CONSULTANT"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

   This Agreement shall commence on J**uly 01, 2023** and shall remain and continue in effect until the tasks described herein are completed, but in no event later than **January 31, 2026**, unless sooner terminated pursuant to the provisions of this Agreement. **Upon mutual written agreement, the term of this Agreement can be extended annually for two (2) additional one (1) year periods.**

2. SCOPE OF WORK

   CONSULTANT shall perform the tasks and services ("Services") described and set forth in **Exhibit A**, Scope of Services, attached hereto and incorporated herein as though set forth in full. CONSULTANT shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A. To the extent that Exhibit A is a proposal from CONSULTANT, such proposal is incorporated only for the description of the Scope of Services and no other terms and conditions from any such proposal shall apply to this Agreement unless specifically agreed to in writing.

3. PERFORMANCE

   CONSULTANT shall at all times faithfully, competently and to the best of their ability, experience, and talent, perform all Services described herein. CONSULTANT shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of CONSULTANT hereunder in meeting their obligations under this Agreement.

4. CONTENTS OF REQUEST FOR PROPOSAL AND PROPOSAL

   CONSULTANT is bound by the contents of City's Request for Proposal on file hereto and incorporated herein as Exhibit D, and the contents of the proposal submitted by CONSULTANT, available on file in the City Clerk's Office, hereto and incorporated herein as Exhibit E. In the event of conflict, the requirements of City's Request for Proposals and this Agreement shall take precedence over those contained in CONSULTANT's proposals.

5. CITY MANAGEMENT

The City Manager, or their designee, shall represent City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by CONSULTANT, but not including the authority to enlarge the Scope of Work or change the compensation due to CONSULTANT. The City Manager shall be authorized to act on City's behalf and to execute all necessary documents that enlarge the Scope of Work or change CONSULTANT's compensation, subject to Section 6 hereof.

6. PAYMENT

a. The City agrees to pay CONSULTANT monthly, in accordance with the payment rates and terms and the Payment Schedule as set forth in Exhibit B, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed **Sixty Thousand and Five Hundred dollars ($60,500.00) for the first year of the agreement, with a 3% increase for subsequent years**, for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

b. The City Manager's contract authority is limited to $39,999.99, which includes all costs. Contracts, including any contract amendments that exceed the total threshold, require City Council approval. Any contracts, including contract amendments that exceed the total threshold, which do not have City Council approval, shall be void.

c. CONSULTANT shall not be compensated for any Services rendered in connection with its performance of this Agreement that are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager or the City Council. CONSULTANT shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and CONSULTANT at the time City's written authorization is given to CONSULTANT for the performance of said services.

d. CONSULTANT shall submit invoices monthly for actual Services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for Services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of CONSULTANT's fees it shall give written notice to CONSULTANT within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice. Any final payment under this Agreement shall be made within forty-five (45) days of receipt of an invoice therefore.

7. INSPECTION

City shall at all times have the right to inspect the work and materials. CONSULTANT shall furnish all reasonable aid and assistance required by City for the proper examination of the work and all parts thereof. Such inspection shall not relieve CONSULTANT from any obligation to perform said work strictly in accordance with the specifications or any modifications thereof and in compliance with the law.

8. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

a. The City may at any time, for any reason, without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon CONSULTANT at least thirty (30) days prior written notice. Upon receipt of said notice, CONSULTANT shall immediately cease all Services under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

b. In the event this Agreement is terminated pursuant to this Section, the City shall pay to CONSULTANT the actual value of the Services performed up to the time of termination, provided that the Services performed are of value to the City. Upon termination of the Agreement pursuant to this Section, CONSULTANT will submit an invoice to the City pursuant to Section 6.

9. DEFAULT OF CONSULTANT

a. CONSULTANT's failure to comply with the provisions of this Agreement shall constitute a default. In the event that CONSULTANT is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating CONSULTANT for any Services performed after the date of default and can terminate this Agreement immediately by written notice to the CONSULTANT. If such failure by the CONSULTANT to make progress in the performance of Services hereunder arises out of causes beyond the CONSULTANT's control, and without fault or negligence of the CONSULTANT, it shall not be considered a default.

b. If the City Manager or designee determines CONSULTANT is in default in the performance of any of the terms or conditions of this Agreement, they shall cause to be served upon CONSULTANT a written notice of the default. The CONSULTANT shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event CONSULTANT fails to cure its default within such period of time or fails to present City with a written plan for the cure of the default, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

10. OWNERSHIP OF DOCUMENTS

a. CONSULTANT shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of Services under this Agreement. CONSULTANT shall maintain adequate records of Services provided in sufficient detail to permit an evaluation of Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. CONSULTANT shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts or copies therefrom as necessary; and shall allow

inspection of all work, data, documents, proceedings, and activities related to this Agreement. If there is a substantial billing deviation adverse to City, then the cost of an audit shall be borne by CONSULTANT. Such records, together with supporting documents, shall be maintained for a period of five (5) years after receipt of final payment.

b. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the Services to be performed pursuant to this Agreement shall become the sole property of City and may be used, reused, or otherwise disposed of by City without the permission of CONSULTANT. With respect to computer files, CONSULTANT shall make available to City, at CONSULTANT's office and upon reasonable written request by City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, copying and/or printing computer files. CONSULTANT hereby grants to City all right, title, and interest, including any copyright, in and to the documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared by CONSULTANT in the course of providing the Services under this Agreement.

11. RECORD AUDIT

In accordance with Government Code, Section 8546.7, for expenditures of greater than $10,000, records of both City and CONSULTANT shall be subject to examination and audit by the Auditor General for a period of three (3) years after final payment.

12. INDEMNIFICATION AND DEFENSE

Indemnity

To the fullest extent permitted by law, CONSULTANT shall indemnify and hold harmless City and any and all of its officers, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs, caused in whole or in part by the negligent or wrongful act, error or omission of CONSULTANT, its officers, agents, employees or subconsultants (or any City or individual that CONSULTANT shall bear the legal liability thereof) in the performance of Services under this Agreement. CONSULTANT's duty to indemnify and hold harmless City shall not extend to the City's sole or active negligence.

Duty to defend

In the event City, its officers, employees, agents and/or volunteers are made a party to any action, lawsuit, or other adversarial proceeding arising from the performance of the Services encompassed by this Agreement, and upon demand by City, CONSULTANT shall defend City at CONSULTANT's cost or at City's option, to reimburse City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters to the extent the matters arise from, relate to or are caused by CONSULTANT's negligent acts, errors or omissions. Payment by City is not a condition precedent to enforcement of this indemnity. In the event of any dispute between CONSULTANT and City, as to whether liability arises from

the sole or active negligence of the City or its officers, employees, or agents, CONSULTANT will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating the City as solely or actively negligent. CONSULTANT will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

13. INSURANCE

CONSULTANT shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in **Exhibit C** attached to and part of this Agreement.

14. INDEPENDENT CONSULTANT

a. CONSULTANT is and shall at all times remain as to City a wholly independent consultant and/or independent contractor. The personnel performing the Services under this Agreement on behalf of CONSULTANT shall at all times be under CONSULTANT's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of CONSULTANT or any of CONSULTANT's officers, employees, or agents, except as set forth in this Agreement. CONSULTANT shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. CONSULTANT shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

b. No employee benefits shall be available to CONSULTANT in connection with the performance of this Agreement. Except for the fees paid to CONSULTANT as provided in the Agreement, City shall not pay salaries, wages, or other compensation to CONSULTANT for performing Services hereunder for City. City shall not be liable for compensation or indemnification to CONSULTANT for injury or sickness arising out of performing Services hereunder.

15. LEGAL RESPONSIBILITIES

CONSULTANT shall keep itself informed of State and Federal laws and regulations that in any manner affect those employed by it or in any way affect the performance of its Services pursuant to this Agreement. CONSULTANT shall at all times observe and comply with all such laws and regulations. City, and its officers, employees, and agents shall not be liable at law or in equity occasioned by failure of the CONSULTANT to comply with this Section.

16. UNDUE INFLUENCE

CONSULTANT declares and warrants that no undue influence or pressure was used against or in concert with any officer, employee or agent of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer, employee or agent of City has or will receive compensation, directly or indirectly, from CONSULTANT, or from any officer, employee or agent of CONSULTANT, in connection with the award of this Agreement or any Services to

be performed as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling City to any and all remedies at law or in equity.

17. NO BENEFIT TO ARISE TO CITY OFFICERS AND EMPLOYEES

No officer, employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Services performed under the Agreement during their tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Services performed under this Agreement.

18. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

a. All information gained by CONSULTANT in performance of this Agreement shall be considered confidential and shall not be released by CONSULTANT without City's prior written authorization. CONSULTANT, its officers, employees, agents, or subconsultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided CONSULTANT gives City notice of such court order or subpoena.

b. CONSULTANT shall promptly notify CITY should CONSULTANT, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City, unless City is a party to any lawsuit, arbitration, or administrative proceeding connected to such Discovery, or unless CONSULTANT is prohibited by law from informing City of such Discovery. City retains the right, but has no obligation, to represent CONSULTANT and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless City is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to CONSULTANT in such proceeding, CONSULTANT agrees to cooperate fully with City and to provide the opportunity to review any response to discovery requests provided by CONSULTANT. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

c. If City determines CONTRACTOR comes within the definition of Contractor under the Political Reform Act (Government Code §87100 et seq.), CONTRACTOR shall complete and file and shall require any other person doing Work under this Agreement to complete and file a "Statement of Economic Interest" with CITY disclosing CONTRACTOR's and/or such other person's financial interests.

19. DISCRIMINATION

CONSULTANT agrees that in the performance of this Agreement, neither CONSULTANT nor any person acting on CONSULTANT's behalf shall discriminate against any person on the basis of race, religious creed, color, national origin, ancestry, disability, medical condition, genetic information, marital status, sexual orientation, sex, gender identity, gender expression, military or veteran status or age.

20. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, by first class mail, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: Tori Hannah, Administrative Services Director/City Manager Pro Tempore
City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950
Attention: City Clerk

To Consultant: Kenneth H. Pun, CPA, CGMA
The Pun Group
4600 La Jolla Drive, Suite 100,
San Diego, CA 92122

Notice is effective on the date of personal service, or 5 days following deposit in a United States mailbox, or date of postmark. The parties may agree to service by email.

21. THIRD PARTY BENEFICIARIES

Nothing contained in this Agreement shall be construed to create, and the parties do not intend to create, any rights in third parties.

22. ASSIGNMENT

CONSULTANT shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of CITY. Because of the personal nature of the Services to be rendered pursuant to this Agreement, only CONSULTANT shall perform the Services described in this Agreement. CONSULTANT may use assistants, under their direct supervision, to perform some of the Services under this Agreement.

23. LICENSES

At all times during the term of this Agreement, CONSULTANT shall have in full force and effect, all licenses required of it by law for the performance of the Services described in this Agreement. CONSULTANT shall obtain a valid City Business License and shall maintain said Business License for the term of this Agreement and any extensions.

24. GOVERNING LAW

City and CONSULTANT understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in Monterey County, or federal district court with jurisdiction over City. CONSULTANT agrees not to commence or prosecute any dispute arising out of or in connection with this Agreement other than in the aforementioned courts and irrevocably consents to the exclusive personal jurisdiction and venue of the aforementioned courts.

25. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to their obligations described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written and pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. No amendment shall be valid unless in writing, executed by both parties.

26. DISPUTE RESOLUTION; ATTORNEY'S FEES

CONSULTANT shall continue to perform under this Agreement during any dispute. CONSULTANT and City hereby agree to make good faith efforts to resolve disputes as quickly as possible. In the event any dispute arising from or related to this Agreement results in litigation or arbitration, the prevailing party shall be entitled to recover all reasonable costs incurred, including court costs, attorney fees, expenses for expert witnesses (whether or not called to testify), expenses for accountants or appraisers (whether or not called to testify), and other related expenses. Recovery of these expenses shall be as additional costs awarded to the prevailing party, and shall not require initiation of a separate legal proceeding.

27. WORK SCHEDULED/TIME OF COMPLETION

City and CONSULTANT agree that time is of the essence in this Agreement.

28. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of CONSULTANT warrants and represents that they have the authority to execute this Agreement on behalf of the

CONSULTANT and have the authority to bind CONSULTANT to the performance of its obligations hereunder.

29. INTERPRETATION OF CONFLICTING PROVISIONS

In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

30. SEVERABILITY

If any term of this Agreement is held invalid by a court of competent jurisdiction or arbitrator the remainder of this Agreement shall remain in effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF PACIFIC GROVE	CONSULTANT
By: Tori Hannah Department Director	By: Kenneth H. Pun Consultant
Date: Aug 16, 2023	Date: Aug 16, 2023
By: Bill Peake City Manager or Mayor	By: Tori Hannah City Administrative Services Department
Date: Aug 24, 2023	Date: Aug 16, 2023

Approved As To Form: Sergio Rudin for Brian Pierik,
City Attorney

Aug 23, 2023
Date

Attachments:

Exhibit A	Scope of Services
Exhibit B	Payment Schedule
Exhibit C	Insurance Requirements
Exhibit D	Request for Proposal
Exhibit E	Consultant's Proposal

EXHIBIT A

SCOPE OF SERVICES

Specific Audit Approach and Proposed Audit Schedule

Scope of Work, Audit Approach, and Methodology

The City of Pacific Grove is requesting the Firm to perform Professional Auditing Services and issue opinions on the City's financial statements. The audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).
- US General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions.
- Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- The standards applicable to financial audits contained in the most current version of the Generally Accepted *Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of the US Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-profit Organizations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the **Annual Comprehensive Financial Report** of the City of Pacific Grove. The audit will be conducted in accordance with Generally Accepted *Government Auditing Standards*. The report will be in full compliance with all current GASB pronouncements.

  In addition, the Firm will assist in meeting the requirements for the Government Finance Officers Association (GFOA) "**Certificate of Achievement for Excellence in Financial Reporting**."

- ✓ If required: Prepare a **Single Audit Report** which will include the following:
  - Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
  - Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
  - Schedule of Expenditures of Federal Awards.
  - Notes to Schedule of Expenditures of Federal Awards.
  - Schedule of Findings and Questioned Costs.
  - Any other required schedules or reports.
  - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.

- ✓ Perform **Agreed Upon Procedures** Applied to the Appropriations Limit (GANN), as consistent with recommendations by the League of California Cities and as presented in the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines. Prepare and provide one (1) electronic and one (1) hard-copy report.

- ✓ Issue an **Auditor's Communication Letter** with any reportable conditions found during the audit. A reportable condition will be defined as a material weakness or significant deficiency.

- ✓ Issue a separate **"Management Letter"** that includes recommendations for improvements on internal control, accounting procedures, and other significant observations that are considered to be no reportable conditions.

- ✓ Assist with the implementation of applicable Governmental Accounting Standards Board **(GASB) pronouncements**, including, but not limited to, GASB 94 and 96.

- ✓ Prepare and submit to the State Controllers' Office: The Financial Transactions Report, the **Annual Street Report**, and any additional reports as required by the State Controllers' Office on an annual basis in accordance with the time frames set by the State Controllers' Office.

- ✓ Audit the **Measure X financial statements** of the City for each fiscal year and provide a compliance audit report on the requirements noted in TAMC Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement, attached as Exhibit C, as of June 30, 2021. Provide one electronic copy of the compliance report and one (1) hard copy of the report.

Provided By Client (PBC) Lists: They will be provided for both interim and final audits according to an agreed-upon timeline between the engagement team and the City in order to be reasonably prepared for a field audit. The engagement team will meet with the City's management during the initial planning stage to discuss audit schedules and review the prior year's audit findings (if any). We will deliver a list of all documents to be provided by the City's staff. Once such materials are agreed upon by the engagement team and City's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Attendance at Meetings and Hearings: The engagement team will participate in as many meetings with staff as needed to perform the work scope tasks, present the audit plan prior to beginning fieldwork, and discuss the draft audit reports. The team will attend public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed Financial Reports, Single Audit report (if applicable), and other reports will be delivered to the City according to the agreed-upon schedule.

Proposed Audit Adjustments: All proposed adjusting journal entries by the Firm will be discussed and explained in a timely manner with the designated Finance Department personnel. Such proposed adjustments will be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

Supplemental Reports, Audits, or Agreed-Upon Procedures: Other services, such as agreed-upon procedures, may be deemed necessary. These services will be performed at agreed-upon rates and will be added to a written agreement before commencing audit work. The Firm and the City of Pacific Grove will discuss and approve the scope and associated costs of these tasks.

Advice and Consultation: Will be provided throughout the year on matters relating to accounting and financial reporting. Such services do not include any task that entails significant research or a formal report.

GASB Implementation: The Firm will provide technical assistance and training in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible for providing advice and consultation for the implementation of these new standards. The Firm will advise the City on the applicability of accounting and reporting standards and other accounting issues and provide guidance on new note disclosures, GASB implementations, and other reporting requirements. We will also provide training, resources, and information on topics relevant to the City's financial reporting and operations. (*Based on the scope, additional charges may apply.)*

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware. The engagement team will also make all communications to the City required by the audit standards under which the engagement is performed.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of five (5) years unless the City of Pacific Grove notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available upon request by the City of Pacific Grove or its designees.

Also, we will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

EXHIBIT B

PAYMENT SCHEDULE

Total All-Inclusive Maximum Price

Our proposed fees for Professional Auditing Services for the three fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025, with the option of auditing its financial statements for each of the two subsequent fiscal years, are as follows:

Exhibit A

PROPOSAL FOR AUDITING SERVICES

Include this worksheet with the proposal.

Name of Firm:	The Pun Group, LLP
Name of Contact:	Kenneth H. Pun, CPA, CGMA
Location of Firm:	4660 La Jolla Village Drive, Suite 100, San Diego, CA 92122

Please provide the breakdown of costs associated with the following

City Audit and ACFR	$ 45,000
Agreed Upon Procedures for the Annual Appropriation Limit and Report	500
State Controller Annual Financial Transactions Report	3,500
State Controller Annual Street Report	1,500
Measure X Compliant Report	5,000
Single Audit and Single Audit Report (as, needed)	5,000
Optional: Additional Printed Copies of the ACFR	250/Copy
Total	$ 60,500

(1) Above exhibit A represents the total all-inclusive amount for the services provided for the fiscal year ending June 30, 2023. Each subsequent year will reflect a 3% increase in the total amount.

(2) Single Audit fees based on one (1) major program. The fee for auditing additional major programs will be $5,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Pacific Grove’s Management before starting Single Audit work.

Out of Pocket Expenses are Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will absorb expenses such as travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City of Pacific Grove. The Firm will also absorb these costs.

Rates for Additional Professional Services

Below are the Firm's hourly billing rates, delineated by staffing levels:

Hourly Billing Rates		
Partner(s)	$	300
Director(s)	$	250
Senior Manager(s)	$	225
Manager(s)	$	200
Supervisor(s)	$	175
Senior Accountant(s)	$	150
Staff Accountant(s)	$	125
Clerical	$	100

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added to a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above-quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the City of Pacific Grove at the rates outlined in the Total All-Inclusive Maximum Price section in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
Planning	10%
Interim	40%
Fieldwork	40%
Presentation and Acceptance of Reports	10%

EXHIBIT C

INSURANCE REQUIREMENTS

Without limiting CONSULTANT's indemnification of City, and prior to commencement of Work, CONSULTANT shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City.

General liability insurance. CONSULTANT shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Automobile liability insurance. CONSULTANT shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than $1,000,000 combined single limit for each accident.

Professional liability (errors & omissions) insurance. CONSULTANT shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of $1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and CONSULTANT agrees to maintain continuous coverage through a period no less than three (3) years after completion of the Services required by this Agreement.

Workers' compensation insurance. CONSULTANT shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least $1,000,000).

CONSULTANT shall submit to CITY, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of CITY, its officers, agents, employees and volunteers.

Other provisions or requirements

Proof of insurance. CONSULTANT shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. CONSULTANT shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by CONSULTANT, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by CONSULTANT shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by CONSULTANT or City will withhold amounts sufficient to pay premium from CONSULTANT payments. In the alternative, City may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against CITY, its elected or appointed officers, agents, employees and volunteers or shall specifically allow CONSULTANT or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. CONSULTANT hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). CONSULTANT acknowledges and agrees that any actual or alleged failure on the part of the City to inform CONSULTANT of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to CITY with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, employees, agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

Separation of insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass through clause. CONSULTANT agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by CONSULTANT, provide the same minimum insurance coverage and endorsements required of CONSULTANT. CONSULTANT agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. CONSULTANT agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

City's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the CONSULTANT ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the CONSULTANT, the City and CONSULTANT may renegotiate CONSULTANT's compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by City. City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by City.

Timely notice of claims. CONSULTANT shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from CONSULTANT's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. CONSULTANT shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

EXHIBIT D

REQUEST FOR PROPOSAL



City of Pacific Grove
Request for Proposal (RFP)
for
Professional Auditing Services

Issue Date: March 21, 2023

Proposal Due Date: April 19, 2023

Submit responses to:

City of Pacific Grove
Administrative Services Department
Attn: Jennifer Pope, Management Analyst
300 Forest Avenue
Pacific Grove, California 93950
jpope@cityofpacificgrove.org

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1. RFP Overview

1.1 Introduction and Background

The City of Pacific Grove is a Charter City known for small-town hospitality and friendliness. It is run by a council-manager form of government. The major operating departments of the City are: City Manager, Administrative Services, Community Development, Public Works, Police, Fire, Recreation and the Library. The City population is 15,545 and it is approximately 2.86 square miles. The City shares borders with the City of Monterey, the Pacific Ocean, and the Del Monte Forest.

The City Finance Department is staffed with 6.33 FTE's. The department is the recipient of five consecutive Government Finance Officers Certificate of Excellence (COE) Award in Financial Reporting; four consecutive GFOA Distinguished Budget Awards; and five consecutive California Society of Municipal Finance Officers (CSMFO) Operating Excellence Budget Awards. The City has retained the current audit firm since Fiscal Year 15/16.

The Finance staff have previously prepared the Transmittal, Statistical Section, and text associated with the Management Discussion and Analysis (MD&A) Section of the ACFR. The current audit firm prepares a MD & A template, with tables and charts based on the financial statements. The City accrues revenues and expenditures through the end of August, with financial statements provided to the City Council by the second meeting in December.

1.2 Purpose of RFP

The City of Pacific Grove is seeking proposals for the preparation of both financial and compliance audit reports covering the City and its related operations from qualified firms of certified public accountants. A complete description of services to be provided is described later in this document. The contract will be for a period of three years with an option to renew for an additional two years. The first reporting period to be audited is July 1, 2022, through June 30, 2023. Responding firms shall be solely responsible for any expenses incurred in preparing proposals in response to this request.

1.3 Schedule of Events

The RFP schedule of events identifies the City's best estimate of the schedule that will be followed.

RFP Event	Date/Time
RFP Issued	March 21, 2023
Deadline for Written Questions	April 5, 2023, at 5:00 pm
Deadline for Letter of Intent to Respond	April 5, 2023, at 5:00 pm
City Issues Response to Written Questions	April 12, 2023
Deadline for Submitting a Proposal	April 19, 2023, at 3:00 pm
City Evaluation of Proposals	April 20-25, 2023
Selected Consultant Interviews	May 1-3, 2023
City Determines Finalist	May 8, 2023
Contract Awarded	May 17, 2023

The City reserves the right to adjust this schedule as it deems necessary.

1.4 RFP Coordinator

All communications concerning this RFP must be submitted in an e-mail to, Jennifer Pope, Management Analyst. The RFP Coordinator will be the sole point of contact for this RFP. The coordinator can be reached via email at jpope@cityofpacificgrove.org.

1.5 RFP Amendment and Cancellation

The City reserves the unilateral right to amend this RFP in writing at any time. The City also reserves the right to cancel or reissue all or any part of the RFP at its sole discretion. This information will be posted to the City's website. If an amendment is issued, it will be provided to all Consultants who have submitted a Letter of Intent to Respond.

1.6 Letter of Intent to Respond

Consultants who anticipate submitting a proposal should submit an email indicating a Consultant's intent to respond to this RFP. The letter of intent should be emailed to the RFP Contact. The subject line should read, "Company Name – Letter of Intent to Respond". The following information should be included in the Letter of Intent to Respond:

- Name of Consultant
- Consultant's Address
- Consultant's Contact Person
- Contact Person's Telephone Number & E-mail Address

Submittal of a Letter of Intent to respond, by the specified deadline, is highly desirable for submitting a proposal and is necessary to ensure a Consultant's receipt of RFP amendments and other communications regarding the RFP. The Letter of Intent does not bind Consultants to submit a proposal. Not submitting a Letter of Intent does not preclude a Consultant from submitting a proposal by the required deadline.

1.7 Questions Pertaining to the RFP

All questions pertaining to this RFP must be submitted by e-mail to the RFP contact: Jennifer Pope, Management Analyst at jpope@cityofpacificgrove.org. All Consultants who have notified the City of their intent to respond to the RFP will be provided, via e-mail, a copy of all questions submitted as well as the City's response.

1.8 Public Records Law

Pursuant to the California Public Records Act, Government Code Section 6250 and following, public records may be inspected and examined by anyone desiring to do so, at a reasonable time, under reasonable conditions, and under supervision by the custodian of the public record. All submitted proposals are subject to the California Public Records Act, and may be determined to be public records subject to disclosure, even if the Consultant claims confidential treatment. The City will disclose public records as required under the California Public Records Act.

1.9 Rights to Submitted Materials

All Proposals and related correspondence, reports, charges, schedules, exhibits and other documentation submitted with this RFP will become the property of the City and a matter of public record. All documents submitted in response to this request will be subject to disclosure if requested by a member of the public. There are a very limited number of narrow exceptions to these disclosure requirements.

1.10 City Agreements and Insurance Requirements

The successful proposer(s) will be required to sign a contract with the City relating to the work to be performed. Once selected, the proposer must procure and maintain insurance in accordance with the City's insurance requirements for the duration of the contract. The cost of this insurance is the proposer's responsibility.

2. Scope of Work and Specifications

2.1 Overview of Services

The City of Pacific Grove (City) is seeking proposals to perform the following services:

1. Audit all funds of the City in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States.

2. Prepare the City's Annual Comprehensive Financial Report (ACFR) including accompanying schedules and notes no later than December 5 of each contract year. The form of the ACFR is to be compliant with the requirements of the Government Finance Officers Association (GFOA) Certificate Program.

3. Provide the City with draft financial statements in an excel and pdf format with sufficient time to allow for the preparation of the Statistical Section and supporting text for the M D & A. Typically, the City has requested two weeks for review of the statements, and an additional week to complete the M D & A and Statistical Section. While this is requested, alternative timelines and options can be proposed.

4. Assist in the preparation of tables and charts related to the audited financial statements for incorporation into the City's Management's Discussion and Analysis (MD&A), apply limited audit procedures to the MDA, and provide any supplementary information pertaining to the City's financial documents as required by the City.

5. Issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions. Prior to the issuance of the final management letter, the auditor shall deliver a draft copy to the City of Pacific Grove's Administrative Services Director/Assistant City Manager for review and management's responses.

6. Render a report and opinion on the basic financial statements including both Government-Wide Financial Statements and Fund Financial Statements.

7. Attend a minimum of one City Council meeting for the purpose of discussing the audit and its conclusions.

8. Provide one (1) electronic file of each auditor-prepared report with the search feature enabled and suitable for posting to the City's website. The City may also request bound hard-copies of the ACFR.

9. Assist with the implementation of applicable Governmental Accounting Standards Board (GASB) pronouncements including, but not limited to, GASB 94, and 96.

10. Prepare and submit to the State Controllers' Office: The Financial Transactions Report, the Annual Street Report, and any additional reports as required by the State Controllers' Office on an annual basis in accordance with the time frames set by the State Controllers' Office.

11. Perform Agreed Upon Procedures Applied to the Appropriations Limit, as consistent with recommendations by the League of California Cities, and as presented in the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines. Prepare and provide one (1) electronic and one (1) hard-copy report.

12. Audit the Measure X financial statements of the City for each fiscal year and provide a compliance audit report on the requirements noted TAMC Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement, attached as Exhibit C, as of June 30, 2021. Provide one electronic copy of the compliance report and one (1) hard-copy of the report.

13. If required pursuant to OMB Circular A-133, perform a Single Audit on the expenditures of federal grants and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include an appropriate schedule of expenditures of federal awards, footnotes, findings, and questioned costs, including reportable conditions and material weaknesses, and follow-up on prior audit findings where required.

2.2 Standards to Follow

To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Government Accounting Standards Board (GASB), in the General Accounting Office's (GAO) Government Auditing Standards, and in the U.S. Office of Management (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

3. Proposal Submission Requirements

3.1 General Instructions

Proposals should provide a straightforward, concise description of the Consultant's company, qualifications, proposed solution, and capabilities to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content.

Proposals should be organized consistent with the outline provided in this section of the RFP. Consultants must follow all formats and address all portions of the RFP set forth herein providing all information requested.

Submittals must be received no later than Wednesday, April 19, 2023. Proposals received after this date and time will not be considered.

3.2 Proposal Format

Proposals must be structured, presented, and labeled in the following manner:

- Transmittal Letter
- Table of Contents
- Executive Summary
- Company Information
- Company Background
- Company Qualifications
- References
- Proposed Audit Schedule
- Pricing
- Proposed Legal Agreement(s)
- Additional Information

Failure to follow the specified format, to label the responses correctly, or to address all of the subsections may result in the rejection of the Proposal.

3.2.1 Transmittal Letter

The proposal must provide a written transmittal of the proposal in the form of a standard business letter. The Transmittal Letter will reference and respond to each of the following bulleted items.

- Signature of a company officer empowered to bind the Consultant to the provisions of this RFP and any contract awarded pursuant to it.

- A high-level statement of the Consultant's credentials to deliver the services sought under the RFP.
- A statement indicating the proposal remains valid for at least 90 days.
- A statement that the Consultant or any individual who will perform work for the Consultant is free of any conflict of interest (e.g., employment by the City).

3.2.2 Table of Contents

All pages are to be numbered and the table of contents should identify each major section.

3.2.3 Executive Summary

This section of the proposal should provide a concise synopsis of Consultant's proposal and credentials to deliver the services sought under the RFP. In addition, it should explain how the Auditing Services Firm will differentiate itself from other Consultant solutions and the reasons the City should select the proposed solution. This may include a list of the unique features that give the Consultant a competitive edge in the agenda management system market.

3.2.4 Company Information

This section of the proposal must include the following company information:

- Provide the legal entity name, Federal Employer Identification Number (EIN), and form of business (i.e. Corporation, LLC, etc.).
- Identify if the Consultant is a subsidiary of a larger company. If so, whom?
- Provide a primary contact name, address, phone number, and email address.
- Identify the location of company headquarters and offices, which will support the implementation.
- Identify the location, hours of operation, and contact information of ongoing maintenance and support staff.
- Provide the current number of employees at the company.
- Provide the current number of employees dedicated to the solution you are proposing.
- Identify all subcontractors and associated scope of work.
- List the company's Pacific Grove business license number or statement of understanding that a business license must be purchased prior to doing business with the City.
- Identify any pending litigation against the Consultant.
- Identify if the Consultant has filed any bankruptcy or insolvency processing in the last 10 years.
- Identify any mergers, acquisitions, or sales of the Consultant company within the last five years (if so, an explanation providing relevant details).

3.2.5 Company Background

This section should identify the following:

- A description of the Consultant's background, nature of business, and organizational history.
- A statement of how long the Consultant has been providing the solution you are proposing, as required by this RFP.
- Disclose the Consultant's annual company revenues and profit for the last three company fiscal years. It is acceptable to include this information as an appendix in the proposal.

3.2.6 Company Qualifications

In this section of the proposal, the Consultant should identify company and staff qualifications and experience in implementing solutions. More specifically, this section should identify the following:

- Describe your experience in providing Auditing Services; especially for municipalities similar in size to Pacific Grove.
- Identify some examples of your existing client base including the number of clients you provided the services being proposed here.
- Experience in preparing the relevant sections of the financial statements to meet GFOA requirements.

3.2.7 References

The Consultant must provide at least five references. At least three of the references should be for providing auditing services in the last three years. The City prefers references from local government agencies with similar demographics. For each reference, Consultant should provide the following information:

  - Entity name
  - Customer contact information (name, title, phone, and email)
  - Scope of work performed identifying the services provided
  - Services start and end dates

3.2.8 Draft Audit Schedule

The City accrues revenues and expenditures through the end of August. While the City is flexible with interim audit scheduling, there is a preference to year-end audit fieldwork is in early October, with draft Basic Financial Statements provided to the City in November. This would allow the City time to review the document; and use the data to complete the MD &A and the Statistical Section. The City Council has typically requested a final electronic ACFR and audit presentation by the second Council Meeting in December. This also provided staff with sufficient time apply for the GFOA Award. Due

to COVID-19, an electronic copy was typically provided to the Council prior to December 31, with the presentation following in January.

The City is open to alternative schedules, especially in the first audit year. Please provide an overview a sample audit schedule for the first year; and tentative timeline for the following years. The City may need at least three weeks to complete the review, MD & A, and Statistical Section based on the draft financials. If any alternative methods are proposed to streamline the process, please provide additional details. At minimum, please include the following the key dates:

- Interim Audit
- Fieldwork/Year-End
- Draft financial statements
- Completed electronic ACFR

3.2.9 Pricing

The City is seeking a clear and comprehensive understanding of all costs associated with providing auditing services. In this section, the Consultant must itemize all costs, see Exhibit A. For ongoing costs Consultant is to include options for three to five years. As an optional item, the City may request ten (10) bound copies of the ACFR. Please provide an additional pricing for this service as a separate line item.

3.2.10 Proposed Legal Agreement

It is recognized that the formal basis of any agreement between the City and the Consultant is a contract rather than a proposal. In this section, the Consultants must include a draft of the proposed legal agreement(s) for services.

The proposed legal agreement(s) may serve as the basis for contract negotiations between the City and the selected Consultant(s) or the City may elect to use its own agreement, attached as Exhibit B, as the basis. Consultants' legal agreements should take into account the City's status as a municipal corporation subject to California law and include contract language that is suitable for contracts with California public entities.

4 Proposal Evaluations

After the proposals are received, the City shall review and evaluate them for responsiveness to the RFP in order to determine whether the proposer possesses the qualifications necessary for the satisfactory performance of the services required. The City may also investigate the qualifications of all proposers to whom the award is contemplated, and the City may request clarifications of proposals directly from one or more proposers.

In reviewing the proposals, the City will consider the following:

- The qualifications (including education, training, licenses, experience, and past performance) of the proposer and its agents, employees, and sub-consultants in completing services of a similar type, size, and complexity.

- The feasibility of the proposal based upon the methodology of the proposed scope of services to meet the City's needs, the quality of services proposed, and the reasonableness of the total service costs and of the proposed time over which the work will be completed.
- Understanding of the work to be completed based on the clarity of the proposal and responsiveness to this RFP.
- Quality, clarity, completeness, and responsiveness of proposal.
- Demonstrated ability to work in a cooperative and collaborative manner with clients.
- Proposed timeline.
- Anticipated value and price.
- Perceived risk or lack of risk
- Company financial stability.
- References for each of the primary service(s) proposed.
- Results of interviews.
- Reasonableness of proposed terms and conditions of draft legal agreement(s)
- Ability to negotiate and execute a contract in a timely manner.

The City reserves the right, at its sole discretion, to request clarifications of proposals or to conduct discussions for the purpose of clarification with any or all Consultants. The purpose of any such discussions shall be to ensure full understanding of the proposal. Discussions shall be limited to specific sections of the proposal identified by the City and, if held, shall be after initial evaluation of proposals are complete. If clarifications are made as a result of such discussion, the Consultant shall put such clarifications in writing.

5 General Terms and Conditions

5.1 General Conditions

- The City reserves the right to reject any and all proposals, to waive any informality, to request interviews of Contractor(s) prior to award and to select and negotiate the Contract services in the best interest of the City.

- The City reserves the right to accept all or part of any proposal, and to negotiate a contract for services and cost with the selected Contractor.

- The Contractor shall provide all necessary personnel, materials and equipment to perform and complete all work under this proposal.

- The Contractor shall be unbiased and Consultant neutral.

- Unless otherwise stated, invoices are to be submitted to the Administrative Services Department upon delivery of service to the City. The invoice must include an itemization of all services provided, including unit list price, net price, extensions total amount(s) due, and amounts previously paid.

- Unless otherwise stated, payment will be made within thirty (30) days of the completion of the service, in an acceptable fashion, to the City, and receipt of invoice, whichever is later.

- The contract for the services described in the RFP should not be considered exclusive. As deemed necessary, the City reserves the right to obtain these services from any other Consultant.

- Neither party shall be liable for any inability to perform its obligations under any subsequent agreement due to war, riot, insurrection, civil commotion, fire, flood, earthquake, storm or other act of nature.

- Notification of the parties shall be considered to have been constructively received when it is mailed via the United States Postal Service, e-mailed, or delivered in hand to the parties as stated in the contract.

- Proposal shall also mean quotation, bid, offer, qualification/experience statement, and services. Proposers shall also mean Consultants, proposer's, bidders, or any person or firm responding to a Request for Information.

- The City reserves the right to retain all proposals for a period of 60 days for exam and comparison.

- All contracts entered into by the City of Pacific Grove shall be governed by the Laws of the State of California. Any disputes shall be resolved within the venue of the State of California.

- The proposer may submit an alternative proposal or proposals that it believes will also meet the City's objectives but in a different way. In this case, the proposed must provide an analysis of the advantages and disadvantages of each of the alternatives, and discuss under that circumstances the City would prefer one alternative to the other(s).

5.2 Reference Checks

The City of Pacific Grove reserves the right to contact any reference or any client listed in the documents for information that may be helpful to the City in evaluating the Contractor's performance on previous assignments.

5.3 Changes to RFP

Changes to the RFP will be e-mailed to all Consultants that submitted a letter of intent to respond. Such changes become an integral part of the RFP for incorporation into any contract awarded pursuant to the RFP.

5.4 Submittal Address

Send proposals to Jennifer Pope, Management Analyst at jpope@cityofpacificgrove.org or mail to:

City of Pacific Grove
Administrative Services Department
Attn: Jennifer Pope, Management Analyst
300 Forest Avenue
Pacific Grove, CA 93950

If submitting by mail, please ensure Professional Audit Services is written in the lower left-hand corner of the envelope. Three bound copies and one electronic copy should be submitted.

Proposals must be complete and submitted by the due date. Late submissions or delivery via facsimile will not be considered. The City assumes no responsibility for delays caused by delivery service. Postmarking by the due date will not substitute for actual receipt.

EXHIBIT E

CONSULTANT'S PROPOSAL

CITY OF PACIFIC GROVE

Kenneth H. Pun, CPA, CGMA

Managing Partner
2121 North California Blvd., Suite 290
Walnut Creek, CA 94596
(949) 777-8801 | ken.pun@pungroup.cpa

April 19, 2023

PROPOSAL

Professional Auditing Services



Image Credit: Shutterstock (Royalty-Free)

THE PUN GROUP
ACCOUNTANTS & ADVISORS



Kenneth H. Pun, CPA, CGMA
Founder & Managing Partner

WHY CHOOSE THE PUN GROUP LLP?

"The Pun Group's most valuable asset is our people, they and their deep experience drive our every interaction with clients."

- Big firm expertise, small firm values
- Personal attention meets technical expertise
- A unique firm culture
- Innovation embraced
- Achievable plans to move your organization forward

The Pun Group LLP is recognized for its professionalism, integrity and for providing clients with practical solutions unique to their circumstances and issues. You will receive a superior level of service and a quality audit.

Thank You!

Thank you for allowing us to submit our qualifications to provide you with Professional Auditing Services.

The Pun Group, LLP

The Pun Group LLP
Certified Public Accountants and Business Advisors

THE PUN GROUP
ACCOUNTANTS & ADVISORS

2121 North California Blvd., Suite 290
Walnut Creek, California 94596

www.pungroup.cpa

April 19, 2023

City of Pacific Grove
Jennifer Pope, Management Analyst
300 Forest Avenue
Pacific Grove, CA 93950

Re: RFP for Professional Auditing Services

Dear Jennifer Pope:

Please allow us to introduce our Firm and share our qualifications and proposed services plan for the City of Pacific Grove (the "City") according to your Request for Proposals for Professional Auditing Services for the three fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025, with the option of auditing its financial statements for each of the two subsequent fiscal years.

The Pun Group LLP (the "Firm") has the knowledge and experience necessary to become the City's next public accounting firm and the work plan to ensure a smooth process.

This letter is an acknowledgment of the Firm's understanding of the work to be performed. We are offering our commitment to deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the periods outlined by the City. No subcontractors will be utilized for this engagement.

The Pun Group is the right choice for the City of Pacific Grove because:



We Understand the Demographics and Your Needs. The Pun Group is reputable for its governmental practice. We are the principal auditors for cities in California such as Bell, Fresno, Gilroy, Hercules, Lakewood, Madera, Montebello, Monterey, Napa, National City, Palm Springs, Salinas, San Mateo, Santa Clarita, Stockton, Tracy, and several others. Accordingly, the proposed engagement team has a deep understanding of the current issues that municipalities are facing, such as varying demographics, economic environments, and the constantly changing landscape of laws and regulations.



Recognized Leader in the Governmental Industry. We are a small national Firm with licenses in the States of California, Arizona, and Nevada and a proven leader in professional services to the government sector. All key engagement team professionals are licensed to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits. The partners and all employees proposed to perform the requested services do not have a record of substandard audit work nor have any outstanding claim of substandard practice or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations. In addition, we are members of the national AICPA Audit Quality Center.

We strongly believe that part of our success is credited to our professionals' participation in various industry-leading organizations. Such affiliations are critical to addressing emerging accounting and auditing issues within the industry environment.



You'll Work with a Team that Embraces Innovation and Continuous Improvement. Our Firm is committed to continuous improvement as it relates to service delivery. We embrace innovation and identify areas of technological enhancements in our audit and project management approaches. For example:

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination, including the upload of large-size files. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. In addition, Suralink's dashboard allows you to visualize the process of document-request fulfillment.

AI Auditor. The Pun Group leverages the technology and research tools required to provide excellent services to its clients. With the usage of Artificial Intelligence (AI) technology, the Firm is capable of issuing all reports requested faster than other audit firms without exposing the City to unnecessary risks.

Remote Auditing Capability. Remote working arrangements have suddenly become the "new normal" in these trying times. Our Firm has deployed top-notch technology and fully transitioned to "remote auditing," offering our clients the quality services they deserve while being fully "remote" or operating in a "hybrid" schedule. "On-site" audits are still the Firm's preferred method, and we'll continue to offer and promote those as well.



Knowledge is Shared with You. As part of our pledge to keep you updated on new technical accounting and financial issues, we implemented our 2023 Virtual Government Accounting Conference, which qualifies for up to 15 hours of CPE – nearly double what other firms offer. These online sessions are free of charge and part of the service package provided to you. More details and dates can be found on the "Client Training Webinars" topic under this proposal.

The Pun Group is proud of its inclusive values and is an avid promoter of equality and diversity. In addition, the Firm is an equal opportunity employer and complies with all federal and state hiring requirements. We're proud of supporting affirmative-action philosophies and work hard to provide opportunities for self-enhancement to members of disadvantaged groups.

This proposal is a firm and irrevocable offer valid for ninety (90) days following the closing date for the receipt of all proposals.

The Pun Group LLP requires all employees to adhere to strict independence standards concerning the Firm's clients. These independence standards exceed, in many instances, the rules promulgated by the American Institute of Certified Public Accountants (AICPA). The Pun Group LLP certifies that it is independent of the City of Pacific Grove. The Firm meets independence requirements defined by the United States Government Accountability Office's (US GAO's) Government Auditing Standards and the American Institute of Certified Public Accountants (AICPA). Based on that, we have not identified an instance that constitutes a conflict of interest relative to performing the services requested by the City. The Firm had no relationship with the City of Pacific Grove during the past five (5) years.

Finally, we would like to emphasize one additional point: We want to earn your trust and your business! We are confident that the energetic and experienced team we have assembled is the right one for the City.

Our commitment to serving the City of Pacific Grove cannot be adequately conveyed in a letter, and I look forward to continuing the discussion with you. I'm assigned as your primary contact for contract negotiations and stand steadfast to serve as your engagement/lead partner. I'm also authorized to legally bind the Firm. Should you have any questions or wish to discuss this proposal, please do not hesitate to contact me at (949) 777-8801 or by email at ken.pun@pungroup.cpa.

Sincerely,

Kenneth H. Pun, CPA, CGMA | Managing Partner | The Pun Group LLP
2121 North California Blvd., Suite 290, Walnut Creek, California 94596

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Appendix B – Certificate of Insurance ii

The Pun Group Wins 2023 "Best of Accounting" Award





clearlyrated

The Pun Group LLP is proud to have won 2023's Best of Accounting® award from ClearlyRated for providing superior service to its clients.

Winners of such awards have proven to be industry leaders in service quality based entirely on ratings provided by their clients. On average, clients of 2023 Best of Accounting winners are 70% more likely to be satisfied than those who work with non-winning firms.

"I am pleased to introduce the 2023 Best of Accounting winners alongside their validated service ratings on ClearlyRated.com," said ClearlyRated's CEO, Eric Gregg. "These firms have demonstrated a remarkable commitment to delivering amazing experiences, despite another year of upheaval and macroeconomic uncertainty. Hats off to these service leaders - it's truly an honor to recognize and celebrate their achievements."

The Pun Group LLP received satisfaction scores of 9 or 10 out of 10 from 94.1% of their clients, significantly higher than the industry's average of 50%.

Our firm excelled in five key areas: Responsiveness, Quality, Value, Needs Understanding, and Proactive Approach.

About ClearlyRated

Rooted in satisfaction research for professional service firms, ClearlyRated utilizes a Net Promoter® Score survey program to help professional service firms measure their service experience, build an online reputation, and differentiate on service quality.

"Excellent customer service and staff and partners are expert in their fields."

Lani H.
State and Local Government Client

"The Firm has consistently exceeded our expectations as client."

Clint O.
State and Local Government Client

"We started using Pun Group when the pandemic first started two years ago so had a little apprehension about doing everything remotely with a new firm. But the audit went very well and was completed on time without problem."

Kevin W.
State and Local Government Client

"An excellent partner and amazing service."

Jim T.
Private Sector Client

Executive Summary

The Pun Group LLP, Certified Public Accountants, and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm comprised of fifty professionals providing auditing, accounting, and advisory services to our clients.

The Firm has become one of the "Top Accounting Firms" in Orange County according to the Orange County Business Journal and is also on the list of CalCPA Top 150 firms.

The combination of our hands-on experience and practical knowledge exercised by our audit professionals makes the Firm unique in our field. Our technical expertise and thorough understanding of current regulations and issues—along with the Firm's commitment to hard work, integrity, and teamwork in every engagement—enable us to help our clients succeed.

Our Partners' Group—which includes Kenneth Pun, Coley Delaney, Andrew Roth, Frances Kuo, Vanessa Burke, John Georger Jr., Gary Caporicci, and Jim Fritzsche — provides auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With more than two hundred years of combined experience in the industry, we have become a trusted business partner and are well-respected as leaders in the industry in one of the fastest-growing firms. With nearly 100 government and not-for-profit audit clients, our Partners have a real passion for the industry and believe we are unmatched in our municipal experience. The firm also meets professional standards generally accepted in the United States of America and the standards applicable to financial audits contained in 'Government Auditing Standards' issued by the Comptroller General of the United States.

The Firm's headquarters are located in Orange County, California, with five branches in San Diego, Walnut Creek, Sacramento (California), Las Vegas (Nevada), and Phoenix (Arizona).

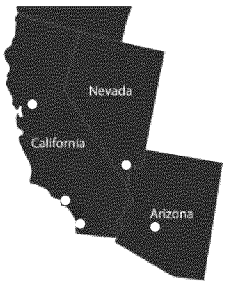
The Walnut Creek Office, located at 2121 North California Blvd., Suite 290, Walnut Creek, California 94596, will perform the requested services for the City. However, we may assign additional staff from our other offices to the engagement at no extra cost to the City. No subcontractors will be used in this engagement.

Global Capabilities

The Pun Group LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

OUR FIRM AT A GLANCE

- 50 full-time auditing, accounting, tax and advisory professionals
- One of the fastest growing firms serving California, Nevada and Arizona
- Client retention rate: 90 – 95%
- 6 offices across 3 states



OUR AFFILIATIONS

Members of AICPA

AICPA GAQC Member

CalCPA MEMBER

AICPA EBPAQC Member

CSMFO California Society of Municipal Finance Officers
Dedicated to Excellence in Municipal Financial Management

AICPA PCPS Member

A MEMBER OF Allinial GLOBAL

Full-Time Government Auditors

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization's focus on resource management is critical to success.

Also, while many accounting Firms can provide services, not all can build excellent working relationships with their clients. The Pun Group LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and are highly beneficial to the City.

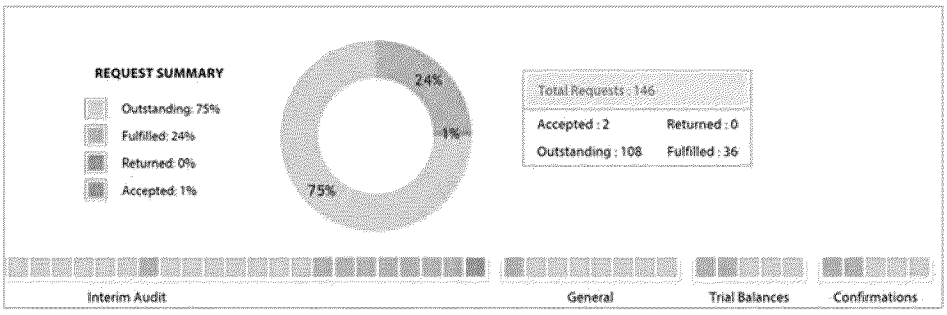
Local Office's Information Technology (IT) Audit Capabilities

The Pun Group LLP continues our efforts to invest in our IT system to enhance our security further and promote audit efficiency.

Top security for your data is the key to our success. When we have your data virtualized, our Firm takes all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is continuously updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lock down files and system access from a single point, limiting the ability of remote sites to take data from our server.

Access to systems from anywhere and anytime. With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file-hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. As a client, you no longer have to manually maintain a spreadsheet amongst several people, only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The Suralink dashboard, as shown below, allows you to visualize the process of document-request fulfillment.



BIG FIRM EXPERTISE.
SMALL FIRM VALUES.

Our professional backgrounds at major national firms showed us how to solve complicated business and accounting challenges, but the sense of personal connection was missing.

We launched The Pun Group because we believe every client deserves to work with experienced business advisors and CPAs who have the time – and take the time – to create an authentic connection. Every client is our top priority!

A UNIQUE CULTURE.

"Personalization" is not just a buzzword – it's part of our firm's culture. We take a personal approach to everything we do. We collaborate with our clients, so they're always part of the process. We listen to our staff to make sure they have the right support and resources to do a great job. Getting to know others and discovering how we can serve them better is not just a sign of good business practices; it's a sign of good people.

INNOVATION EMBRACED.

New ideas keep you ahead of the game. From leveraging the value of emerging technologies to further refining trusted processes, we adopt proven solutions to meet your needs.

WHERE YOU GO, WE GO.
WHERE YOU GROW, WE GROW.

Our success is defined by how you achieve yours. Partner with accomplished accounting and financial professionals who are laser-focused on taking your business to the next level.

Company Information

Provide the legal entity name, Federal Employer Identification Number (EIN), and form of business (i.e. Corporation, LLC, etc.).

Legal Entity Name: The Pun Group, LLP

Firm Registration:
California State Board of Accountancy Number – PAR 7601
Federal Identification Number – 46-4016990

The Pun Group LLP, Certified Public Accountants, and Business Advisors, founded in 2012, is a limited liability partnership.

Identify if the Consultant is a subsidiary of a larger company. If so, whom?

The Pun Group, LLP is not a subsidiary of a larger company.

Provide a primary contact name, address, phone number, and email address.

The following professionals will serve as the City's point of contact:

Kenneth H. Pun, CPA, CGMA
Managing Partner
Email: ken.pun@pungroup.cpa
2121 North California Blvd., Suite 290
Walnut Creek, CA 94596
Phone: (949) 777-8801 | Fax: (949) 777-8850

Coley Delaney, CPA
Partner
Email: coley.delaney@pungroup.cpa
4660 La Jolla Village Drive, Suite 100
San Diego, CA 92122
Phone: (858) 242-5101 | Fax: (949) 777-8850

Identify the location of company headquarters and offices, which will support the implementation.

The Firm's headquarters are located in Orange County, California, with five branches in San Diego, Walnut Creek, Sacramento (California), Las Vegas (Nevada), and Phoenix (Arizona).

Identify the location, hours of operation, and contact information of ongoing maintenance and support staff.

The Walnut Creek Office, located at 2121 North California Blvd., Suite 290, Walnut Creek, California 94596, will perform the requested services for the City. However, we may assign additional staff from our other offices to the engagement at no extra cost to the City.

Provide the current number of employees at the company.

The Pun Group, LLP is a full-service accounting firm comprised of fifty professionals providing auditing, accounting, and advisory services to our clients.

Provide the current number of employees dedicated to the solution you are proposing.

The following professionals will be assigned to perform the requested services to the City:

Engagement /Lead Partner	Kenneth Pun, CPA, CGMA
Technical/Concurring Partner	Coley Delaney, CPA
Compliance Partner	Andrew Roth, CPA
Quality Control Reviewer	John ("Jack") F. Georger, Jr., CPA, CIA, CGMA
GASB Implementation Specialist	Gary M. Caporicci, CPA, CGFM, CFF
Engagement/Project Director	Sophia Kuo, M.B.A., CPA
Staff Auditors	As Needed

Identify all subcontractors and associated scope of work.

No subcontractors will be used in this engagement.

List the company's Pacific Grove business license number or statement of understanding that a business license must be purchased prior to doing business with the City.

If selected, the Firm will maintain a valid City of Pacific Grove Business License while conducting any work under the contract.

Identify any pending litigation against the Consultant.

The Firm has no pending litigations that may affect the ability of the Firm to perform the required duties requested by the City of Pacific Grove.

Identify if the Consultant has filed any bankruptcy or insolvency processing in the last 10 years.

The Firm has no conditions such as bankruptcy or insolvency in the past 10 years that may affect the ability of the Firm to perform the required duties requested by the City of Pacific Grove.

Identify any mergers, acquisitions, or sales of the Consultant company within the last five years (if so, an explanation providing relevant details)..

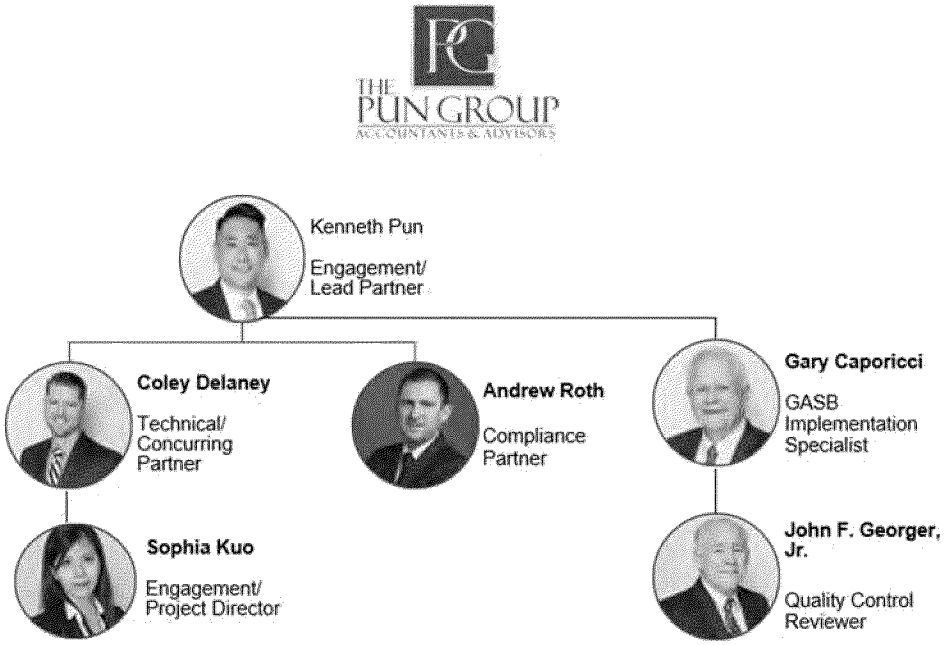
The Firm has no pending mergers or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the City of Pacific Grove.

Company Background

Who We Are

With nearly 100 government and not-for-profit audit clients, our Partners have a real passion for the industry and believe we are unmatched in our municipal experience. During the last three years the Firm's revenue surpassed $6 million/year.

The engagement team was carefully selected to provide the City with all the services needed to successfully complete the audit. Your assigned Engagement and Technical Partners will be personally involved in the project, leading a team that has significant experience in governmental auditing. You can be confident that our broad experience and technical capabilities will allow us to provide technical support, interpret findings, and offer practical solutions to any issues that may arise.



About Your Engagement Team

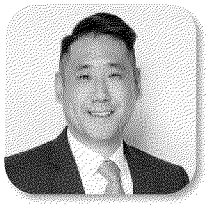
The personnel assigned to this engagement are fully qualified to perform an effective audit of the City, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants, as well as significant roles within and outside of government agencies. Such qualities will bring to an entity like the City of Pacific Grove the thought leadership, quality, and level of experience it requires.

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization's focus on resource management is critical to success.

Also, while many accounting Firms can provide services, not all can build excellent working relationships with their clients. The Pun Group LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and are highly beneficial to the City.

Because of the "familiarity threat" under the professional audit and independence standards that may exist in long-term relationships with audit firms, the Firm is committed and has sufficient resources to rotate engagement partners, managers, and or supervisors assigned to the City's audit with personnel with similar or higher qualifications and experience in order to overcome this threat.

If the Firm changes key personnel, we will provide the City with a written notification. Engagement partners, managers, and specialists will only be changed with the express prior written permission from the City. Audit personnel may be replaced only by those with similar or better qualifications and experience.



Kenneth H. Pun, CPA, CGMA | Engagement/Lead Partner
Kenneth Pun is the Managing Partner and an Assurance Partner at the Firm. With over twenty-one years of public accounting experience in the state and local government sector, he specializes in audits, management, and consulting for governmental organizations. Mr. Pun served as the Contract Deputy Finance Director for the City of San Marino in 2017. He has served as the Chair of the California Society of CPAs Governmental Auditing Accounting Committee. He is a Certified Public Accountant and a Chartered Global Management Accountant.

Mr. Pun will actively serve as the Engagement/Lead Partner overseeing the Engagement Team, developing the audit plan, reviewing fieldwork for quality, approving final reports, and communicating with the Finance Department. He will also be responsible for the timely delivery of all services for the City.



Coley Delaney, CPA | Technical/Concurring Partner
Coley Delaney is a Partner within The Pun Group LLP's Assurance division, in his fifteen (15) years of accounting and auditing experience. He has performed audits and other attestation services for several governmental agencies throughout California, including cities, counties, transportation agencies, public financing authorities, housing authorities, redevelopment agencies, and special districts. He is a Certified Public Accountant.

Mr. Delaney will act as the Technical/Concurring Partner and provide a second partner review of significant high-risk areas, audit reports, and resolution of significant accounting, auditing, and reporting matters.



Andrew Roth, CPA | Compliance Partner
Andrew Roth is a Partner within the Firm and will serve as the primary point of contact for your team. He holds an Advanced Certification in Single Audits through the AICPA. Andrew draws more than a decade of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. He is a Certified Public Accountant.

Mr. Roth will lead the audit team in all compliance-related matters, including the Uniform Guidance and Single Audit, and reports issued under specific laws and regulations.



John ("Jack") F. Georger, CPA, CIA, CGMA | Quality Control Reviewer
Throughout his forty years of experience, Mr. Georger has spent many years in the "Big 4" and national firms. He worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. Mr. Georger annually instructs over 300 hours in accounting and auditing subjects and has authored training material in governmental accounting and auditing for the AICPA. Mr. Georger is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB), the gold standard for audit firms throughout the United States. As the Chief Quality Officer in our Firm, he advises clients with their complex accounting questions and supports the engagement team with audit issues. He is a Certified Public Accountant, a Certified Internal Auditor, and a Chartered Global Management Accountant.

Mr. Georger is responsible for reviewing all reports issued by the Firm to ensure the utmost quality and compliance with professional standards and the final quality-control assessment within the engagement.



Gary M. Caporicci, CPA, CGFM, CFF | GASB Implementation Specialist
Gary Caporicci is an appointed member of the State Controller's Retirement Advisory Committee. Mr. Caporicci is a leading expert and has authored and taught several courses for CalCPA and AICPA on GASB 68, Accounting and Financial Reporting for Pensions, and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. As an assurance partner with over forty years of experience, Mr. Caporicci has performed financial, compliance audit, and consultation services to government clients, including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. He is a Certified Public Accountant, a Certified Government Financial Manager, and Certified in Financial Forensics.

Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards.



Sophia Kuo, CPA, M.B.A. | Engagement/Project Director
Sophia Kuo is an Assurance Services Director in the Firm who holds an Advanced Certification in Single Audits through the AICPA. She possesses extensive auditing experience, including cities, counties, special districts, and not-for-profit entities. She will work closely with the engagement partners directing and supervising the audit team in its daily activities and tasks. She is a Certified Public Accountant and possesses a MAcc in Accounting and an M.B.A. in Business Administration.

Ms. Kuo will serve as the primary point of contact for your team and will work to ensure the services are conducted within the deadlines and will provide updates on our team's progress to the partners and you.

Continuing Education and Professional Development

Because of our commitment to providing the highest quality of services to the City, we provide our professionals with technical training to ensure our people stay current on topics within the industry sectors and better equip themselves to serve our clients.

All professionals are required to obtain continuing education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and, where applicable, Government Auditing Standards. Our professionals participate in continuing education programs through the following means:

- Governmental Accounting and Auditing Conference sponsored by AICPA.
- Webinar sponsored by AICPA Government Audit Quality Center.
- Annual Conference sponsored by California Society Municipal Finance Officers.
- Governmental Accounting and Auditing Conference sponsored by CalCPA.
- The Pun Group in-house training on government-specific topics, including but not limited to GASB updates, Government Auditing Standards Revision, Fraud in State and Local Governments, COSO Internal Control-Integrated Framework, Audit of State and Local Governments, Single Audit, and Mindbridge AI Auditors™.



In 2022, our government professionals received an average of 52 hours of continuing professional education, compared with the 40 hours of accounting industry requirement.

By expanding our knowledge through these seminars/conferences, we can provide the right solutions to our clients.

Staff Continuity

The Pun Group LLP is committed to maintaining staff continuity throughout audit engagements, and we can assure you that the partners assigned to this audit will be involved throughout the entire contract term.

While we cannot guarantee that our staff-level members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. Also, we offer benefits, including retirement plans, medical plans, profit-sharing programs, and continuing education.

Quality-Control System

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values. Our quality-control system has been crafted with excellence in mind. It not only meets AICPA standards but also matches our own elevated standards, which include following various professional development activities.

Engagement Team Resumes

The City of Pacific Grove deserves experienced professionals who work as a team. The Pun Group LLP will provide qualified professionals to perform the audit. No subcontractors and/or consultants will be utilized to perform the requested services. Resumes for key engagement team members are presented as follows:



Kenneth H. Pun
CPA, CGMA
Engagement/
Lead Partner

EMAIL
ken.pun@pungroup.cpa

WEBSITE
www.pungroup.cpa

Expertise:

- CITIES
- COUNTIES
- TRANSPORTATION AGENCIES
- ENTERPRISE OPERATIONS
- HIGHER EDUCATION
- NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Kenneth H. Pun is the Managing Partner and an Assurance Partner at The Pun Group $_{LLP}$, which he founded in 2012 after serving in senior-level positions for well-established national and regional firms. Under his leadership, The Pun Group has become one of the "Top Accounting Firms" in Orange County, according to the Orange County Business Journal. The Pun Group is also on the list of CalCPA's Top 150 firms.

Prior to founding The Pun Group, Ken served clients in a variety of industries, including small to very large state and local governmental agencies, insurance companies, not-for-profits, healthcare, technology, and manufacturing and distribution clients. His career in public accounting was spent primarily with Regional firms and National firms.

Leveraging more than 21 years of public accounting experience, Ken has earned a reputation of being a trusted advisor to governmental and Healthcare organizations throughout California and neighboring states. Municipalities and public agencies engage him because of his premier level of client service, commitment, and innovative methods of increasing operational efficiencies and reducing costs.

Ken maintains his deep commitment to professional education through his work as an instructor for the California Education Foundation. He has authored training materials in governmental accounting and auditing, such as Financial Reporting for State and Local Governments, 2018 Government Auditing Standards, and Single Audit Fundamentals for California Education Foundation. He is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits. He advises clients on those topics at influential industry forums. Internally, Ken mentors audit teams by providing direction and technical guidance to ensure adherence to the firm's quality controls.

EDUCATION

University of California, Riverside
B.S. Degree – Business Administration, Emphasis in Accounting

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Member, CalCPA California Committee on Municipal Accounting
- Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- Member Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, CSMFO Professional Standards Committee
- Speaker, CSMFO Conference (2014 and 2018)
- Instructor, CalCPA Education Foundation
- Technical Reviewer, CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits

RELEVANT EXPERIENCE

- City of National City
- City of Palm Springs
- City of Lakewood
- City of Pomona
- City of Clovis
- City of San Bernardino
- City of Desert Hot Springs
- City of Stockton
- City of Redding
- City of Shafter

CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Coley Delaney
CPA
Technical/
Concurrent Partner

EMAIL
coley.delaney@pungroup.cpa

WEBSITE
www.pungroup.cpa

Expertise:

- CITIES
- COUNTIES
- TRANSPORTATION AGENCIES
- SPECIAL DISTRICTS
- HIGHER EDUCATION
- NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Coley Delaney is a Partner within The Pun Group LLP Assurance division. In his fifteen (15) years of accounting and auditing experience, Coley has worked with governmental agencies, not-for-profit entities, and private for-profit entities. He specializes in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance (formerly known as OMB Circular A-133).

Mr. Delaney has performed audits and other attestation services for several governmental agencies throughout California, including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts, and he has helped them publish their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Mr. Delaney develops training materials and shares his expertise internally with other Firm professionals. Coley is a frequent speaker at in-house seminars on topics related to government auditing standards and Single Audits.

EDUCATION

University of California, Santa Barbara
B.A. Degree – Business Economics, Emphasis in Accounting

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- City of National City
- City of Encinitas
- City of Shafter
- City of Fairfield
- City of Industry
- City of San Bernardino
- City of Escondido
- City of Stockton
- City of Hermosa Beach
- San Diego Metropolitan Transit System

CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Andrew Roth
CPA
Compliance Partner

EMAIL
andrew.roth@pungroup.cpa

WEBSITE
www.pungroup.cpa

Expertise:

- CITIES
- COUNTIES
- TRANSPORTATION AGENCIES
- ENTERPRISE OPERATIONS
- HIGHER EDUCATION
- NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona

EXPERIENCE

Andrew Roth is a Partner within The Pun Group LLP. He has more than twelve (12) years of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. His client portfolio consists of moderate to large municipalities (cities and counties), municipal transportation districts, water districts, municipal electric utilities, and not-for-profit organizations whose missions involve building communities. His governmental agency clients have federal grant expenditures that range from $100 million to $750 million annually.

In various engagements, Andrew has been responsible for leading the service delivery where he has actively contributed and managed the planning process, implementation of the audit work plan, supervision of multiple audit teams, and provided yearly team updates on the changes in compliance testing requirements for the Single Audits, and preparation of all deliverables including the Annual Comprehensive Financial Reports, the Single Audit, Compliance Reports, Data Collection Forms, and City Council/Board presentations. He has also been a guest speaker on topics involving Federal grants, such as updates to Yellow Book Standards, Compliance Auditing, and Updates to the Uniform Guidance Procurement Requirements.

EDUCATION

San Diego State University
B.A. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

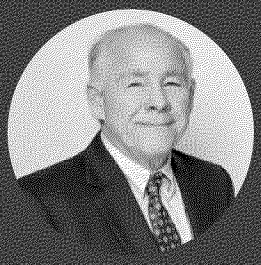
- City of National City
- City of Placerville
- City of Beaumont
- City of Lodi
- City of Clovis
- City of San Bernardino
- City of Shafter
- Imperial County Local Transportation Authority
- San Diego Metropolitan Transit System

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



John F. Georger, Jr.
CPA, CIA, CGMA
Quality Control Reviewer

EMAIL
jack.georger@pungroup.cpa

WEBSITE
www.pungroup.cpa

Expertise:

- CITIES
- COUNTIES
- TRANSPORTATION AGENCIES
- ENTERPRISE OPERATIONS
- HIGHER EDUCATION
- NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona
Nevada

EXPERIENCE

Jack Georger is the Chief Quality Officer within The Pun Group LLP's Assurance division. By leveraging more than forty (40) years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing, and nonprofit sectors, Mr. Georger brings in-depth knowledge and practical expertise to each engagement.

Jack coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits, and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Mr. Georger leads our Peer Review department providing peer review services to other firms under the practice monitoring program of the AICPA.

Mr. Georger is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours in accounting and auditing subjects. Jack has authored training material in governmental accounting and auditing for the AICPA. He is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB).

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, the District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive). He is a Certified Internal Auditor (CIA).

EDUCATION

George Mason University Fairfax, Virginia
B.S. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, New York Society of Certified Public Accountants (NYSSCPA)
- Chairman, NYSSCPA Government Accounting and Auditing Committee
- Member, NYSSCPA Auditing Standards Committee
- Member, NYSSCPA Sustainability Committee
- Member, NYSSCPA Not-for-Profit Committee
- Nevada Society of Certified Public Accountants (NSCPA)
- Member, Government Finance Officers Association (GFOA) – Reviewer
- Member, Institute of Internal Auditors

CONTINUING PROFESSIONAL EDUCATION

He has instructed over 300 hours of municipal accounting courses offered by the AICPA.

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Gary M. Caporicci
CPA, CGFM, CFF
GASB Implementation Specialist

EMAIL
gary.caporicci@pungroup.cpa

WEBSITE
www.pungroup.cpa

Expertise:

- CITIES
- COUNTIES
- TRANSPORTATION AGENCIES
- ENTERPRISE OPERATIONS
- HIGHER EDUCATION
- NOT-FOR-PROFIT

Licensed to Practice in: California

EXPERIENCE

Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. Also, he authors white papers for the California Committee on Municipal Accounting.

Before working with the Firm, Gary founded his accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Gary has held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

EDUCATION

Armstrong University
B.S. Degree – Accounting and Finance

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Author, and Instructor, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- Member, CalCPA Council
- Chair, California Committee on Municipal Accounting (CCMA)
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Governmental Accounting Standards Board (GASB)
- Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- National Reviewer and Speaker, Government Finance Officers Association
- Adjunct Professor, National University
- Past Member, Texas Governmental Accounting and Auditing Committee
- GFOA Certificate for Excellence in Financial Reporting – Reviewer

CONTINUING PROFESSIONAL EDUCATION

Author and instructor of various municipal accounting courses offered by the AICPA, CalCPA Education Foundation, and local universities, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Sophia Kuo
CPA, M.B.A.
Engagement/
Project Director

EMAIL
sophia.kuo@pungroup.cpa

WEBSITE
www.pungroup.cpa

Expertise:

- CITIES
- COUNTIES
- TRANSPORTATION AGENCIES
- ENTERPRISE OPERATIONS
- HIGHER EDUCATION
- NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Sophia Kuo is a Director within The Pun Group, LLP's Assurance division. In her seven years of accounting and auditing experience, Sophia has worked with governmental agencies, not-for-profit entities, and private for-profit entities. She possesses governmental expertise that ranges from GASB audit/reporting, Internal Controls/COSO Framework, Single Audit, Corporate Financial Reporting, Data Analysis, and Taxation.

Ms. Kuo has performed audits and other attestation services for several governmental agencies throughout California. Her portfolio includes cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts. Also, she has helped them publish their Annual Comprehensive Financial Reports in compliance with GASB Statement No. 34.

EDUCATION

Fu Jen Catholic University
B.A. Degree – International Trading and Finance, Emphasis in Finance

Idaho State University
Master of Accounting (MAcc)
Master of Business Administration (M.B.A.)

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- City of Coachella
- City of Desert Hot Springs
- City of Laguna Niguel
- City of Monterey
- City of Perris
- City of Culver City
- City of Gardena
- City of Lakewood
- City of Monterey Park
- City of Pomona

CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

Company Qualifications

List of Current Municipal Clients

The Pun Group LLP has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed under auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133), and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines.

A representative list of our current clients is as follows:

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Adelanto	2021 – Present	Yes	Yes	Yes	700
City of Alameda	2019 – Present	Accounting and Consulting Services			150
City of Arvin	2013 – Present	Yes	Yes	N/A	400
City of Baldwin Park	2022 – Present	Yes	Yes	Yes	700
City of Bell	2018 – Present	Yes	Yes	Yes	520
City of Bradbury	2012 – Present	Yes	N/A	N/A	150
City of Calexico	2007 – Present	Yes	Yes	N/A	750
City of Clovis	2006 – Present	Yes	Yes	Yes	500
City of Coachella	2017 – Present	Yes	Yes	Yes	410
City of Cottonwood, AZ	2007 – Present	Yes	Yes	Yes	400
City of Corona	2021 – Present	Yes	Yes	Yes	640
Town of Corte Madera	2022 – Present	Yes	Yes	N/A	400
Town of Danville	1999 – Present	Yes	Yes	Yes	400
City of Douglas, AZ	2020 – Present	Yes	Yes	Yes	300
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	700
City of Fresno	2022 – Present	Yes	Yes	Yes	1,450
City of Gardena	2007 – Present	Yes	Yes	Yes	700
City of Gilroy	2020 – Present	Yes	Yes	Yes	640
City of Glendora	2017 – Present	Yes	Yes	Yes	430
City of Gustine	2017 – Present	Yes	N/A	N/A	400
City of Hemet	2015 – Present	Yes	Yes	N/A	380
City of Hercules	2020 – Present	Yes	Yes	Yes	450
City of Lakewood	2013 – Present	Yes	Yes	Yes	380
City of Lomita	2020 – Present	Accounting and Consulting Services			150

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Lynwood	2016 – Present	Yes	Yes	Yes	585
City of Madera	2019 – Present	Yes	Yes	Yes	470
City of Montebello	2022 – Present	Yes	Yes	Yes	600
County of Monterey	2023 – Present	Yes	Yes	Yes	TBD
City of Napa	2019 – Present	Yes	Yes	Yes	750
City of National City	2013 – Present	Yes	Yes	Yes	600
City of Palm Springs	2020 – Present	Yes	Yes	Yes	1,000
City of Paramount	2023 – Present	Yes	Yes	Yes	460
City of Patterson	2017 – Present	Yes	Yes	Yes	450
City of Placerville	2008 – Present	Yes	Yes	N/A	400
City of Redlands	2022 – Present	Yes	Yes	Yes	650
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	300
City of Rohnert Park	2020 – Present	Yes	Yes	Yes	700
City of Salinas	2022 – Present	Yes	Yes	Yes	800
City of San Mateo	2021 – Present	Yes	Yes	Yes	900
City of Santa Clarita	2022 – Present	Yes	Yes	Yes	1,200
City of Santa Cruz	2023 – Present	Yes	Yes	Yes	600
City of Seal Beach	2017 – Present	Yes	Yes	Yes	410
City of Stockton	2012 – Present	Yes	Yes	N/A	3,000
City of Tracy	2021 – Present	Yes	Yes	Yes	960
Town of Tiburon	2022 – Present	Yes	Yes	Yes	452
City of Visalia	2021 – Present	Yes	Yes	Yes	650
Imperial County Transportation Commission	2020 – Present	Yes	Yes	Yes	600
Nevada County Transportation Commission	2021 – Present	Compliance Services	N/A	N/A	450
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	400
Alameda County Water District	2018 – Present	Yes	Yes	N/A	550
Camrosa Water District	2020 – Present	Investment Pool			120
Carmel Area Wastewater District	2022 – Present	Yes	Yes	N/A	150
CAWD/PBSCD Wastewater Reclamation Project	2022 – Present	Yes	N/A	N/A	150

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Central Basin Water District	2018 – Present	Yes	Yes	N/A	400
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	400
Los Angeles County Law Library	2020 – Present	Yes	N/A	N/A	180
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	240
NALEO Educational Fund and NALEO	2020 – Present	Yes	N/A	N/A	300
Olivenhain Municipal Water District	2019 – Present	Yes	Yes	Yes	200
Padre Dam Municipal Water District	2020 – Present	Yes	Yes	Yes	250
Rancho Murieta Community Services District	2019 – Present	Accounting and Consulting Services			800
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	120
San Bernardino County Emergency Training Center	2020 – Present	Yes	N/A	N/A	50
San Bernardino County Preschool Services Department	2020 – Present	Yes	Yes	N/A	150
San Bernardino County Fire Protection District	2016 – Present	Yes	N/A	N/A	200
San Elijo Joint Powers Authority	2016 – Present	Yes	N/A	N/A	146
Santa Fe Irrigation District	2019 – Present	Yes	N/A	N/A	250
Sweetwater Authority	2022 – Present	Yes	Yes	Yes	270
South Bay Cities Council of Governments	2020 – Present	Yes	N/A	N/A	100
South Coast AQMD	2023 – Present	Yes	Yes	N/A	410
South Orange County Water Authority	2017 – Present	Yes	Yes	Yes	240
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	720
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	140
West Valley Mosquito and Vector Control District	2016 – Present	Yes	N/A	N/A	100
Zone 7 Water Agency	2020 – Present	Yes	Yes	Yes	400

GFOA Award Program

The Pun Group LLP realizes the importance of maintaining the Certificate for Excellence in Financial Reporting from the GFOA. Our professionals are exceptionally well qualified to assist governments in obtaining and maintaining their certificates.

The Firm's commitment and involvement in the development of auditing and accounting standards can be shown in our active participation in the GFOA's financial statements certificate programs. 100% of our current clients who submitted their Annual Comprehensive Financial Report to the GFOA received these awards.

Also, two of our senior partners, Mr. Gary Caporicci and Mr. John F. Georger are members of the Government Finance Officers Association and participate in the GFOA Special Review Committee.

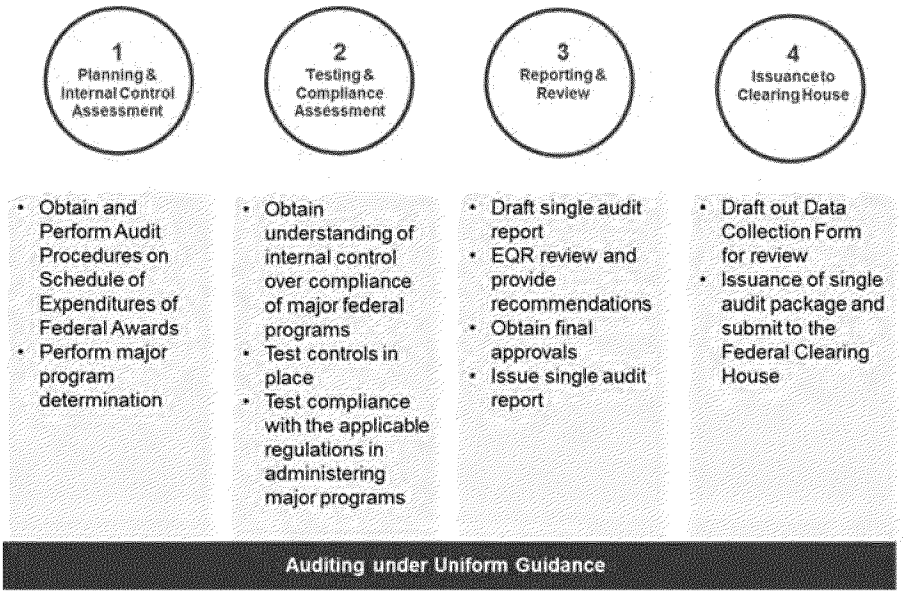
Firm's Experience with Single Audit and Grants

The Pun Group LLP works with numerous organizations that receive extensive governmental funding and are subject to auditing under Uniform Grant Guidance. This Firm's specialization helps our audit team understand the procedures' nuances and execute the engagement accordingly. We also assist in preparing the data collection form and preparing the reporting package for submission to the federal audit clearinghouse.

The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated its commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance. Also, we are a recipient of the Single Audit Resource Center's Award for Excellence. This award is based on the positive feedback result from our clients in an independent survey, demonstrating our Firm's highest commitment to quality and client satisfaction.

We utilize standardized audit programs from the federal government's Compliance Supplement to ensure that our procedures meet federal standards. Our audit programs are continually updated to reflect the revisions of OMB.

Our Uniform Guidance risk-based approach focuses on areas of higher risk of non-compliance. Such an approach truly reflects the federal government's intent by concentrating on the following four steps:



1. Planning & Internal control assessment: The engagement team will obtain an understanding of the City and its operating environment and its internal control over the Schedule of Expenditures of Federal Awards. The engagement team will perform the major program determination and communicate with the City's management before conducting major program testing.

2. Testing & compliance assessment: The engagement team will obtain an understanding of internal control over compliance on the direct and material compliance requirements for each major program. The engagement will perform testing on internal controls over compliance to ensure the controls are in place working effectively and properly and that the City is in compliance with the applicable regulations in administering major programs.

3. Reporting & Review: The engagement team will review and prepare the single audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. Any comments will be issued to the management or the Charge with Governance, depending on the magnitude of the issues. Upon obtaining the final approvals from management, the Single Audit report will be issued.

4. Issuance to Clearing House: The engagement team will assist the City in drafting the data collection form and completing the final submission, including uploading the audit package to the Federal Clearing House.

Our Firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with grantors, such as:



- Corporation for National and Community Services
- Department of Agriculture
- Department of Education
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President

Following are a few examples of the types of federal programs our engagement team has experience auditing:

	Assistance Listings
Child and Adult Care Food Program	10.558
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnership	14.239
Housing Vouchers Cluster	14.871
Title XVI Water Reclamation and Reuse Program	15.504
Equitable Sharing Program	16.922
WIA/WIOA Adult Program	17.258
WIA/WIOA Youth Activities	17.259
WIA/WIOA Dislocated Worker Formula Grants	17.278
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Federal Transit - Capital Investments Grants	20.500
Federal Transit - Formula Grants	20.507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Temporary Assistance for Needy Families (TANF) State Programs	93.558
Community Service Block Grant	93.569
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714
National Urban Search and Rescue (US&R) Response System	97.025
Homeland Security Grant Program	97.067

Firm's Experience with Finance and Community Development Institutions

Our Firm has provided professional services to several Finance Authorities, as well as Community Development Agencies. Some examples are:

Finance Authorities:

- City of Bell Public Finance Authority
- City of Desert Hot Springs Financing Authority
- City of Hercules Public Financing Authority
- City of Lakewood Public Financing Authority
- City of Madera Financing Authority
- City of Palm Springs Public Financing Authority
- City of Patterson Financing Authority
- West Patterson Financing Authority
- City of Perris Public Financing Authority
- City of Pomona Public Financing Authority
- Town of Danville Financing Authority

Community Development Agencies:

- City of Lodi (Special Purpose Audits – Community Development Block Grant/Home Funds)
- Morgan Towers (Multi-Family Program), National City Community Development Commission
- National City Community Development Commission
- Perris Community Economic Development Corporation

Firm's Experience with Housing Authorities and Subsidized HUD Programs

The assigned engagement team will count on their experience with numerous financial and compliance audits as well as agreed-upon procedures to deliver the requested services. Our team has extensive experience with the following subsidized HUD programs:

- Housing Choice Voucher (HCV)
- Family Self Sufficiency (FSS)
- Shelter Plus Care (SPC)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Veterans Affairs Supportive Housing (VASH)
- Community Development Block Grant (CDBG) – City of Lynwood
- HOME Investment Partnership Grant (HOME) – City of Lynwood

In addition, our Firm has provided professional services to several Housing Authorities. Some examples are:

- Calexico Housing Authority
- Culver City Housing Authority
- Douglas Housing Authority, AZ
- Encinitas Housing Authority
- Glendora Housing Authority
- Lakewood Successor Housing Authority
- National City Community Development Commission
- Napa Housing Authority
- Morgan Towers (Multi-Family Program), National City Community Development Commission
- Monterey Park Housing Authority
- Perris Housing Authority
- Pomona Housing Authority
- Port Hueneme Housing Authority
- Poway Housing Authority
- Housing Authority of the Redding
- South Gate Housing Authority

Firm's Experience Performing Compliance Audits and Agreed-upon Procedures (Measures)

Our Firm has performed several audits with requirements similar to the ones requested by the City. Some examples follow:

Measure A
- City of Coachella
- City of Hemet
- City of Perris
- City of Stockton

Measure B
- City of Hercules
- City of Stockton

Measure BB
- City of Seal Beach

Measure C
- City of Hercules

Measure D
- City of Palm Springs
- Imperial County Local Transportation Authority

Measure G
- City of Gardena

Measure J
- City of Palm Springs

Measure L
- City of Huntington Park

Measure M
- City of Culver City
- City of Stockton

Measure O
- City of Hercules

Measure R
- City of Culver City
- City of Gardena
- City of Lynwood

Measure T
- City of Madera

Measure U
- City of Port Hueneme

Measure W
- City of Stockton

Measure X
- City of Monterey

Measure Z
- Southwestern Community College District

Our Professional's Experience with Pensions and Other Post-Employment Benefits

Members of our team have experience in providing professional services to the following employee retirement systems:

- California Public Employees' Retirement System (CALPERS)
- Culver City Other Postemployment Benefit Plan
- Nevada Public Employees Retirement Systems
- Sacramento County Employees' Retirement System
- San Francisco Community College District
- San Diego County Employees Retirement Association
- San Diego City Employees' Retirement System
- San Diego Transit Corporation Employee's Retirement Plan
- San Jose Employee Retirement System
- University of California Pension Plans

In addition, our team draws years of expertise reviewing budget documents as well as various pension and other post-employment benefits ("OPEB") plan documents, including but not limited to trust agreements, pension, and OPEB actuarial reports, GASB 68 and 75 reports, as well as GASB 75 reports prepared under Alternative Measurement Methods. A relevant list of plans includes:

- California Public Employees' Retirement System GASB 68 reports
- Public Agency Retirement System ("PARS") GASB 68 reports
- San Bernardino County Employees' Retirement Association ("SBCERA") GASB 68 reports
- PARS GASB 75 reports

Experience in Performing Program-Specific Audits

The assigned engagement team will count on their experience with numerous financial and compliance audits as well as agreed-upon procedures to deliver the requested services to the City. Our team is extremely experienced with the following:

- National Transit Database ("NTD")
- Federal Transit Administration ("FTA")
- Local Transportation Fund ("LTF")
- State Transit Assistance Fund ("STAF")
- State of Good Repair ("SGR")
- Low Carbon Transit Operations Program Accounts ("LCTOP")
- Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)
- Proposition 1B
- State of California Transportation Development Act ("TDA"), including the requirements of the Southern California Association of Governments' Transportation Development Act Conformance Auditing Guide
- Special District, Transit District Reporting, and Transportation Reporting Requirements, as specified by the California State Controller
- Sales Tax Measures
- Debt Compliance/Bond Debt

We have conducted financial, and compliance audits for transportation clients, such as:

- Big Bear City Airport District
- Culver City Bus Lines
- GTrans (Gardena Municipal Bus Lines)
- Gold Coast Transit
- Imperial County Local Transportation Authority
- North County Transit District
- San Diego Metropolitan Transit System
- Shasta Regional Transportation Authority
- SunLine Transit Agency
- Ventura County Transportation Commission
- Imperial County Transportation Commission
- Nevada County Transportation Commission

Firm's Expertise and Experience in Governmental Accounting Rules and Regulations, Including Implementation of new GASB Pronouncements

Changing federal laws, statutes, ordinances, and compliance provisions have created unprecedented complexity in public accounting today. Our GASB Implementation Specialist, Mr. Gary Caporicci, has helped our clients implement new standards while adapting to changes within the existing standards. Our partners serve on committees that have input into how new standards are written. They actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and their impact on your operations. We will keep you and our colleagues in the Firm fully informed of these developments.

Also, our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, and Uniform Guidance (formerly known as OMB Circular A-133) and fund operations. They have held positions as professional certified public accountants and taken on significant roles within and outside government agencies. Such experience brings to our clients the thought leadership, quality, and level of expertise they require.

The Firm is well versed and experienced in assisting our clients with the implementation of the applicable GASB pronouncements every year, such as GASB 34, GASB 54, GASB 65, GASB 68, GASB 75, and GASB 84. Mr. Gary Caporicci, as a chair of the California Committee on Municipal Accounting "CCMA," wrote "white papers" on each of these pronouncements.

Throughout the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to upcoming statements that will become effective and work with the City to create a plan to address new standards before the implementation period. This step will allow the finance department staff the needed time to be prepared.

Special Attention: GASB Pronouncements Effective for Reporting Year 2023

GASB Statement No. 87, Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

References

References

The following are examples of some of the engagements with similar requirements as the City of Pacific Grove's proposal. Please feel free to contact these agencies to learn more about their experiences working with us.

Name of Public Agency	San Diego Metropolitan Transit System
Contact Info	Ms. Erin Dunn, Controller erin.dunn@sdmts.com | (619) 557-4536
Total Hours	Approximately 1,850 hours
Contract Price	$225,000/year
Date of Services	2015 – Present
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, San Diego Transit Corporation Employee's Retirement Plan, AUP/National Transit Database (NTD): MTS, San Diego Transit Corp., San Diego Trolley, Inc., AUP/Transportation Development Act (TDA): MTS, San Diego Transit Corp., San Diego Trolley, Inc., AUP/Indirect Costs, and Public Transportation Modernization Improvement Service Enhancement Account (PTMISEA).

Name of Public Agency	City of Stockton
Contact Info	Mr. Jay Kapoor jay.kapoor@stocktonca.gov | (209) 937-5435
Total Hours	3,000 hours
Contract Price	$272,000/year
Date of Services	2012 – Present
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report, GFOA Award, Single Audit, GANN Limit, Measure A, Measure W, Measure M, Entertainment Venues, Revenue and Expenditures related to Downtown Marina, Cannabis License Audits, Review of Major Revenues required by the Bankruptcy Agreement with Assured Guarantee.

Name of Public Agency	City of Tracy
Contact Info	Ms. Sara Cowell sara.cowell@cityoftracy.org | (209) 831-6862
Total Hours	960 hours
Contract Price	$96,500/year
Date of Services	2021 – Present
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report, GFOA Award, Single Audit, GANN Limit, National Transit Database (NTD), State Controller's Reports (City, PFA, Operating Partnership JPA, City's Transit Operator's General Services, and Specialized Services)

Name of Public Agency	City of Desert Hot Springs
Contact Info	Mr. Geoffrey Buchheim, Finance Director gbuchheim@cityofdhs.org | (760) 329-6411
Total Hours	700 hours
Contract Price	$75,000/year
Date of Services	2013 – Present
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, Single Audit, GANN Limit, Desert Hot Springs Successor Agency, Desert Hot Springs Financing Authority, Desert Hot Springs Health and Wellness Foundation, New Market Tax Credit Audit (Desert Hot Springs Health and Wellness Foundation), Annual State Controller's Reports, AUP/Transient Occupancy Tax, Utility User Tax, DHS Housing Audits.

Name of Public Agency	City of National City
Contact Info	Mr. Phillip Davis, Financial Analyst pdavis@nationalcityca.gov | (619) 336-4246
Total Hours	600 hours
Contract Price	$70,000/year
Date of Services	2013 – Present
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Audit, GFOA Award, Single Audit, GANN Limit, HUD Single Audit/Morgan Towers, Financial and Compliance Reports – Kimball Towers, Annual State Controller's Report.

Specific Audit Approach and Proposed Audit Schedule

Scope of Work, Audit Approach, and Methodology

The City of Pacific Grove is requesting the Firm to perform Professional Auditing Services and issue opinions on the City's financial statements. The audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).
- US General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions.
- Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- The standards applicable to financial audits contained in the most current version of the Generally Accepted Government Auditing Standards (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of the US Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-profit Organizations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the Annual Comprehensive Financial Report of the City of Pacific Grove. The audit will be conducted in accordance with Generally Accepted Government Auditing Standards. The report will be in full compliance with all current GASB pronouncements.

  In addition, the Firm will assist in meeting the requirements for the Government Finance Officers Association (GFOA) "Certificate of Achievement for Excellence in Financial Reporting."

- ✓ If required: Prepare a Single Audit Report which will include the following:
  - o Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
  - o Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
  - o Schedule of Expenditures of Federal Awards.
  - o Notes to Schedule of Expenditures of Federal Awards.
  - o Schedule of Findings and Questioned Costs.
  - o Any other required schedules or reports.
  - o Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.

- ✓ Perform Agreed Upon Procedures Applied to the Appropriations Limit (GANN), as consistent with recommendations by the League of California Cities and as presented in the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines. Prepare and provide one (1) electronic and one (1) hard-copy report.

- ✓ Issue an Auditor's Communication Letter with any reportable conditions found during the audit. A reportable condition will be defined as a material weakness or significant deficiency.

- ✓ Issue a separate "Management Letter" that includes recommendations for improvements on internal control, accounting procedures, and other significant observations that are considered to be no reportable conditions.

- ✓ Assist with the implementation of applicable Governmental Accounting Standards Board (GASB) pronouncements, including, but not limited to, GASB 94 and 96.

- ✓ Prepare and submit to the State Controllers' Office: The Financial Transactions Report, the Annual Street Report, and any additional reports as required by the State Controllers' Office on an annual basis in accordance with the time frames set by the State Controllers' Office.

- ✓ Audit the Measure X financial statements of the City for each fiscal year and provide a compliance audit report on the requirements noted in TAMC Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement, attached as Exhibit C, as of June 30, 2021. Provide one electronic copy of the compliance report and one (1) hard copy of the report.

Provided By Client (PBC) Lists: They will be provided for both interim and final audits according to an agreed-upon timeline between the engagement team and the City in order to be reasonably prepared for a field audit. The engagement team will meet with the City's management during the initial planning stage to discuss audit schedules and review the prior year's audit findings (if any). We will deliver a list of all documents to be provided by the City's staff. Once such materials are agreed upon by the engagement team and City's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Attendance at Meetings and Hearings: The engagement team will participate in as many meetings with staff as needed to perform the work scope tasks, present the audit plan prior to beginning fieldwork, and discuss the draft audit reports. The team will attend public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed Financial Reports, Single Audit report (if applicable), and other reports will be delivered to the City according to the agreed-upon schedule.

Proposed Audit Adjustments: All proposed adjusting journal entries by the Firm will be discussed and explained in a timely manner with the designated Finance Department personnel. Such proposed adjustments will be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

Supplemental Reports, Audits, or Agreed-Upon Procedures: Other services, such as agreed-upon procedures, may be deemed necessary. These services will be performed at agreed-upon rates and will be added to a written agreement before commencing audit work. The Firm and the City of Pacific Grove will discuss and approve the scope and associated costs of these tasks.

Advice and Consultation: Will be provided throughout the year on matters relating to accounting and financial reporting. Such services do not include any task that entails significant research or a formal report.

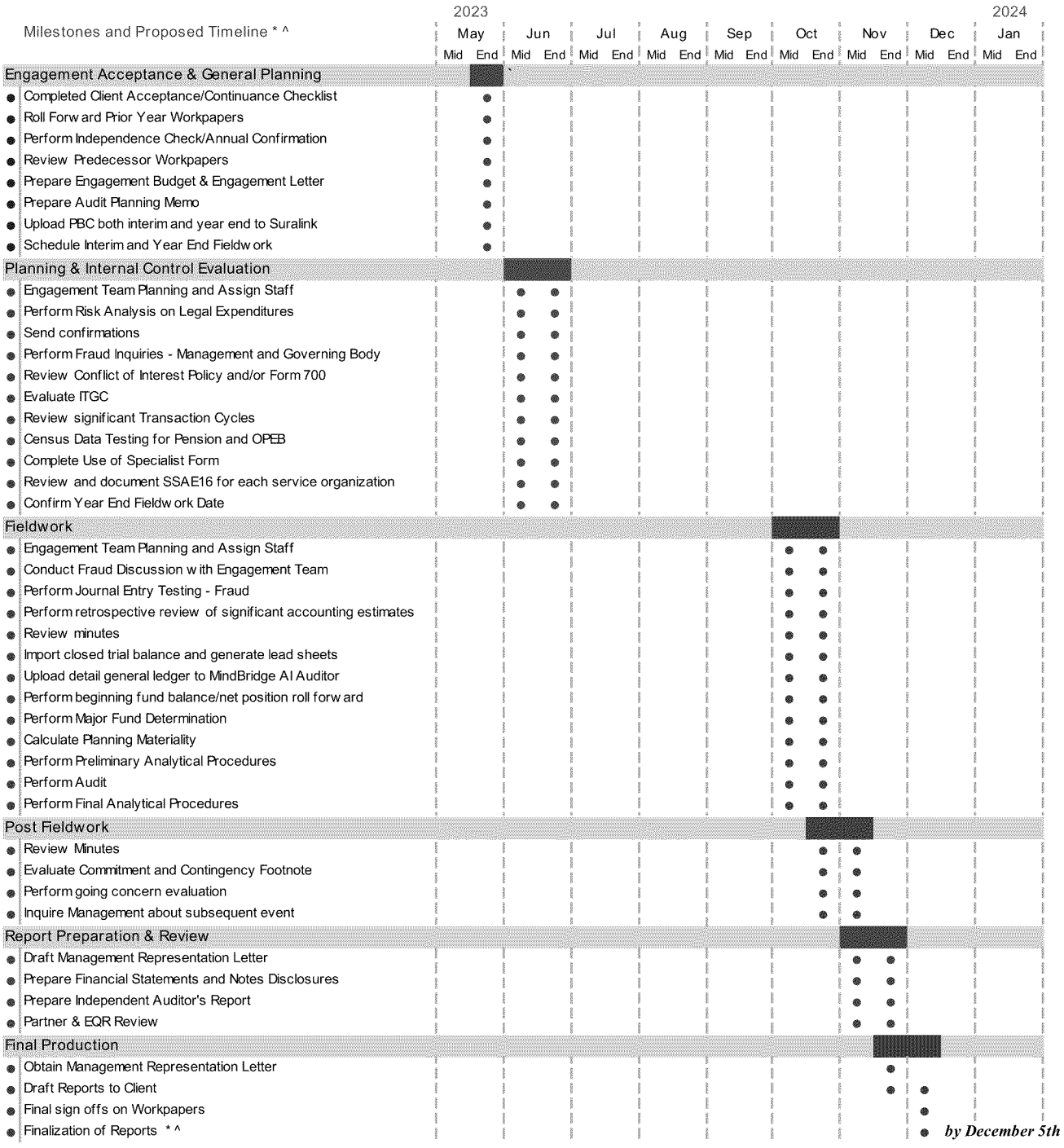
GASB Implementation: The Firm will provide technical assistance and training in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible for providing advice and consultation for the implementation of these new standards. The Firm will advise the City on the applicability of accounting and reporting standards and other accounting issues and provide guidance on new note disclosures, GASB implementations, and other reporting requirements. We will also provide training, resources, and information on topics relevant to the City's financial reporting and operations. (Based on the scope, additional charges may apply.)

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware. The engagement team will also make all communications to the City required by the audit standards under which the engagement is performed.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of five (5) years unless the City of Pacific Grove notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available upon request by the City of Pacific Grove or its designees.

Also, we will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

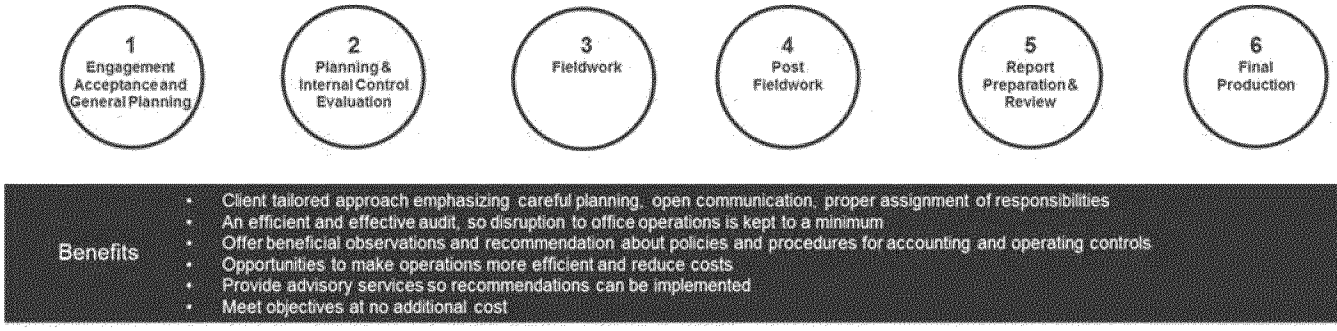
As previously discussed, the Firm will deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the periods outlined by the City. Milestones and proposed timeline for years 2+ of the engagement will be based on the City's desired schedule of deliverables, although we would like to suggest the following:



Above proposed timeline is subject to review and approval, and it can be modified as needed to meet client's needs.
*Based on Financial Statement/Annual Comprehensive Financial Reporting audit timing.
^ Single Audit timing to be determined by mutual consent

Methodology and Segmentation of Engagement

The Firm's audit approach consists of six phases: Engagement Acceptance and General Planning, Planning and Internal Control Evaluation, Fieldwork, Post Fieldwork, Report Preparation and Review, and Final Production.



1. Engagement Acceptance and General Planning: The engagement partner and manager will meet with City's management to obtain an update on current City policies and procedures, help identify risk areas and new operations, and establish any specific requirements they may have. Our team will work on the identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement.

2. Planning and Internal Control Evaluation: The engagement team, including the engagement partner, will assess accounting policies adopted by the City in order to obtain an understanding of its structure and its operating environment. Also, our team will review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal controls, perform preliminary analytical procedures, develop an initial risk assessment, evaluate Single Audit compliance, identify any audit issues, and prepare confirmation correspondence. The engagement team and City's Management will establish expectations, including responsibilities and assignments for the year-end fieldwork, and will hold a progress status meeting at the end of the interim phase.

3. Fieldwork: The engagement team, including the engagement partner, will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform data analysis using our AI tools, search for unrecorded liabilities, perform substantial analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The engagement team and City's Management will hold an exit conference at year-end. Periodic update meetings will be held to communicate audit progress to management.

4. Post Fieldwork: During the phase, the engagement team, including the engagement partner, will review all documents and evaluate commitments and contingencies. The team will perform an assessment of the going concern and jointly plan for the next steps..

5. Report Preparation and Review: The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be recorded in a letter to management. At the City's request, the engagement partner and manager will present the audit to City's Management and other governing bodies.

6. Final Production: The final phase of our approach entails obtaining the management representation letter and final financial statement report, which may include a final presentation to the City's Management and other governing bodies (if applicable).

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal circumstances within the City causes delays in the audit.

Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group LLP understands that the City is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value derives from the in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize "employ" because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the City and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature from various government entities and cities to develop a practical plan for all major areas.

Estimated Total Hours*:

	Partner(s)	Director/ Manager	Supervisory Staff	Staff	Clerical	Total
Engagement Acceptance & General Planning	2	3	6	10	0	21
Planning & Internal Control Evaluation	2	5	8	15	0	31
Fieldwork	12	24	42	75	2	155
Post Fieldwork	8	16	28	50	2	104
Report Preparation & Review	12	24	42	75	2	155
Final Production	4	8	14	25	1	52
Total*	40	80	140	250	8	518

*Does not include CPE hours related to Governmental Webinars and/or optional services.

Sample Size and the Extent to Which Statistical Sampling is to be Used in this Engagement

In our audit approach, random and statistical sampling is used in conjunction with our skilled judgment and knowledge of each situation. When designing an audit sample, our auditors consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for such a task in a way that we can reasonably expect it to be representative of the relevant sample and likely to provide the auditor with a reasonable basis for conclusions about the population.

Enhancing Auditing Quality with Artificial Intelligence

There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices, and the explosive growth of big data are some of the examples, and they all present significant barriers to detecting anomalies, intentional or otherwise, in financial data. The Pun Group deploys a comprehensive, risk-based approach, complemented by using MindBridge™'s Artificial Intelligence Platform, to conduct our audit. Through this tool, we can seamlessly analyze thousands and thousands of financial and operating data and records, identifying and cataloging significant risks in mere seconds.



The AI Auditor platform works by our side, augmenting our capacity to detect errors or fraud in the collected data not only by analyzing the entire set but by cross-correlating dozens of testing criteria against pre-established data points and presenting us with a view of every user, vendor, and transaction, by risk. All are happening within moments of ingesting analyzed data, which is something standard audit procedures simply cannot accomplish.

We utilize these tools to allow our audit team to increase efficiency in the audit process, enhance the existing quality of our work, provide directed testing in areas subject to the highest risk, and quickly assimilate large amounts of data your staff would typically be asked to gather. The tools also help us to meet our professional requirements regarding fraud and internal control, allowing us to:

- ✓ Run Benford's analysis to check for fraud in transactions.
- ✓ Increase the value of audit findings with complete, 100% data coverage.
- ✓ Isolate risk and control issues before they impact your operations.
- ✓ Improve productivity by automating procedures and eliminating manual tasks.
- ✓ Conduct more direct, efficient, and effective audits to improve overall service quality.

Our engagement team easily imports data in a secure environment from the City's financial software and extracts useful data for testing and analytical procedures particular to the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

Type and Extent of Analytical Procedures to be Used in the Engagement

Analytical procedures are one of many financial audit processes that help an auditor understand the client's operation and changes in the environment and identify potential risk areas to plan other audit procedures. Such procedures include a comparison of financial information on prior periods, budgets, forecasts, and industry benchmarks. We use trend and ratio analysis to identify any uncertain or unusual events. To perform these analyses, our Firm surveys cities and counties and develops benchmarks on specific vital financial indicators, such as the cost of services to tax revenues ratios, average general fund balance, capital assets, debt-to-capital, and general fund unassigned fund balance to total general fund expenditures, etc. Our engagement members have extensive experience in successfully implanting analytical procedures to the City's benefit.

Our analytical procedures process is performed during three stages of the audit: (a) at the start, (b) in the middle, and (c) at the end. These three stages are risk assessment procedures, substantive analytical procedures, and final analytical procedures:

- Risk assessment procedures are used to assist the auditor in understanding the business better and in planning the nature, timing, and extent of audit procedures.

- Substantive analytical procedures are used to obtain evidential matters about particular assertions related to the account balances or classes of transactions. During the interim phase, our engagement team will set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This process allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.

- Final analytical procedures are used as an overall review of the financial information in the last review stage of the audit. The Engagement Partner(s) and Manager(s) will perform a high-level analytical analysis of the financial information, comparing its data both quantitatively and qualitatively to ensure the amounts are fairly presented in all material respect in the financial statements.

Approach to be Taken to Gain and Document an Understanding of the Internal Control Structure

Audit risk assessment is established by an internal control review, combined with the engagement team's understanding of the City's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the City's processes and identify any control deficiencies. These diagnostic review procedures allow the engagement team to assess the City's systems and controls and to provide constructive feedback to management.

During our initial planning phase of the audit, our engagement team, including the engagement Partner and Manager, will obtain an understanding of the entity and its environment. It is an essential aspect of performing an audit under generally accepted auditing standards. That understanding establishes a frame of reference within which the auditor plans the procedures and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the examination.

During the interim phase of the audit, our engagement team will perform a walkthrough of all significant accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, payroll and related liabilities, and others. Our auditors will obtain the written policies and procedures, inquiring accounting personnel, and document the process in either a flowchart or narrative summary format. After gaining an understanding of the accounting and internal control systems, our auditor will make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

The form and extent of this documentation are influenced by the size and complexity of the entity and the nature of its accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the broader our documentation will need to be.

Approach to be Taken in Determining Laws and Regulations that Will be Subject to Audit Test Work

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and related contracts—to ensure that we conduct audits under applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, and others.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most items will be tested as part of the Interim phase, we cannot determine which grants will be selected for the Single Audit until the year-end/fieldwork stage of the audit.

Our compliance audits of cash, investments, debt covenants, and other areas will be performed following the California Government Code, which has many provisions and regulations covering investments.

Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

To test compliance, we will follow the AICPA's Audit Sampling Considerations of Uniform Guidance Compliance Audits. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

Audit Firm's Expectations of the Role and Participation of City's Staff in the Audit Process

The engagement team will meet with the City's management during the initial planning stage to discuss audit schedules and review the prior year's audit findings (if any). We will deliver a list of all documents to be provided by the City's staff. Once such materials are agreed upon by the engagement team and City's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Our goal is to cause the least amount of interruptions to the City's daily operations; therefore, to the extent possible, we will use information in the form available from the City's records.

We believe client/engagement team communication is vital to perform results satisfactorily. With that sentiment in mind, we will hold regular meetings with the City's management to determine the status of the audit as well as any items which will require special attention. Open and frequent communication is critical.

Objectives of Our Services

Our primary objective for the proposed audit is to examine the City's financial statements and express our opinion on the fairness of the presentation, following generally accepted accounting principles. Other objectives that will benefit the City include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make City operations more efficient and reduce costs
- To perform the audit efficiently and effectively. Disruptions to office operations are kept to a minimum
- To provide continuing advisory services so the City can implement recommendations
- To meet these objectives at no additional cost to the City

The Engagement Team will perform the audit abiding by the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work. In other words, our client-tailored approach emphasizes careful planning, open communication, and proper assignment of responsibilities.

The Firm will supply portable computers to the on-site staff members.

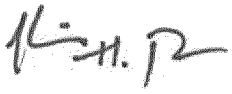
Pricing

We are committed to the performance of a high-quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed at no additional cost to the City of Pacific Grove.

Name of Firm:	The Pun Group LLP – Certified Public Accountants and Business Advisors
Contact Name:	Kenneth H. Pun, CPA, CGMA
Contact Email Address:	ken.pun@pungroup.cpa

Authorization to Represent the Firm

I, the undersigned, certify I am duly authorized to represent The Pun Group LLP and am empowered to submit this bid. In addition, I certify I am authorized to contract with the City of Pacific Grove on behalf of the Firm.



April 19, 2023

Kenneth H. Pun, CPA, CGMA | Managing Partner
The Pun Group LLP

Date

Total All-Inclusive Maximum Price

Our proposed fees for Professional Auditing Services for the three fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025, with the option of auditing its financial statements for each of the two subsequent fiscal years, are as follows:

Exhibit A

PROPOSAL FOR AUDITING SERVICES

Include this worksheet with the proposal.

Name of Firm:	The Pun Group, LLP
Name of Contact:	Kenneth H. Pun, CPA, CGMA
Location of Firm:	4660 La Jolla Village Drive, Suite 100, San Diego, CA 92122

Please provide the breakdown of costs associated with the following

City Audit and ACFR	$ 45,000
Agreed Upon Procedures for the Annual Appropriation Limit and Report	500
State Controller Annual Financial Transactions Report	3,500
State Controller Annual Street Report	1,500
Measure X Compliant Report	5,000
Single Audit and Single Audit Report (as, needed)	5,000
Optional: Additional Printed Copies of the ACFR	250/Copy
Total	$ 60,500

(1) Above exhibit A represents the total all-inclusive amount for the services provided for the fiscal year ending June 30, 2023. Each subsequent year will reflect a 3% increase in the total amount.

(2) Single Audit fees based on one (1) major program. The fee for auditing additional major programs will be $5,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Pacific Grove’s Management before starting Single Audit work.

Out of Pocket Expenses are Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will absorb expenses such as travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City of Pacific Grove. The Firm will also absorb these costs.

Rates for Additional Professional Services

Below are the Firm's hourly billing rates, delineated by staffing levels:

Hourly Billing Rates		
Partner(s)	$	300
Director(s)	$	250
Senior Manager(s)	$	225
Manager(s)	$	200
Supervisor(s)	$	175
Senior Accountant(s)	$	150
Staff Accountant(s)	$	125
Clerical	$	100

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added to a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above-quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the City of Pacific Grove at the rates outlined in the Total All-Inclusive Maximum Price section in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
Planning	10%
Interim	40%
Fieldwork	40%
Presentation and Acceptance of Reports	10%

Proposed Legal Agreement

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Date

To the [XXX]
Client Name
Address 1
Address 2

RE: Engagement of The Pun Group LLP (the "Firm")

We are pleased to confirm our understanding of the services we are to provide [Client Name] (the "XYZ") for the year ending June 30, 20XX.

We will audit the statement of net position of the XYZ as of June 30, 2020 and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the XYZ's basic financial statement.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the XYZ's basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the XYZ's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statement. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis
2) GASB Statement No. 68 – Required Schedules
   a) Schedule of Changes in Net Pension Liability and Related Ratios
   b) Schedule of Contributions
3) GASB Statement No. 75 – Required Schedules
   a) Schedule of Changes in Net OPEB Liability and Related Ratios
   b) Schedule of Contributions

The following other information accompanying the financial statement will not be subjected to the auditing procedures applied in our audit of the financial statement, and our auditor's report will not provide an opinion or any assurance on that other information.

1) Introductory Section
2) Statistical Section

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.com

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statement are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statement as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the XYZ, and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the XYZ's financial statement. Our reports will be addressed to the XYZ's Board of Director. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statement and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statement as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the XYZ is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We will plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statement or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for Single Audit.

SAMPLE

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statement; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatements of the financial statement and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statement and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statement. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statement are free of material misstatements, we will perform tests of the XYZ's compliance with provisions of applicable laws, regulations, contracts, agreements, and grant. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Non-Attestation Services

We will also assist in preparing the financial statement and related notes of the XYZ in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported.

SAMPLE

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statement and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statement, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statement to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statement taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statement. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statement with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statement and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statement and related notes and that you have reviewed and approved the financial statement and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial

audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Communication with Those Charged with Governance

As part of our engagement, we are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process as well as other matters we believe should be communicated to those charged with governance. Generally accepted auditing standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance. Such matters include, but are not limited to, (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) all uncorrected audit adjustments that are material in nature; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statement or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; (7) serious difficulties that we encountered in dealing with management related to the performance of the audit; and (8) matters relating to our independence as your auditors.

Third-Party Service Providers

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Assistance By Your Personnel

We will ask that your personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance by your personnel will serve to facilitate the progress of our work and minimize our time requirements.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any The Pun Group LLP professionals assigned to the audit, during the one year period prior to the commencement of the year end audit.
Should such an offer of employment be made, or employment commences during the indicated time period, we will consider this an indication that our independence has been compromised. As such, we may be required to recall our

SAMPLE

auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates.

Access to Working Papers

The audit documentation for this engagement is the property of The Pun Group LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of The Pun Group LLP personnel.

Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the oversight agency for audit or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

The Firm is required to undergo a "peer review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work we performed for you may be selected. Your signing this letter represents your acknowledgement and permission to allow such access should your engagement be selected for review. As a result of our prior or future services to you, we may be required or requested to provide information or documents to you or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which we are not a party. If this occurs, our efforts in complying with such request or demands will be deemed a part of this engagement and we shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of our profession.

Other Services

We are always available to meet with you and/or other management personnel at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting your XYZ. Whenever you feel such meeting are desirable please let us know; we are prepared to provide services to assist you in any of these areas.

Fee

Our fee for these services will be $$$ for the year ending June 30, 20XX. Our fees are based on certain assumptions, including the required assistance described above. To the extent that certain circumstances included but not limited to those listed in Appendix A, arise during the engagement, our fee estimate may be significantly affected and additional fees may be necessary. Additional services provided beyond the described scope of services will be billed separately.

SAMPLE

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

In regards to the Single Audit, there will be an additional fee of $4,000 for each major program in excess of one (1). The number of programs determined to be a major program will be based on the determination required by the Single Audit Act Amendments of 1996 and the provisions of the Uniform Grant Guidance and will be discussed with you prior to commencement of any audit work.

Termination

We acknowledge the XYZ's right to terminate our services at any time, and the XYZ acknowledges our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for all direct and indirect charges incurred through the date of termination or resignation or thereafter as circumstances and this agreement may require, plus applicable interest, costs, fees and attorneys' fees.

Dispute Resolution Procedure, Waiver of Jury Trial, Jurisdiction and Venue for All Disputes, and Governing Law

We appreciate the opportunity to serve as the XYZ's auditor and anticipate a productive, harmonious relationship. If the XYZ become dissatisfied for any reason with the services we have performed or the fees charged, we encourage the XYZ to bring that to our attention immediately. Most such problems should be remedied by communication and discussion. However, a dispute could arise between us, regarding the construction or application of this agreement and/or the performance of any services under this agreement, which cannot be resolved by discussion. The XYZ and this Firm believe that such accountant-client disputes are more satisfactorily resolved through confidential, binding arbitration than by litigation in court. Therefore, the XYZ and this Firm choose confidential binding arbitration to resolve such disputes. It is understood and agreed that choosing binding arbitration waives a trial by jury.

The place of the confidential binding arbitration will be JAMS in Orange County, California. Arbitration proceedings may be commenced by either the XYZ or this Firm, by giving all other interested parties written notice; and the proceedings shall be governed by the California Arbitration Act (Code Civ. Proc., § 1281 et seq.), except as is otherwise specified herein. The arbitrator must decide all disputes in accordance with the California Arbitration Act, and the applicable rules of JAMS (except to the extent such rules conflict with this arbitration agreement). The arbitrator shall have the power to decide all matters, including legal questions raised by pleading or summary judgment motions. That decision shall be in accordance with California law; and the California Evidence Code shall govern all proceedings before the arbitrator. The arbitrator's award shall be final and binding, and a judgment upon the award may be entered and enforced by any court of competent jurisdiction.

By entering into this arbitration agreement, the XYZ and this Firm expressly waive the right to commence an action in court, except with respect to provisional remedies; and waive the right to trial by jury.

The XYZ and this Firm each agree to submit to the jurisdiction of any state or federal court in Orange County, California, in any action or proceeding arising out of or relating to the enforcement of the arbitration provisions of this agreement, or for any other purpose. The XYZ and this Firm agree not to bring any action or proceeding of any kind in any other court. The XYZ and this Firm waive any defense of inconvenient forum to the maintenance of any action or proceeding in Orange County, California.

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Report Distribution and Other

We will provide copies of our reports to the XYZ; however, management is responsible for distribution of the reports and the financial statement. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Most Recent External Quality Control Review

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Accordingly, our most recent peer review report accompanies this letter.

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SAMPLE

Agreement

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the XYZ and that no other person or entity shall be authorized to enforce the terms of this engagement.

If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

We appreciate the opportunity to be of service to the [Client's Name] and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,
The Pun Group, LLP

(Engagement Partner's Name)
Partner

RESPONSE:

This letter correctly sets forth the understanding of the [Client's Name].

By: _____

Title: _____

Date: _____

SAMPLE

APPENDIX A

[Client's Name]
Circumstances Affecting Timing and Fee Estimate

Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include but are not limited to the following:

1. Changes to the timing of the engagement at your request. Changes to the timing of the engagement usually require reassignment of personnel used by The Pun Group LLP (the "Firm") in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, the Firm may incur significant unanticipated costs.

2. All requested schedules are not (a) provided by the accounting personnel on the date requested, (b) completed in a format acceptable to the Firm (c) mathematically correct, or (d) in agreement with the appropriate underlying records (e.g., general ledger accounts). The Firm will provide the accounting personnel with a separate listing of required schedules and deadlines.

3. Weaknesses in the internal control structure.

4. Significant new issues or unforeseen circumstances as follows:

    a. New accounting issues that require an unusual amount of time to resolve.

    b. Changes or transactions that occur prior to the issuance of our report.

    c. Changes in the XYZ's accounting personnel, their responsibilities, or their availability.

    d. Changes in auditing requirements set by regulators.

5. Significant delays in the accounting personnel's assistance in the engagement or delays by them in reconciling variances as requested by the Firm. All invoices, contracts and other documents which we will identify for the XYZ are not located by the accounting personnel or made ready for our easy access.

6. A significant level of proposed audit adjustments are identified during our audit.

7. Changes in audit scope caused by events that are beyond our control.

8. Untimely payment of our invoices as they are rendered.

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Let's Get to Work!

Benefits of Choosing The Pun Group LLP

The Pun Group LLP is recognized for its professionalism, integrity and for providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to offer the City of Pacific Grove solutions and directions led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the engagement team members, the overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the City of Pacific Grove while providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for allowing us to submit our qualifications to provide you with Professional Auditing Services. Please direct inquiries to:

Kenneth H. Pun, CPA, CGMA
Managing Partner
Email: ken.pun@pungroup.cpa
Phone: (949) 777-8801 | Fax: (949) 777-8850

Sincerely,

The Pun Group, LLP

The Pun Group LLP
Certified Public Accountants and Business Advisors

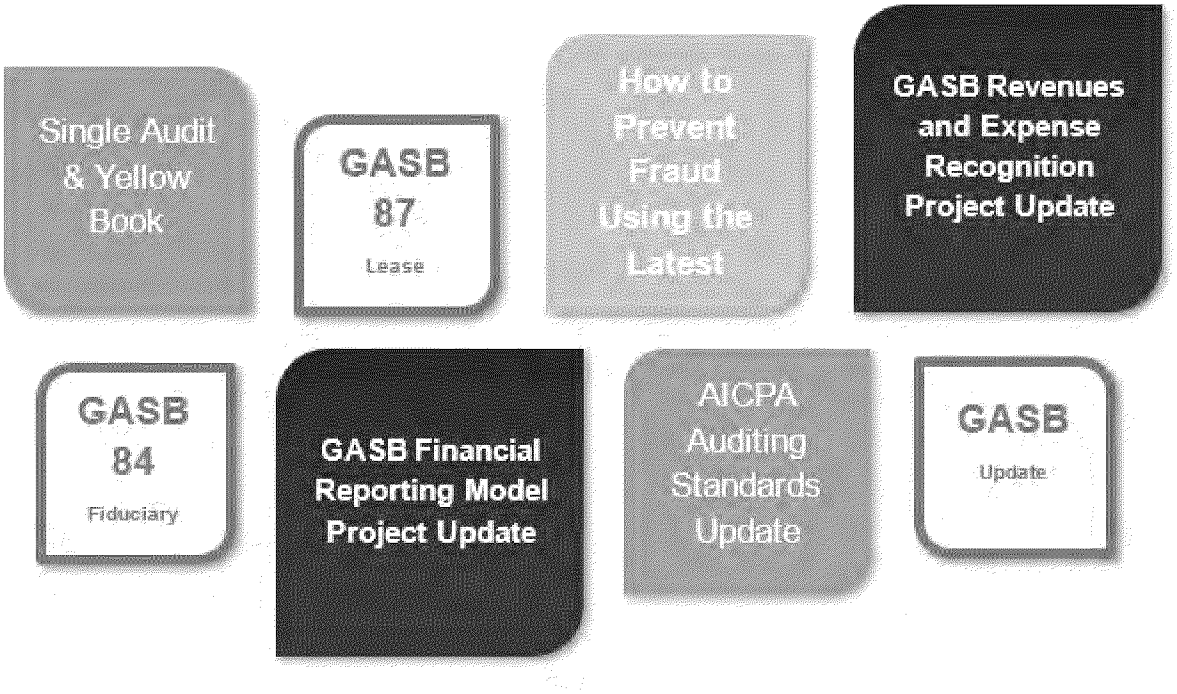
Appendix A– Available Training

Strengthen Your Accounting Knowledge: TPG Client Training Webinars

We pride ourselves in leading the governmental auditing profession nationwide and statewide. Members of our team have been assigned to the AICPA and State Government Accounting and Audit committees. Our membership with these two levels of government keeps us current, and such involvement helps our Firm with the constant changes in accounting and auditing standards, laws and regulations, and compliance provisions, which have created an unprecedented complexity in public accounting for state and local governments.

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. Since last year, by implementing "Webinars," we've been expanding our horizons and offering our clients 15 hours of Continuing Professional Education (CPE). These sessions are free of charge and part of the service package provided to our clients.

CPE courses we offer:



Appendix B – Certificate of Insurance

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 2/28/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Burnham WGB Insurance Solutions
CA Insurance License 0F69771
15901 Red Hill Avenue
Tustin CA 92780

CONTACT NAME: Sarah Caballero
PHONE (A/C, No, Ext): 714-824-8300 FAX (A/C, No): 714-573-1770
E-MAIL ADDRESS: Sarah.Caballero@wgbib.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Great Divide Insurance Company	25224
INSURER B: Valley Forge Insurance Company	20508
INSURER C: Transportation Insurance Company	20494
INSURER D: Continental Casualty Company	20443
INSURER E :	
INSURER F :	

INSURED
The Pun Group, LLP
200 East Sandpointe Avenue, Suite 600
Santa Ana CA 92707

COVERAGES CERTIFICATE NUMBER: 1774524882 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	X COMMERCIAL GENERAL LIABILITY	Y		7013134445	3/1/2023	3/1/2024	EACH OCCURRENCE	$ 2,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
	X $0 deductible						MED EXP (Any one person)	$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY	$ 2,000,000
	X POLICY PRO-JECT LOC						GENERAL AGGREGATE	$ 4,000,000
	OTHER:						PRODUCTS - COMP/OP AGG	$ 4,000,000
								$
C	AUTOMOBILE LIABILITY			7013117845	3/1/2023	3/1/2024	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
D	UMBRELLA LIAB X OCCUR			7013138468	3/1/2023	3/1/2024	EACH OCCURRENCE	$ 1,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$
	DED X RETENTION $ 10,000							$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N			WC7131382R9	3/1/2023	3/1/2024	X PER STATUTE OTH-ER	No Deductible
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
A	E&O Retro 12/2011			CA8020235909	3/1/2023	3/1/2024	3,000,000 agg	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Great Divide Insurance Company AM Best Rating A+ XV

Certificate holder(s) is/are named as additional insured per attached endorsements subject to the terms & conditions of the policy:
General Liability Additional Insured & Waiver of Subrogation # SB146932G
General Liability Primary & Contributory #CNA80103XX
Umbrella Policy follows form for General Liability, Auto Liability and Employers Liability
Auto Primary and Non-Contributory & Waiver of Subrogation #CA00011013
Auto Designated Insured #IL 02 70 07 20
See Attached...

CERTIFICATE HOLDER

PROOF OF INSURANCE

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
DB, III

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ORANGE COUNTY ■ SAN DIEGO ■ BAY AREA ■ LAS VEGAS ■ PHOENIX
www.pungroup.cpa

Signature: Kenneth H. Pun
Kenneth H. Pun (Aug 16, 2023 10:39 PDT)

Email: ken.pun@pungroup.cpa

Signature:

Email: thannah@cityofpacificgrove.org

Signature: Sergio Rudin
Sergio Rudin (Aug 23, 2023 17:09 PDT)

Email: srudin@bwslaw.com

Signature: Bill Peake
Bill Peake (Aug 24, 2023 07:16 PDT)

Email: bpeake@cityofpacificgrove.org

Prof Srvcs Agreement - The Pun Group 2023-2026

Final Audit Report 2023-08-24

Created:	2023-08-08
By:	Tori Hannah (thannah@cityofpacificgrove.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAvC5KChspcF7s_5_mcV1PP5qMHvVkNQ4w

"Prof Srvcs Agreement - The Pun Group 2023-2026" History

Document created by Tori Hannah (thannah@cityofpacificgrove.org)
2023-08-08 - 8:50:21 PM GMT- IP address: 12.227.61.194

Document emailed to ken.pun@pungroup.cpa for signature
2023-08-08 - 8:55:27 PM GMT

Email viewed by ken.pun@pungroup.cpa
2023-08-10 - 7:43:32 PM GMT- IP address: 104.47.58.254

New document URL requested by ken.pun@pungroup.cpa
2023-08-16 - 5:36:52 PM GMT- IP address: 63.147.119.178

Email viewed by ken.pun@pungroup.cpa
2023-08-16 - 5:38:51 PM GMT- IP address: 104.47.57.254

Signer ken.pun@pungroup.cpa entered name at signing as Kenneth H. Pun
2023-08-16 - 5:39:57 PM GMT- IP address: 63.147.119.178

Document e-signed by Kenneth H. Pun (ken.pun@pungroup.cpa)
Signature Date: 2023-08-16 - 5:39:59 PM GMT - Time Source: server- IP address: 63.147.119.178

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2023-08-16 - 5:40:02 PM GMT

Email viewed by Tori Hannah (thannah@cityofpacificgrove.org)
2023-08-16 - 5:42:02 PM GMT- IP address: 104.47.64.254

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Signature Date: 2023-08-16 - 5:43:05 PM GMT - Time Source: server- IP address: 12.227.61.194

Document emailed to bpierik@bwslaw.com for signature
2023-08-16 - 5:43:07 PM GMT

New document URL requested by Tori Hannah (thannah@cityofpacificgrove.org)
2023-08-21 - 11:58:31 PM GMT- IP address: 12.227.61.194

Tori Hannah (thannah@cityofpacificgrove.org) replaced signer bpierik@bwslaw.com with Sergio (srudin@bwslaw.com)
2023-08-22 - 0:01:21 AM GMT- IP address: 12.227.61.194

Document emailed to Sergio (srudin@bwslaw.com) for signature
2023-08-22 - 0:01:21 AM GMT

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2023-08-22 - 9:12:41 PM GMT- IP address: 206.204.27.22

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2023-08-23 - 9:01:42 PM GMT- IP address: 198.24.204.51

Signer Sergio (srudin@bwslaw.com) entered name at signing as Sergio Rudin
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Document e-signed by Sergio Rudin (srudin@bwslaw.com)
Signature Date: 2023-08-24 - 0:09:42 AM GMT - Time Source: server- IP address: 96.38.155.45

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2023-08-24 - 0:09:44 AM GMT

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2023-08-24 - 2:10:59 PM GMT- IP address: 73.223.20.143

Signer bpeake@cityofpacificgrove.org entered name at signing as Bill Peake
2023-08-24 - 2:16:40 PM GMT- IP address: 73.223.20.143

Document e-signed by Bill Peake (bpeake@cityofpacificgrove.org)
Signature Date: 2023-08-24 - 2:16:42 PM GMT - Time Source: server- IP address: 73.223.20.143

Agreement completed.
2023-08-24 - 2:16:42 PM GMT

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
MEETING DATE:	November 19, 2025
SUBJECT:	Cedar, Sunset & Congress Intersection Improvements Project Contract Amendments
CEQA:	Does not constitute a Project per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

1. Authorize the execution of Amendment #1 with the Transportation Agency for Monterey County (TAMC) to increase the funding agreement by $137,961 for the Cedar, Sunset, and Congress Intersection Project.
2. Authorize the execution of Amendment #2 with GHD for an amount of $340,387 for the Cedar, Sunset and Congress Intersection Project, to continue with the Design Engineering Evaluation Report, for a roundabout at the intersection.
3. Alternatively, discuss and take other action related to this item

DISCUSSION

Background

In 2016, the Transportation Agency for Monterey County (TAMC), in partnership with the City of Pacific Grove (City) and California Department of Transportation (Caltrans), conducted a study of the State Route 68 Corridor (SR68) segment located in the Pacific Grove City bounds, the Pacific Grove Hwy 68 Corridor Study.

https://www.tamcmonterey.org/pacific-grove-hwy-68-corridor-study

The intent of the study was to identify improvements that would provide safer access for all modes of travel. The study identifies several areas along the SR68 corridor, managed by Caltrans and within the City boundary, that are ripe for safety improvements. The City, in coordination with TAMC, has focused on complete street and safety improvements to the five-legged intersection of Sunset Drive, Congress Avenue and Cedar Street. This intersection has been selected because it is adjacent to two schools, is heavily trafficked, and has historically been an area of interest for improvement by the community and TAMC.

On November 8, 2016, TAMC placed the Transportation Safety & Investment Plan (Measure X) on the ballot, the measure was approved with 67.7% approval from Monterey County voters. The measure, through retail transactions and use tax of three-eighths of one percent (3/8%) is anticipated to generate an estimated $20 million annually for 30 years. The revenue from the sales tax measure is used for

transportation safety and mobility projects in Monterey County. 40% of the revenue is allocated to Regional Projects via the Regional Safety Mobility and Walkability Program. TAMC has identified and allocated funding for specific projects across the county; one of the projects identified includes improvements to the SR68 Corridor within Pacific Grove. A total of $5 million has been allocated.

On October 19, 2022, the Council approved a Measure X funding agreement with TAMC for an amount not to exceed $1,000,000, of the larger $5 million bucket, to the initial phase and kick off the project. At the July 5, 2023, meeting, Council authorized the City to enter into an agreement with GHD for Phase I of the Congress, Cedar, and Sunset Intersection Safety Improvement Project in an amount not to exceed $797,574. Since the commencement of the project and the authorization of the agreement with GHD, significant progress has been made.

At the City Council's July 17, 2024 meeting, the Council chose to pursue a single build alternative for the five-way intersection –a roundabout with Cedar access relocated. The report with background information can be found here.

Update

The City has requested to use the Design Engineering Evaluation Report (DEER) process to document project initiation and project approval for the Project based on the single-build alternative presented to and accepted by City Council in July 2024. Subsequently, the City prepared draft studies and documents in support of the DEER, including preparation of draft Preliminary Design Drawings (30% design), a traffic analysis summarized in a draft Traffic Operations Analysis Report/Intersection Control Evaluation (TOAR/ICE) and a draft Preliminary Environmental Analysis Report (PEAR). In May 2025, Caltrans provided an expectations memorandum that memorialized the decision to move forward with a DEER for Caltrans oversight and approval. This memorandum provided a brief project scope, applicability of the DEER process, and expectations of the City for utilizing the DEER process for the Project. Specifically, the memorandum provided that the project was eligible to use the DEER process for project initiation and project approval.

GHD's scope of work under the current agreement with the City is to complete a Project Initiation Document (PID) only. With the use of the DEER process, both the PID and Project Approval and Environmental Document (PA&ED) are combined.

Caltrans had five specific expectations for completion of the DEER for the project, which include:

1. Project Schedule: The City shall submit a schedule for the Project to Caltrans that establishes target dates for the DEER document development. These target dates should include, but are not limited to, anticipated dates for document submittal for Caltrans review, significant project milestones, and target completion date for the DEER document.

2. Environmental Documentation: Environmental documentation for CEQA and NEPA must be included as an appendix of the Project's DEER document. The City should submit draft CEQA document to Caltrans for review and input.

3. Design Standard Decision Document: The proposed roundabout appears to include nonstandard features that require preparation of a Design Standard Decision Document (DSDD). The DSDD will be referenced in the DEER document and should be finalized before the DEER document is approved.

4. Cooperative Agreement: A cooperative agreement is required for projects utilizing a DEER document when the project requires oversight reimbursements, funds transfers, CTC allocations, or

State-Furnished Materials. The City and Caltrans will develop the terms of any cooperative agreement based on the Project's needs.

5. Regular Coordination Meetings: Meetings with Caltrans and City staff have been occurring on a monthly basis. These meetings should continue to encourage open and productive collaboration.

The DEER process is outside the original scope for GHD, so GHD proposed an amendment that would replace the existing scope of work with the scope of work noted below.

Scope of Work
1. Project Management, Coordination and Documentation
2. Data Collection and Base Mapping (Work Previously Completed)
3. Alternatives Analysis
4. Preliminary Environmental Analysis
5. Geotechnical Investigation / Pavement Design Report
6. Preliminary Design
7. Environmental Documentation: NEPA and CEQA Documents, the primary scope of the amendment (This amendment will finalize NEPA and CEQA documents, enabling the City to begin seeking construction funding)
8. Storm Drainage Analysis
9. Right-of-Way Services
10. Caltrans Approval Documents

The budget request for this scope of work will be the difference between what is remaining in the current agreement and the budget needed to complete the scope of work for the DEER process. The proposed amendment would be an additional $340,387 on the original contract of $797,574.

Original Contract	$797,574
This Amendment	$340,387
Total	$1,137,961

To date, the City has expended $444,110 of the original $797,574 contract with GHD. As specified, an additional $137,961 is needed to move forward with Phase 2 of the project. At the September 17, 2025 City Council meeting, the Council authorized staff to work with TAMC to amend the funding agreement by $137,961. At the October 22, 2025 TAMC Board meeting, the TAMC board approved the increase to the funding agreement.

Upon execution of Amendment #1 of the TAMC Funding Agreement, City Staff will then execute Amendment #2 with GHD. The City executed Amendment #1 with GHD in March of 2025, which granted a contract extension until June of 2026. Amendment #2 will increase the contract total and align the scope of services with the DEER process. The DEER process is anticipated to take approximately 12 months. The City will increase the contract term through this amendment until December 31, 2026.

OPTIONS

1. Do not authorize the execution of the two amendments

FINANCIAL IMPACT:

As noted above, this project is funded via Measure X and is approved as part of the Capital Improvement Program. Execution of the funding agreement with TAMC will prompt the allocation of additional Measure X Regional Funds, which will then be harnessed towards the GHD amendment.

FOCUSED PRIORITY AREA: Infrastructure

Attachments

GHD Amendment #2

TAMC Amendment

AMENDMENT #2 TO THE AGREEMENT FOR THE CONGRESS, CEDAR, AND SUNSET INTERSECTION SAFETY IMPROVEMENT PROJECT WITH GHD

WHEREAS, the City of Pacific Grove ("City") and GHD ("Consultant") entered into an Agreement ("Agreement") dated July 24, 2023; and

WHEREAS, the City and Consultant need to amend certain terms of the Agreement;

NOW, THEREFORE, the parties agree as follows:

A. The Agreement is amended as follows:

- Section 1 Term: This Agreement shall commence on 7/24/2023 and shall remain and continue in effect until tasks described herein are completed, but in no event later than ~~6/30/2026~~ **12/31/2026**, unless sooner terminated pursuant to the provisions of this Agreement.
- Section 5 Payment: This amount shall not exceed $~~797,574~~ **$1,137,961** for the total term of the Agreement unless additional payment is approved as provided in this Agreement.
- Attachments: Amendment #2 will replace Exhibit A with the revised scope as attached to this amendment
- All other terms of the Agreement remain the same.

Dated: _____ _____

Lindsey Van Parys, PE: Business Group Leader

Dated: _____ _____

Daniel Gho: Public Works Director

Dated: _____ _____

Brian Pierik: City Attorney

Dated: _____ _____

Fred Marsh: Administrative Services Director

Dated: _____ _____

Nick Smith: Mayor

DRAFT

DRAFT

City of Pacific Grove
State Route 68 (Sunset Drive)/Congress/Cedar Intersection Multi-Modal Safety Improvements

REVISED Scope of Work

The following scope of work was prepared by GHD to identify the services that will be provided to the City of Pacific Grove to move the SR 68 for Congress, Sunset, Cedar Intersection Multi-Modal Safety Improvements through the Alternatives Analysis and Caltrans Project Initiation Document (PID) phase and Project Approval and Environmental Document (PA&ED) phase, which will be documented in a Design Engineering Evaluation Report (DEER) process. GHD is ready to provide the necessary assistance from the critical first steps (pre-PID/Alternatives Analysis) right through to the approved scoping document, with the intent of supporting the City to get to a single build alternative. ~~For this project, at this time and for the purpose of this initial scope of work, it is expected that the required scoping document will be a Project Study Report – Project Development Support (PSR-PDS).~~

The scope of services was developed with the following goals in mind:

- Deliver a project that meets current and future operational requirements.
- Develop a geometrically-approvable preferred alternative(s), with the intent of getting to a single alternative.
- Recognize active transportation, complete streets and equity are important transportation components for the project's design.
- Build public and agency consensus around preferred alternative(s).
- ~~Efficiently manage the preparation of PSR-PDS supporting documents for the City's and Caltrans' approval.~~
- Implement an effective quality process that covers all work performed by the project team.

Future phases for ~~PA/ED and~~ PS&E and Right-of-Way (R/W) will be negotiated with the City once the draft DEER and environmental documentation is completed. ~~PID phase is completed and a scope of the Build Alternative is better known~~.

Task 1 – Project Management

GHD will provide project management; coordination with and between project team members, coordination with the City of Pacific Grove project manager; and coordination with the Project Development Team (PDT).

1.1 – Project Management and Coordination

GHD will perform the following duties:

- Supervise, coordinate and monitor procedures for preparation of the Alternative Analysis, DEER preparation, environmental documentation, ~~Project Study Report /Project Development Support (PSR/PDS),~~ and other supporting studies consistent with and in conformance to the guidelines published in Caltrans "Project Development Procedures Manual" (PDPM).
- Coordinate and monitor deliverables by sub consultants in accordance with this work plan.
- Coordinate project reviews by the Project Development Team (PDT).
- General correspondence, monthly progress reports, invoicing, and project schedule updates.

1.2 – Quality Management Plan

GHD will prepare a draft quality management plan (QMP) consistent with the plan outline and format provided in Caltrans PDPM. The draft QMP will be provided to the City and Caltrans for review and comment. Upon approval of the QMP, GHD will be responsible for maintaining the QMP and monitoring

project deliverables for conformance with the QMP throughout the length of this project. The QMP establishes a process to ensure:

- Personnel responsible for assuring quality are independent of those having direct responsibility for the work being performed.
- Review comments and recommended changes are properly addressed and/or resolved.
- Project documents, correspondence, and memoranda are appropriately distributed.
- Document control is established and maintained for proper storage and handling of project materials, providing only the current versions for use by the Project Team.
- Discipline/Task Managers perform and/or certify required inter- and intra-disciplinary Quality Control (QC) and Quality Assurance (QA) reviews are completed prior to deliverable submittals.
- Project Manager approves the distribution of all deliverables and certifies that QMP requirements have been satisfactorily performed.
- Work products conform to nomenclature and formatting requirements and are free of typographical and syntax errors.
- Project activities are accomplished in accordance with appropriate design criteria, industry standards, and federal, state, and other regulatory requirements.

1.3 – Project Meetings

GHD's Project Manager and select team members will organize and attend the following virtual (unless otherwise noted) meetings:

- ~~Project kick-off meeting held in-person with GHD and City staff~~.
- Attend one (1) DEER kick-off meeting to discuss issues such as design approach, project concepts and overall project review.
- Project Development Team (PDT) meetings with the City, Caltrans, and other agency/stakeholder staff, which will be scheduled to be conducted once per month (remote), for no more than 12 meetings.
- Bi-weekly, remote 30-minute check in meetings with City staff (scope assumes no mor than 24 meetings)
- Field walk with GHD Project Manager, Project Engineer, City and Caltrans staff.

To facilitate these meetings, GHD will coordinate, schedule, and lead meetings. Prepare PDT meeting records and project schedule updates. ~~GHD will coordinate the first or kick-off PDT meeting to initiate the PID project phase~~. Sub-consultants will attend based on their level of involvement at any time during the project, the scope of which is included in their overall tasks below.

Deliverables: Preparation of meeting agendas, notes, and as-needed progress reports.

1.4 - Community Outreach and Presentations (Work Previously Completed – No Further Community Outreach and/or Presentations are anticipated)

Public Information Open House (1)

GHD will provide assistance as needed with an open house to be held as the Alternative Analysis approaches completion, prior to the preparation of the Draft PSR-PDS. The project's Purpose and Need will be presented, and the alternatives being considered displayed in a manner that will allow the public to ask questions and comment on the proposed alternatives. The input received will be presented in the study's Draft PSR-PDS as public comments.

If the City desires an additional open house during the course of this study, a separate scope of work and fee estimate to provide GHD assistance will be submitted to the City for prior approval.

Project Presentations (2) <<For minimized fee purposes, assume approximately $5,000 per meeting for preparation (including PowerPoint), coordination, and attendance>>

GHD will be available to support the City in making two (2) presentations to the Pacific Grove City Council. One is anticipated at the end of the Alternative Analysis phase, and another is anticipated after the Draft PSR-PDS is completed.

1.5 – Stakeholder Outreach << For minimized fee purposes, assume approximately $2,000 per meeting for preparation, coordination, and attendance>> (Work Previously Completed – No Further Community Outreach and/or Presentations are anticipated)

Stakeholder Outreach

GHD recommends these meetings be held one-on-one or in small groups of stakeholders with similar interests in-person. At least one (1) meeting should be held with each property owner affected by the project. The purpose and timing of the meeting(s) is to listen to their concerns and provide time for the design team to respond with potential solutions prior to the second project presentation.

At this time, it is anticipated that up to twenty (20) property owner meetings will be required with Stakeholders.

Task 2 – Data Collection and Base Mapping

2.1 – Data Collection (Work Previously Completed – No further data collection anticipated)

The types of information collected could include (but not be limited to) GIS data, as built plans, utility maps, record improvement drawings and reports and existing data including City/and Caltrans collision data, right-of-way information, records maps, title information, utility information, etc.

2.2 – Preliminary Survey/Base Mapping (Work Previously Completed – No survey anticipated)

The following services will be provided by Whitson.

Control and Aerial Mapping

- Research existing State Plane control and benchmark control.
- Set local ground control and aerial control panels, as shown in the attached Aerial Mapping Exhibit.
- Obtain aerial mapping for the mapping area shown on the attached Survey Exhibit. Mapping will be at a scale of 1" =20' with a one-foot contour interval.

Utility Mapping

- Obtain system maps of public utilities from utility owners. Underground utilities will be plotted based on visible features and system maps (ASCE-38 Quality Level C).
- Perform a field check of visible utility structures.
- Perform a supplemental field survey to locate sewer and storm drain structures, including invert elevations. Locate utility structures not identified in the aerial survey.

Boundary Mapping

- Review record maps and lay out record boundary.

- Perform a limited field survey to recover monuments of record to corroborate the record boundary layout.
- Develop a boundary base map showing record rights-of-way within the subject project area. Please note: This will not constitute a boundary survey.

Task 3 – Alternatives Analysis

3.1 – Develop Project Purpose and Need (Work Previously Completed – No further development anticipated)

The "No Build" transportation conditions (existing and future) identified and evaluated within the ICE Step 1 report will primarily be used to draft the initial purpose and need statement. This information will be supplemented as needed with current Caltrans and SWITR collision data. The purpose and need statement will be incrementally reviewed and refined by the project development team members. The final Purpose and Need statement will then be prepared upon resolution of all provided comments.

3.2 – Conduct ICE Evaluation and Traffic Engineering Performance Assessment (TEPA)

GHD will perform the traffic analysis for the project utilizing the latest demand model and obtain new counts for the corridor and both the Congress and Forest intersections. The existing information shall be summarized in an existing conditions memo for review/approval by the City and Caltrans and only a Draft and Final version are assumed. The calibrated model will be summarized in a Forecasting Memo for review/approval by Caltrans and only a Draft and Final version are assumed.

Once forecasting and existing conditions are approved, GHD will prepare a Draft Intersection Control Evaluation (ICE) – Note that this will probably morph into the Intersection Safety and Operational Analysis Process (ISOAP) once that has been formalized, potentially in fall 2023, however, an ICE has been scoped for the purpose of this project, but should be a similar level of effort as long as the style of evaluation stays the same once we begin compiling. Preliminary alternative layouts showing both the recommended signal and roundabout layouts, including approach roadway geometrics, will be prepared and provided within the Draft ICE. The Draft ICE shall also include all supporting capacity calculations and corresponding truck/bus turns. Upon review of the Draft ICE by the City and Caltrans and resolution of all comments, GHD will then prepare a Final ICE for approval. The following services represent the work that will be provided to prepare and process the ICE evaluations. In addition, sufficient information and data will be provided through both ICE evaluation as to prepare the Design Scoping Index, Preliminary Traffic Engineering Assessment and Division of Engineering Services Scoping Index scoping tools.

Traffic and Performance Analysis Findings

Design Checks/Optimization. Geometrics and operations associated with the signal and roundabout alternatives developed as part of Task 3.3 will be optimized. For each roundabout alternative the following design checks will be performed:

- Fast Paths
- View Angles
- Truck Turns
- Pedestrian/Bike Facilities
- Potential Project Phasing

VISSIM/Sim-Traffic Simulations. Micro-Simulation for both the roundabout and traffic signal alternatives will be evaluated under this task to ascertain queuing impacts from one location would not impact operations at the adjacent intersections. For the traffic signal alternative Sim-Traffic will be utilized to perform the queuing analysis and for the roundabout alternative, VISSIM will be utilized.

Deviations from Design Standards. Possible deviations from Caltrans Design Standards for all alternatives will be identified. Possible design exceptions will be noted under this task. This task does not, however, include preparation of fact sheets.

Cost Analysis

Mobility Costs. The mobility costs (vehicle operating costs) and environmental costs will be estimated for both the alternatives using the cost module available in SIDRA. The vehicle operating cost parameters will be obtained from Life-Cycle Benefit-Cost Analysis Economic Parameters published by Caltrans.

Collision Costs. Costs associated with each crash type will be quantified using the expected crash reduction (CMF) for the intersection type and the number of accidents obtained within the preliminary safety analysis section. Transportation Planning Division of Caltrans provides the costs associated with accident types in Life-Cycle Benefit-Cost Analysis Economic Parameter. This information will be utilized to determine collision costs.

Environmental and Other Costs. Environmental costs will be computed for both the alternatives using the cost module available in SIDRA and other costs including operations and maintenance, landscape maintenance and pavement rehabilitation will be estimated based on input from City and Caltrans.

Life-Cycle/Investment Analysis Findings.

Opinion of Probable Cost. Cost estimates consistent with Caltrans requirements (eleven-page cost estimates) will be prepared under this task for the alternatives and include information obtained from Task 3.4 regarding right of way.

Service Life (Estimated Number of Years). To the extent feasible, FHWA suggests that it is a good practice to phase roundabout design to achieve improved safety. Based on the phasing for each alternative as appropriate, the expected service life will be identified for each alternative.

Life Cycle Cost Analysis – Benefit/Cost Index. A cost benefit index for each alternative will be estimated based on the cost estimates and various benefits estimated in the Traffic and Performance Analysis Findings.

Future Investment Needed to Extend Life. Costs will be estimated for each of the alternatives for interim and ultimate phases. This will enable estimating the future investment needed to extend the project life from an interim to the ultimate project phase. This information will provide the City with an idea of funding and phasing strategy for constructing the interim and ultimate design.

Prepare Draft and Final Study.

A draft report will be prepared consistent with the guidelines identified in the TOPD policy guidelines for review and comment by the City, Caltrans and other reviewing agencies. The study will include a comparison of the performance of each alternative based on previously agreed to Measures of Effectiveness. Provided comments will be responded to via a response to comment memorandum and/or update to the ICE study as appropriate.

GHD will then prepare a Draft TEPA utilizing the information described above, including the ICE, to document the existing and future traffic conditions and recommended roundabout and roadway geometry for the Project improvements to provide efficient traffic operations. Note that this will be a more robust document than is typical of a TEPA so as to support the conclusions required to ultimately end up with a single build alternative. Thus, this TEPA will end up being a mini–Draft Traffic Operations Analysis Report (TOAR), therefore limiting the potential rework during PA/ED for traffic documentation. Upon review of the Draft TEPA by the City and Caltrans and resolution of all comments, GHD will then prepare a Final TEPA for approval. For the basis of this proposal, this project is assumed to be non VMT inducing, and no additional documentation or analysis will be required.

GHD completed a draft Traffic Operations Analysis Report/Intersection Control Evaluation (TOAR/ICE) for City and Caltrans consideration of the DEER based on the single-build alternative.

A draft report was prepared consistent with the guidelines identified in the TOPD policy guidelines for review and comment by the City, Caltrans and other reviewing agencies. The study includes a comparison of the performance of the alternative based on previously agreed to Measures of Effectiveness. Provided comments will be responded to via a response to comment memorandum and/or update to the ICE study as appropriate.

Upon review of the Draft TOAR/ICE by the City and Caltrans and resolution of all comments, GHD will then prepare a Final TOAR/ICE for approval.

Deliverables: *Final Traffic Operations Analysis Report/Intersection Control Evaluation (TOAR/ICE, MS Word & PDF)*

3.3 – Alternatives Development (Work Previously Completed – No further development anticipated)

Alternatives (up to three total) will be designed and evaluated based on impacts to right of way, utilities, and Caltrans facilities. The Alternatives will be compared to determine which should be included in the final PSR-PDS. Alternatives will be scoped for probable construction costs, potential environmental impacts, and compatibility with the City's complete streets master planning. Alternatives under consideration will be reviewed by the City and Caltrans.

~~3.4 – Right of Way Data Sheet~~

~~In support of the Alternatives Analysis and for ultimate inclusion in the PSR-PDS, a right-of-way cost estimate and Caltrans Data Sheets are to be prepared by a qualified real estate consultant. Monument will evaluate the potential right-of-way requirements, affected parcels and associated capital costs related to each alignment alternative under consideration for the proposed interchange modernization project. As such, the following Scope of Work itemizes the tasks and deliverables that will be performed by Monument.~~

- ~~Take an inventory of the affected properties for each selected option.~~
- ~~Using public Assessor's Roll information, investigate the ownership, lot size, and building size of each affected property.~~
- ~~Visually inspect each property (exterior street view) and evaluate effects of proposed acquisition. List all businesses on each property and the approximate space they occupy.~~
- ~~Sort each property into product types to determine the universe of real estate data sets to research and create valuation data sets for each product type.~~
- ~~Prepare an estimate of the probable cost of each full property acquisition or the cost of each partial acquisition (plus damages) using the data sets created and utilizing our various real estate value data bases.~~
- ~~Prepare an estimate of the probable relocation assistance exposure for each residential or non-residential occupant located on each property.~~
- ~~Prepare an estimate of the immoveable fixtures and equipment associated with each business property.~~
- ~~Prepare an estimate of the total probable loss of business goodwill attributable to each operating business.~~
- ~~Prepare an estimate of the inspection and demolition costs associated with delivering each cleared site.~~
- ~~Prepare an estimate of the total services and incidental costs associated with each real estate acquisition program (appraisals, acquisition and relocation agents, title/escrow, and legal services).~~
- ~~Ascertain the estimated cost for potential utility relocations from the design engineer and/or utility coordinator (preparing a cost estimate for utility relocations is excluded from Monument's scope of work).~~

~~The scope of work will be performed and delivered in the form of a report containing a description of the project areas studied, a summary of total probable costs of the study area itemized by major component and will include detailed spreadsheets showing how the summary sheets were calculated. The spreadsheets contain a parcel-by-parcel breakdown of all probable costs.~~

~~In the event that the acquisition program is to be phased or determined to be implemented at a future date, formulized spreadsheets will be created which apply the appropriate cost escalation factors to reflect the projected schedule.~~

~~The final cost information determined from the accumulation of data will then be transferred into the appropriate format for application to the Right of Way Data Sheets, or other format required by the project.~~

Task 4 – ~~PSR-PDS Document~~ Preliminary Environmental Analysis

4.1 – Preliminary Environmental Analysis Report (PEAR)

Rincon will prepare a Preliminary Environmental Analysis Report (PEAR). Rincon will utilize the most recent PEAR template provided by Caltrans and coordinate with Caltrans District 5 Environmental staff on the latest procedures they are using in the development of PEARs. The purpose of this PEAR is to clearly outline and estimate the scope, schedule, and cost for completing the environmental process for the project (PA&ED) and identify the anticipated environmental commitments from the project. More specifically, the PEAR will identify those aspects of the preliminary designs of the project that may have a potential significant effect on the environment based on information known to date. The PEAR will identify the type of future studies and evaluations which must be performed and the required environmental document that would be required to meet all California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) requirements. This work effort will include the following tasks.

Coordination and Meetings

The Rincon project manager and technical staff will review existing and available information pertaining to the project area, including information on file with the City and Caltrans that relates to the project area and design information available and developed during the project. This task assumes coordination with Caltrans District 5 staff for the purpose of obtaining information and ensuring an approved format is used for the PEAR document. This task also includes general project management support.

Analysis

Rincon will conduct windshield surveys and provide a qualitative description of potential environmental resources and issues that could affect selection of the recommended alternative, including the types of permits that may be required. This will include the following analysis:

- Land Use/Growth/Socioeconomic/Community Impacts. Describe the general setting of the study area, the types and number of structures, and parcels affected by the project. Discuss potential issues related to the relocation of utilities.
- Farmlands/Timberlands. Describe that there are no agricultural land uses or timberland near the project area.
- Visual/Aesthetic Resources. Identify scenic resources and any adverse visual impacts that may be introduced by the project.
- Cultural Resources. A Rincon cultural resources specialist will conduct a background records search and literature review at the Regional Information Center of the California Historical Resources Information System (CHRIS). The records search and literature review will include the proposed project area as well as a 1-mile buffer around the area. Rincon will also contact the California Native American Heritage Commission to request a search of their Sacred Lands File database and a list of local Native American representatives that may have knowledge of resources, including potential tribal

cultural resources within the study area. The report will identify whether the project area has been previously surveyed for cultural resources and discuss possible effects that the project might have on recorded resources within or adjacent to the project area, including any potential cultural resource issues that might affect the alternatives, cost, or viability of the project. The report will also identify cultural resources studies that may be necessary for the project, such as an Archaeological Survey Report or Historical Resources Evaluation Report.

- Hydrology and Floodplain/Water Quality and Storm Water Runoff. Describe the hydrology and floodplain setting and identify water bodies that might be affected by the project. Describe discharge conditions that could affect the project design, scheduling, or construction techniques, discuss any agency coordination and permits, and map the locations of any constraints, including FEMA floodplains, that should be considered during preliminary design on the provided base map.
- Geology, Soils, Seismic and Topography. Conduct a background document review of the project area and geologic mapping to identify potential geologic concerns including earthquakes, the suitability of soils to support the proposed development (e.g., shrink/swell, poor drainage, etc.), and the erosion potential across the project site.
- Palaeontology. A Rincon palaeontologist will conduct a background document review of the project area to identify potential paleontological sensitivity of the project area.
- Hazardous Waste/Materials. Conduct a search of on-line hazardous materials records and assess the potential for the project to release hazardous waste or materials.
- Air Quality. Describe existing air quality conditions in the project area, the air quality attainment status, and whether the proposed project is included in the Metropolitan Transportation Plan/Sustainable Communities Strategy.
- Noise and Vibration. Qualitatively assess the potential for noise impacts on noise-sensitive uses, including Pacific Grove High School and nearby residents.
- Energy and Climate Change. Rincon will provide a qualitative discussion of project climate change effects based on regional planning strategies and the project's effect on greenhouse production. The MTP/SCS and/or specific project traffic studies will be reviewed for information on the reduction of vehicle miles travelled and improved traffic flow for the area.
- Biological Environment. A Rincon biologist will review existing information and conduct a reconnaissance survey of the project area to identify potential resource issues, including sensitive species habitat. Project issues related to removal of vegetation, including potential impacts on nesting birds, will be described as applicable. The PEAR will identify specific studies or focused surveys needed, any timing issues for conducting the surveys, and any required permits, agreements, or approvals that will be necessary to comply with local, state, and federal regulations. The effect of any potential mitigation on the project scope, cost, or schedule will be identified.
- Cumulative Impacts. Consider potential impacts resulting from other projects known or projected to occur within the vicinity of the project within the foreseeable future. A recommendation will be provided as to whether a cumulative impact analysis is needed for a particular resource in the subsequent environmental document phase.
- Section 4(f) Issues. The Department of Transportation Act governs federally funded or authorized transportation projects that require the use of publicly owned land of a public park, recreation area, or wildlife and waterfowl refuge of national, State, or local significance, or land of an historic site of national, State, or local significance. "Recreational areas" include "formal and informal facilities, including after-school public use of school playgrounds and recreational facilities." The project may require modifications to the Pacific Grove High School property at the southeast corner of Congress Avenue and Sunset Drive, immediately adjacent to the football field and track facility. As such, Section 4(f) may apply. The PEAR will identify any potential 4(f) lands in the study area and, if present, the type of "use" (fee title, temporary, or "constructive" use) that would likely occur with project implementation; the type of 4(f) compliance that would be needed (individual 4(f) evaluation, programmatic 4(f) evaluation, or temporary occupancy approval); and any other circumstances that have the potential to affect the viability or schedule of the project. Any areas of potential impact will be described.

Draft PEAR Preparation

Rincon will prepare a draft and final PEAR to present the results of the environmental analysis, including identification of possible mitigation requirements. The report will follow the latest Caltrans PEAR template, including (but not limited to) a project description, purpose and need, anticipated environmental approval and anticipated environmental commitments, and PEAR technical summaries. The draft PEAR will be submitted electronically to the City to distribute to the PDT for review and return for comments.

Rincon prepared a draft PEAR to present the results of the environmental analysis, including identification of possible mitigation requirements. The report will follow the latest Caltrans PEAR template, including (but not limited to) a project description, purpose and need, anticipated environmental approval and anticipated environmental commitments, and PEAR technical summaries. The draft PEAR was submitted electronically to the City and Caltrans, but formal review has not commenced.

Final PEAR Preparation

Based on the comments received on the draft PEAR, changes will be incorporated, and a revised PEAR will be distributed. This scope of work assumes that one round of consolidated comments from the PDT will be received. After receiving what are anticipated to be minor comments on the revised PEAR, Rincon will prepare a final (electronic copy) PEAR for inclusion in the PSR.

Deliverables: Final Preliminary Environmental Analysis Report (PEAR, MS Word & PDF)

~~4.2 – Stormwater Data Report (SWDR) (Short Form)~~

~~A storm water data report (SWDR) will be prepared commiserate with the level of information and detail required for a PSR-PDS as identified in Caltrans PDPM for approval by Caltrans. The evaluation will focus on determining if there will be any significant impacts to the project alternatives, right of way needs, or project costs due to the need to incorporate treatment best management practices (BMPs) for compliance with stormwater requirements. The Evaluation Documentation Form provided in Appendix E of Caltrans Storm Water Quality Handbooks: Project Planning and Design Guide will be used to document the need to incorporate treatment BMPs for this project. The SWDR will summarize the stormwater quality issues and planning decisions made regarding how the project will comply with the Caltrans NPDES permit.~~

~~4.3 – Additional PSR-PDS Attachments~~

~~*Risk Register*~~

~~GHD will identify risks, probabilities, severities, impacted functions and ownership. GHD will provide information to Caltrans for Caltrans to complete their internal risk register.~~

~~*Complete Streets Decision Document (CSDD)*~~

~~GHD will provide a CSDD using the most current template provided by Caltrans.~~

~~*Vehicle Miles Travelled Decision Document (VMTDD)*~~

~~GHD will provide a VMTDD using the most current template provided by Caltrans.~~

~~*Division of Engineering Services Scoping Document*~~

~~Structures work, as defined by Caltrans, is not anticipated and preparation of this scoping document is not included in the scope.~~

~~*Traffic Management Plan Data Sheet*~~

~~GHD will provide a TMP Data Sheet using the most current template provided by Caltrans.~~

Design Scoping Index

The design scoping index serves as a discussion document for the PDT to assist with identification of appropriate design principles and standards. GHD will prepare the scoping index in conjunction with referencing Caltrans DIB 78 design checklist. The scoping index will be reviewed and accepted by the PDT.

Transportation Planning Scoping Information Sheet

GHD will be responsible for preparing the Transportation Planning Scoping Information Sheet per guidance provided in the PDPM, specifically Article 4. GHD will work with the PDT, especially Caltrans Transportation Planning representative, to ensure that the Initial PID Information is provided within the information sheet. GHD will also be responsible for providing the concluding information or Final PID Information that will complete the information sheet as the study approaches conclusion.

Develop Schedule

A schedule for delivery of major milestones of the PA&ED phase and the anticipated funding year for construction will be developed for inclusion in the PSR-PDS.

4.4 – PSR-PDS Submittals

Attachment Documents

As described above, GHD will prepare the required attachments for the PSR-PDS. It is assumed a draft version of each attachment will be provided to the City and Caltrans for concurrent review. The comments received will be addressed and the report/document will be resubmitted. It is assumed no more than two rounds of comments will be provided prior to signature/approval.

Administrative Draft PSR-PDS (ADPSR-PDS)

GHD will prepare the ADPSR-PDS for initial review by the PDT and will include draft products for the majority of the above items. This report will utilize data, conclusions and recommendations identified in the various scoping tools, studies, reports, data sheets and engineering designs completed within this Scope of Work. The document will be distributed in PDF format and distributed as required by City or Caltrans. Comments received on the ADPSR-PDS will be addressed in writing and incorporated, as appropriate, into the second draft.

Draft PSR-PDS

Based on comments provided by the City and the PDT on the ADPSR-PSR, identified issues or concerns will be addressed in a response to comments memorandum. The ADPSR-PDS will then be updated to reflect changes resulting from the comments and the Draft PSR-PDS will be published for review by the PDT, district-wide Caltrans, and any stakeholders identified by the City. The scope assumes Caltrans will conduct the required safety and constructability reviews as an extension of a PDT meeting during this review phase. The document will be distributed in PDF format. Comments received on the draft PSR-PDS will be addressed in writing and incorporated, as appropriate, into the final signature-ready PSR-PDS.

Final PSR-PDS

GHD will prepare the signature-ready document for approval by the City and Caltrans. The signature-ready document will be routed as requested by the City and Caltrans. Upon final approval, GHD will provide an assembled final PDF. The approved report will be distributed via email and ground mail as requested by the City and Caltrans.

Task 5 – Geotechnical Investigation/Pavement Design Report

GHD's subconsultant, Parikh Consultants, Inc., will complete geotechnical field investigations and reports.

Task 5.1 - Preliminary Geotechnical Design Report (PBDR)

A Preliminary Geotechnical Design Report (PGDR) is proposed to provide preliminary recommendations to the design team and the agency as a supporting document for the PA&ED phase. The PGDR will be prepared according to Caltrans Geotechnical Design Reports guidelines (February 2021).

The proposed scope of the work consists of reviewing readily available data, including data from the GeoTracker website, published geologic maps, and other Agency records. The potential geotechnical/geologic impacts and mitigations will be discussed on a broad basis, including geotechnical conditions (geology, topsoil/soil survey, surface/subsurface conditions, groundwater, and seismic hazards), geotechnical design evaluations. The report will also provide preliminary geotechnical design considerations. Generally, the geotechnical evaluation relevant to the proposed project will be presented qualitatively with no specific design recommendations.

Deliverables: Preliminary Geotechnical Design Report (PGDR, draft and final)

Task 5.2 - Pavement Memorandum

For the preliminary pavement design of the roadway, no fieldwork or laboratory testing is proposed in this preliminary engineering phase. A Preliminary Pavement Design Memorandum will be prepared using an assumed R-value and Traffic Index (TI) provided by the design team to support the Life Cycle Cost Analysis (LCCA). The pavement design will be based on both the Caltrans standard empirical design method and Mechanistic-Empirical (ME) methodologies by using the CalME software for comparison purposes.

GHD will prepare a summary traffic index calculation memo to support the Pavement Memorandum, which will summarize up to 3 days of vehicle classification counts and Caltrans data sources for calculating the 20-year Traffic Index.

Deliverables: Pavement Memorandum (PGDR, draft and final)

Task 6 – Preliminary Design

Task 6.1 - Preliminary Engineering (30%) Design

GHD has prepared draft Preliminary Design Drawings/Geometric Evaluation Drawing for City and Caltrans review for Caltrans consideration of the DEER based on the single-build alternative. This task will be to coordinate and address City and Caltrans comments on the draft 30% Design Drawings/GED to provide final documentation for the DEER.

Plans will be prepared on Caltrans standard title block at 1"=20' scale utilizing AutoCAD C3D 2023 or later edition. Up to six (6) Layout sheets and three (3) typical sections sheets will be provided (similar to draft documents already prepared).

Design check plan exhibits, including layout, fastest path, stopping sight distance, intersection sight distance angles of visibility and design vehicle turning templates (up to 17 sheets, as was prepared and submitted for DEER consideration) will be prepared and finalized for the Sunset/Cedar/Congress roundabout.

Assumptions:

- Design vehicles are per prepared design check which includes CA Legal for thru and u-turn movements on Sunset Drive, 45' bus thru and u-turn movements on Sunset Drive and 40' bus thru

and u-turn movements on Congress Avenue. Changes to design vehicles may require additional budget via an amendment.

Deliverables: Final Preliminary Design Drawings/GED (draft and final PDF and .dwg)

Final Design Checks (draft and final PDF and .dwg)

Task 7 – Environmental Documentation

GHD's subconsultant Rincon will lead the environmental technical studies preparation and CEQA documentation.

Task 7.1 - NEPA/CEQA Supporting Technical Studies

The NEPA and CEQA tasks were scoped based on the draft PEAR prepared for City and Caltrans review. Formal review and response to finalize the PEAR has not been completed. The following scope of work is based on the draft PEAR prepared. If the final PEAR and/or confirmed scope differs from the scope included, our team may require a contract amendment to include other studies not currently in the scope of work.

Task 7.1.1 - Community Impact Assessment

Rincon will prepare a Community Impact Assessment Scoping Checklist and Technical Memorandum to assess land use and community impacts from implementation of the Project. Although the Project would require acquisition of portions of properties, these acquisitions would be limited to vegetated areas without structures, and would not displace any buildings or residences. Nonetheless, a Community Impact Assessment Scoping Checklist and Technical Memorandum will be prepared to assess impacts on the local community during the temporary construction period phase of the Project. This memorandum will be prepared in accordance with the Caltrans SER and Environmental Handbook Volume 4, and will include information such as parcel numbers and size of acquisitions, property owners, zoning, and replacement housing or potential areas for relocation. An assessment of temporary impacts will include the duration of use for any temporary easements, including size of areas potentially affected by any temporary easements. The memorandum will qualitatively discuss Land Use, Growth, Community Character and Cohesion, Economic Impacts, Relocations and Environmental Justice, and Traffic and Transportation as they relate to Community Impacts. The analysis will address the resources, impacts, and any Project measures to reduce impacts. An electronic copy of the Draft Community Impact Assessment Scoping Checklist and Technical Memorandum will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final Community Impact Assessment Scoping Checklist and Technical Memorandum, based on the comment received.

Assumptions

- Right-of-way mapping will be provided to Rincon by GHD, identifying the location and size of all temporary and permanent acquisitions for the Project.
- Rincon will use publicly available information on the availability of housing in the region. No market analysis will be conducted.
- No quantitative economic analysis will be conducted.

- The Project would not result in significant adverse community effects requiring the preparation of a full Community Impact Assessment. Rincon can prepare a full Community Impact Assessment for an additional fee to be determined on a time-and-materials basis, if required.

Deliverables: *Draft and Final Community Impact Assessment Scoping Checklist and Technical Memorandum (MS Word & PDF)*

Task 7.1.2 - Visual Impact Assessment Memorandum

Rincon will prepare a Scenic Resource Evaluation and Visual Impact Assessment (VIA) in accordance with the Caltrans SER. Rincon will initiate the assessment by completing the Caltrans Questionnaire to Determine VIA Level, to determine the type of VIA required for the Project. The questionnaire will evaluate the degree and breadth of possible visual issues. The questionnaire will be scored in accordance with the VIA Guide, and a recommendation regarding the general level of VIA that should be performed for the Project. For the purposes of this scope of work, it is assumed that the checklist scoring will indicate that a VIA Memorandum will be required. Rincon will conduct field work in the Project area and photo document sensitive and representative views that would be most affected by the Project. Following field work, Rincon will select one Key Observation Point (KOP) for the Project, for which a visual simulation will be prepared. Rincon will coordinate with GHD to obtain GIS and CAD data needed to prepare the visual simulation. Rincon will prepare a concise VIA Memorandum that evaluates Project changes to the visual environment and viewer sensitivity in the Project area. The VIA Memorandum will provide a description of the area of visual effect as well as the visual resources and scenic resources found in the Project corridor. The VIA Memorandum will also provide a description of landscape visual character, landscape visual quality, and Project viewers. The VIA Memorandum will provide a brief narrative detailing visual change based on viewer and viewpoint sensitivity and will characterize the overall visual impact of the Project. If necessary, avoidance, minimization and/or mitigation measures will be identified in coordination with GHD. An electronic copy of the Draft VIA Memorandum will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final VIA Memorandum, based on the comment received.

Assumptions

- *Rincon will subcontract with a landscape architect to be the preparer of record for the VIA Memorandum.*
- *Rincon will subcontract with a teaming partner to prepare one (1) visual simulation from 1 KOP. Additional visual simulations can be prepared at request for an additional cost.*
- *A conceptual landscape plan, if landscaping is proposed, will be provided by GHD.*
- *GHD will provide GIS data showing Project components and CAD models for each of the Project components.*
- *Site and KOP photos will be captured during one, one-day site visit by one Rincon staff.*

Deliverables: *Caltrans Questionnaire to Determine VIA Level and Draft and Final VIA Memorandum (electronic)*

Task 7.1.3 - Archaeological Survey Report, Historical Resources Evaluation Report and Historic Property Survey Report

Rincon will coordinate with Caltrans District 5 Professionally Qualified Staff in the preparation and approval of an Area of Potential Effects (APE) Map, Archaeological Survey Report (ASR), Historic Resources

Evaluation Report (HRER), and Historic Property Survey Report (HPSR), prepared pursuant to the Caltrans SER, Volume 2: Cultural Resources, and following the recommendations of the PEAR.

Area of Potential Effects

Using a Project footprint provided by GHD, Rincon will develop an APE map to Caltrans specifications. Rincon assumes one round of consolidated comments from GHD and Caltrans prior to the finalization of the APE map.

Native American and Local/Historical Group Consultation Assistance

Rincon will contact the Native American Heritage Commission to request a Sacred Lands File search and list of Native American contacts. Rincon will prepare and send Section 106-specific letters to each of the Native American Heritage Commission-listed contacts to request information regarding Native American religious or cultural resources within or immediately adjacent to the APE, and to initiate Section 106 consultation. This does not constitute consultation under Assembly Bill 52 required under CEQA. Rincon will additionally contact individuals and organizations who may have knowledge of or concerns with historic-period cultural resources in the area. Outreach will include inquiries to applicable local government and local historic groups. As many as two telephone calls will be made to each contact to document a "good faith" effort. A table documenting both Native American and local/historical group outreach will be created and attached to the report in an appendix alongside an example letter and all replies.

Archaeological Survey Report

Rincon received the results of a records search from the California Historical Resources Information System at the Northwest Information Center in December 2023, making the previous records search more than one year old. Therefore, Rincon will conduct an updated records search of the California Historical Resources Information System at the Northwest Information Center to determine if any additional cultural resources have been identified, or cultural resource studies have been conducted within the APE since the December 2023 records search. Rincon assumes no additional cultural resources or cultural resource studies will be identified during the updated records search. Rincon will then conduct a pedestrian survey of exposed ground surfaces within the APE. For the purposes of this proposal and cost estimate, Rincon assumes that no archaeological resources will be identified during the survey. Following completion of the updated records search, Native American coordination, and pedestrian survey, a qualified archaeologist will prepare an ASR. If the locations of sensitive archaeological sites or Native American cultural resources or knowledge are depicted or described in the report, it will be considered confidential and may not be distributed to the public.

An electronic copy of the Draft ASR will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final ASR, based on the comment received.

Historical Resources Evaluation Report

Rincon will conduct archival research to ascertain the development history of the APE. Following archival research, a qualified architectural historian will conduct a survey of the APE to identify and document up to one built environment resource within the APE. Rincon assumes that the built environment resource will be recommended not eligible for inclusion in the National Register of Historic Places and California Register of Historical Resources.

An electronic copy of the Draft HRER will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final HRER, based on the comment received.

Historic Property Survey Report

Upon completion of the APE, consultation, ASR, and HRER, Rincon will prepare a short-format Caltrans HPSR. The short-format HPSR is the overarching document that summarizes the results of the cultural resources investigation. An electronic copy of the Draft HPSR will be submitted to GHD, who will send it to the City and Caltrans for review.

In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final HPSR, based on the comment received.

Assumptions

- No additional cultural resources or cultural resource studies will be identified during the updated records search.
- No archaeological resources will be identified during the survey
- Up to one built environment resource will be documented.
- The built environment resource that is documented will be recommended not eligible for inclusion in the National Register of Historic Places and California Register of Historical Resources.

Deliverables: *Draft and Final APE Map (electronic)*

Draft and Final ASR (electronic)

Draft and Final HRER (electronic)

Draft and Final HPSR (electronic)

Task 7.1.4 - Water Quality Memorandum

Rincon will prepare a Water Quality Memorandum for the Project. The scope of work does not include preparation of a full Caltrans Water Quality Assessment Report. The memorandum will include a brief discussion of watersheds, surface receiving waters, groundwater basins, receiving waters conditions and impairments, water quality objectives, beneficial uses, and regulatory requirements. The Project's potential impact on water quality will be evaluated and avoidance and minimization measures necessary to prevent adverse water quality impacts will be identified. The impact analysis will consider existing regulations and proposed Best Management Practices that are applicable to the Project. An electronic copy of the Draft Water Quality Memorandum will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final Water Quality Memorandum, based on the comment received.

Assumptions

- A full Caltrans Water Quality Assessment Report will not be prepared.
- Surface water, floodplain, or groundwater-related graphics will not be required by Caltrans and will not be included in the Memorandum.

- GHD will provide the Preliminary Geotechnical Design Report, Storm Water Data Report for use in preparation of the Water Quality Memorandum.
- GHD will provide information on the disturbed soil area, new and replaced impervious surface area, proposed operational Best Management Practices, existing drainage patterns, change in peak flow, proposed drainage improvements, depth to groundwater, and depth of excavation, if this information is not provided in the Project-specific geotechnical, stormwater, and drainage/hydrology reports.

Deliverables: Draft and Final Water Quality Memorandum (electronic)

Task 7.1.5 - Paleontological Identification Report

Rincon will prepare a Paleontological Identification Report (PIR), as defined by the Caltrans SER. The PIR will identify whether the Project poses a risk to significantly impact paleontological resources, based on the nature of the Project and the geologic setting. The PIR includes reviewing Project plans, geotechnical reports (if available), geologic maps, scientific literature, and online paleontological databases. This PIR will also include a description of the efforts required to mitigate impacts to paleontological resources, if impacts are found to be possible. A windshield survey will not be prepared, given that the Project area is completely disturbed. In the course of preparing the PIR, if it is determined that the Project poses a risk to paleontological resources, then Rincon will prepare a combined Paleontological Identification Report/Paleontological Evaluation Report (PIR/PER), as defined by the Caltrans SER. In addition to the elements of the PIR, explained above, the PIR/PER would include an assessment of whether avoidance of paleontological resources is possible, determination of the significance of the possible paleontological resource using the Caltrans paleontological sensitivity scale, and Caltrans' legal obligations with regards to the paleontological resource. An electronic copy of the Draft PIR or PIR/PER will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final PIR or PIR/PER, based on the comment received.

Assumptions

- No fieldwork and no paleontological records search will be conducted.

Deliverables: Draft and Final PIR or PIR/PER (electronic)

Task 7.1.6 - Initial Site Assessment

Rincon will prepare an Initial Site Assessment (ISA), as defined by the Caltrans SER. The ISA will identify potential or known hazardous materials, hazardous waste, and contamination that may be encountered within the Project. According to Caltrans, the industry standard for preparing an ISA is found in the ASTM International (ASTM) Standard E1527-13 “Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process.” The ASTM E1527-13 standard was revised and replaced with the ASTM E1527-21 standard in 2021. Therefore, Rincon’s scope of work for the ISA will comply with the 2013 and 2021 ASTM E1527 standards. The scope of the ISA will include the following: • Review of regulatory and historical sources of information, potentially including aerial photographs, fire insurance maps, building department records, chain of title documents, land use records, and government records, such as regulatory reports for both the Project site and nearby or adjoining properties; • Visual inspection of the Project site and of adjoining properties; • Interviews with past and present owners, operators, occupants, and Caltrans; and • Documentation of research, observations, and results of the environmental inquiry in a written report that specifically identifies whether the Project site will require an invasive site investigation. An electronic copy of the Draft ISA will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-

line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final ISA, based on the comment received.

Assumptions

- One ISA report will be prepared.
- GHD will transmit interview questionnaires to the current site owners or designated representatives of the site owner, and/or operators/occupants (as identified by Client), on behalf of Rincon.
- GHD will return one completed owner and user questionnaires within two weeks of authorization.
- Environmental lien and title reports will not be provided or included as part of ISA.
- Adjacent property owner interviews will not be conducted.
- If additional technical analysis is required beyond what is included, a separate scope and fee will be prepared.

Deliverables: Draft and Final ISA (electronic)

Task 7.1.7 - Air Quality Memorandum and Conformity Checklist

Rincon will prepare an Air Quality Memorandum and Conformity Checklist. The scope of work does not include preparation of a formal Caltrans Air Quality Report because the Project site is located in an area designated attainment/unclassified for all current National Ambient Air Quality Standards and conformity requirements do not apply. The Memorandum will include a brief Project Description, a regulatory background on conformity requirements, and an explanation of why a conformity analysis is not needed for the Project. A Transportation Air Quality Conformity Findings Checklist will also be prepared. This Checklist requires filling out the first step of the Checklist, and skipping the rest due to the NCCAB being in attainment for all pollutants. An electronic copy of the Draft Air Quality Memorandum and Conformity Checklist will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final Air Quality Memorandum and Conformity Checklist, based on the comment received.

Assumptions

- A formal Caltrans Air Quality Report will not be prepared.

Deliverables: Draft and Final Air Quality Memorandum and Conformity Checklist Memorandum (electronic)

Task 7.1.8 - Construction Noise Memorandum

Rincon will prepare a Construction Noise Memorandum pursuant to Caltrans guidance. The Project is not considered a "roadway capacity increasing project"; therefore, it is not anticipated to meet the criteria of a Type 1 project, as defined in the Traffic Noise Analysis Protocol. A Caltrans-format Noise Study Report is not required. For construction noise activities, the Project is required to conform to the provisions identified in Section 14-8.02, "Noise Control," of the Standard Specifications and Special Provisions (SSP 14- 8.02). Pursuant to Caltrans guidance, a noise technical memorandum is warranted for projects that are not Type I, but where adverse construction noise is possible. Because construction noise may affect nearby residences in the area, a Caltrans-compliant Noise Technical Memorandum will be completed to qualitatively analyze the Project's construction noise through compliance with Section 14-8.02, "Noise Control," of the Standard Specifications and Special Provisions (SSP 14- 8.02). The memorandum will also include further discussion on the Project not being a Type I project and why the Project does not require a formal noise study. An

electronic copy of the Draft Construction Noise Memorandum will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final Construction Noise Memorandum, based on the comment received.

Assumptions

- A Caltrans-format Noise Study Report will not be prepared.

Deliverables: Draft and Final Construction Noise Memorandum (electronic)

Task 7.1.9 - Energy and Climate Change Memorandum

Rincon will prepare a technical memorandum that evaluates the effects of the Project related to energy, greenhouse gas (GHG) emissions, and climate change by using the Climate Change Annotated Outline for a non-capacity increasing project, consistent with Caltrans SER guidelines. The GHG emissions analysis will discuss the State and local GHG emissions regulatory background and applicable Monterey Bay Air Resources District and Caltrans thresholds of significance, in conformance with Caltrans SER guidelines, Volume 1, Chapter 13 – Energy, and guidance for GHG and Climate Change.

Construction GHG emissions will be calculated using the California Emissions Estimator Model (CalEEMod). Because the Project will not increase vehicle miles travelled and would improve traffic flow, operational GHG emissions are expected to not increase with the Project and will be discussed qualitatively. The Energy and Climate Change Memorandum will also analyze the Project's potential to result in potentially significant environmental impacts due to wasteful, inefficient, or unnecessary consumption of energy resources or to conflict with or obstruct a state or local plan for renewable energy or energy efficiency. In support of this analysis, energy use will be quantified using in-house calculation spreadsheets based on data provided by the CalEEMod calculations for the GHG emissions analysis. The analysis will also qualitatively evaluate the Project's consistency with applicable energy plans.

An electronic copy of the Draft Energy and Climate Change Memorandum will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final Energy and Climate Change Memorandum, based on the comment received.

Deliverables: Draft and Final Energy and Climate Change Memorandum (electronic)

Task 7.1.10 - Natural Environment Study Minimal Impact

Rincon will prepare a Natural Environment Study (NES) in conformance with the Caltrans SER. The NES will utilize the most recent Caltrans NES template. Due to the conditions at the site, it is anticipated that the NES will be a "Minimum Impact (MI)" document. Rincon will review existing reports, Project Plans, aerial imagery and site photographs, and agency databases (i.e., California Department of Fish and Wildlife, California Natural Diversity Database and U.S. Fish and Wildlife Service, Information for Planning and Consultation database), the National Wetlands Inventory, and available technical reports. After completing the background review, a Rincon biologist will conduct a site visit to document the site's existing conditions and potential to support special status species and other sensitive biological resources. Any sensitive resources identified

during the site visit will be recorded. This scope of work assumes the field assessment will cover the Project site, including staging, ingress and egress, as well as up to a 50-foot buffer. Rincon will then prepare a NES-MI describing the methods and results of the literature and database review, vegetation mapping, and field assessment, including a figure depicting vegetation communities, habitat types and other biological features observed during the field reconnaissance survey. The NES-MI will include discussion of regionally occurring special status species that may occur within the Project site. The NES-MI will consider both temporary and permanent impacts to sensitive natural communities and special status species, including migratory birds and species protected by the state and federal Endangered Species Acts and will provide simple avoidance and minimization measures depending upon the resource. The NES-MI will also address, as applicable, invasive species (Executive Order 13112), the protection of wetlands (Executive Order 11990), and floodplain management (Executive Order 11988), and other applicable laws and regulations. An electronic copy of the Draft NES-MI will be submitted to GHD, who will send it to the City and Caltrans for review. In this scope of work, Rincon assumes that GHD and the City will provide a consolidated set of comments in the form of red-line strike out and comment bubbles in Microsoft Word. Rincon will revise the document and prepare a Final NES-MI, based on the comment received.

Deliverables: Draft and Final NES-MI (electronic)

7.2 - CEQA IS-MND

Task 7.2.1 - Kickoff Meeting

Rincon will schedule a brief kickoff meeting upon notice to proceed, held via conference call. The purpose of the meeting will be to allow GHD, the City, and Rincon to discuss the CEQA process and timeline for IS-MND completion.

Task 7.2.2 - Administrative Draft IS-MND

Rincon will prepare an Administrative Draft IS-MND for review by GHD and the City. The Administrative Draft IS-MND will address all items on the environmental checklist at a sufficient level of detail to allow for the determination of levels of significance. The IS-MND analysis will include relevant discussion of the project's consistency with the City of Pacific Grove General Plan, Association of Monterey Bay Area Governments' Metropolitan Transportation Plan/Sustainable Communities Strategy, and other relevant plans and regulations. The analysis will rely on desktop analysis and review of existing technical reports prepared for the PEAR including the following:

- Visual Technical Memorandum
- Historic Property Survey Report, which includes an Archaeological Survey Report and Historic Resources Evaluation Report
- Water Quality Memorandum
- Geotechnical Study
- Paleontological Identification Report
- Preliminary Site Investigation
- Natural Environmental Study Minimal Impact
- Caltrans Noise Memorandum

Rincon assumes that GHD and the City will have reviewed all technical reports and accepted the report findings prior to beginning work on the IS-MND. These reports will be incorporated into the IS-MND. Key issues are anticipated to include Aesthetics, Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Greenhouse Gas (GHG) Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Noise, Transportation, and Tribal Cultural Resources. The analytical approach to each of these key issue areas are described briefly below.

- **Aesthetics –** The aesthetics analysis will include relevant discussion of the Pacific Grove General Plan regulations governing scenic quality. The analysis will be based on existing site photographs and the Visual Technical Memorandum. This segment of SR 68 is not classified as a scenic highway by Caltrans but is listed as eligible. This IS-MND section will discuss the potential for the proposed project to substantially damage scenic resources within a state scenic highway or substantially degrade the existing visual character of the site or surroundings.

- **Air Quality, Energy, and Greenhouse Gas Emissions –** To address impacts associated with air pollutant, energy, and GHG emissions, Rincon will consider both temporary construction and long-term operational emissions. The analysis will include the following tasks:

    - Summarize the existing air quality conditions in the air basin using data for nearby air monitoring stations available from the California Air Resources Board and the Monterey Bay Air Resources District.

    - Characterize the state of the climate and relevant federal, State, and local climate change regulations. Identify the GHGs of primary concern.

    - Summarize the federal, State, and local standards and regulatory review requirements pertinent to air quality, energy, and GHG emissions.

    - Use the California Emissions Estimator Model completed as part of the Energy and Climate Change Memorandum to determine project air quality emissions.

    - Evaluate the significance of air quality and GHG emissions impacts based on the thresholds defined by the Monterey Bay Air Resources District.

    - Evaluate the potential for the project to cause odor impacts to off-site uses.

    - Qualitatively assess localized health risk from construction and operational activities

    - Determine the project's compliance with local air quality plans.

    - Based upon the findings of the Energy and Climate Change Memorandum, analyze the project's potential to result in potentially significant environmental impacts due to wasteful, inefficient, or unnecessary consumption of energy resources or to conflict with or obstruct a state or local plan for renewable energy or energy efficiency.

    - Energy use will be quantified using the calculations provided in the Energy and Climate Change Memorandum.

    - Provide mitigation measures for identified potentially significant air quality, energy, and GHG impacts.

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The findings of the air quality, energy, and GHG emissions analysis will be summarized in the respective IS-MND sections that document the methodology and results of air pollutant, energy, and GHG emissions modelling. An appendix with technical modelling data will be included.

- **Biological Resources –** The proposed project has the potential to impact biological resources. Accordingly, Rincon will utilize the findings of the Natural Environment Study which includes a review of existing reports, project plans, aerial imagery and site photographs, and agency databases, the National Wetlands Inventory, and available technical reports.

- **Cultural Resources –** Previously unrecorded archaeological resources and built environment resources may have the potential to be affected by the project. Rincon will incorporate the findings of the Historic Property Survey Report, which includes an Archaeological Survey Report and Historic Resources Evaluation Report, into the cultural resources section of the IS-MND.

- **Geology and Soils –** The project area is susceptible to ground shaking during an earthquake and onsite soils may also present innate risks, such as shrink-swell and liquefaction potentials. Accordingly, the IS-MND will evaluate the project's potential soil limitations and amenability to supporting the proposed project, and to address any potential issues related to seismic conditions. The IS-MND will rely on the findings of the Geotechnical Report. The proposed project area is located within an area with the potential to contain paleontologically sensitive geologic units. The IS-MND will rely on the Paleontological Identification Report prepared for the PEAR to determine whether the project has the potential to significantly impact paleontological resources.

- **Hazards and Hazardous Materials –** The area surrounding the proposed project is developed with residential, commercial, and educational land uses. Sources of hazardous materials may be identified as part of the Caltrans Initial Site Assessment which would identify potential or known hazardous materials, hazardous waste, and contamination. Rincon will rely on the findings of the Initial Site Assessment to inform the IS-MND analysis. Additionally, Rincon will conduct a desktop review of relevant databases to inform if the project would have potential to impact hazards.

- **Hydrology and Water Quality –** The project could result in potential impacts to water quality as a result of construction site run-off and accidental spills of hazardous material such as petroleum. The IS-MND will incorporate the findings of the Water Quality Memorandum.

- **Noise –** The noise analysis will be conducted in accordance with City of Pacific Grove guidelines, standards, and ordinances. The noise analysis will include the following tasks:

    - Conduct noise measurements to document the ambient noise environment. The survey will consist of up to two (2) short-term (15-minute) noise measurements.

    - Conduct an analysis of construction activities to assess noise and vibration levels at nearby sensitive receptors based on equipment types and operations provided by the client.

    - Qualitatively discuss operational noise from the project.

    - As necessary, the analysis will recommend applicable mitigation measures for significant impacts.

The findings of the noise analysis will be summarized in the noise IS-MND section that documents the methodology and results of noise modelling and impacts. An appendix with technical modelling data will be included.

- **Transportation –** The project area would alter travel modes along Sunset Drive and SR 68 through resolution of pedestrian and bicyclist conflicts by improvements to sidewalks, as well as the installation of a roundabout. However, as outlined within the Governor's Office of Land Use and Climate Innovation (LCI; formerly Office of Planning and Research) Technical Advisory on Evaluating Transportation Impacts in CEQA,1, the installation of roundabouts or traffic circles are not likely lead to a substantial or measurable increase in vehicle travel, and therefore generally should not require an induced travel analysis. Additionally, active transportation projects generally reduce VMT and therefore are presumed to cause a less-than-significant impact on transportation. Accordingly, Rincon will prepare a qualitative assessment of transportation impacts and will incorporate the findings of the PEAR to determine impacts of the proposed project on transportation and discuss the project's consistency with existing plans.

- **Tribal Cultural Resources –** Rincon will review the results of the AB 52 consultation efforts and provide a summary of those efforts in the Tribal Cultural Resources section of the IS-MND. Rincon assumes that the AB 52 results will be provided by the City and that no effort will be required of Rincon to complete AB 52 consultation.

Remaining issues will be addressed briefly in the Initial Study checklist. This scope of work assumes a low level of detail for remaining issue areas, with no other impacts requiring mitigation.

Task 7.2.3 - Public Review Draft IS-MND

Rincon will respond to one round of GHD/City comments on the Administrative Draft IS-MND and prepare the Public Draft IS-MND. We assume comments on the Administrative Draft will be provided in a consolidated, electronic, and editable format and will not be substantive or require additional analysis. Revisions will be provided in Microsoft Word utilizing the track-changes function. Rincon will make final revisions and prepare the Draft IS-MND for public circulation.

Rincon will prepare and assist with the online distribution of the Notice of Intent (NOI) to adopt an IS-MND. The City will be responsible for publishing the NOI in a local newspaper. Rincon will provide one electronic (PDF) copy of the Public Review Draft IS-MND for posting on the City's website and the NOI. Rincon will file all noticing needed by State Clearinghouse/LCI through their CEQA Submit online portal. This scope of work assumes Rincon will handle State Clearinghouse/LCI noticing only. The City will handle all noticing not related to State Clearinghouse/LCI, including filing with the County Clerk or other non-state agencies and all required public noticing.

Task 7.2.4 - Response to Comments, Final IS-MND, and MMRP

Upon receipt of public comments on the Draft IS-MND, Rincon will prepare draft responses to comments for review by the City and GHD. Based on similar project types and previous work within and around the City of Pacific Grove, Rincon assumes engaged community input during the public review process. Accordingly, this scope of work assumes up to 12 comment letters will be received including 10 brief comment letters (under five pages) and 2 lengthy comment letters. It is assumed that these comment letters can be adequately responded to in a maximum of 60 professional staff hours. The actual level of effort required to respond will depend on the length, detail, and sophistication of the comments, in addition to the number of letters received. We reserve the right to reevaluate the effort level and request a scope amendment upon close of the public comment period.

[1] Governor's Office of Land Use and Climate Innovation (formerly OPR). 2018. OPR Technical Advisory on Evaluating Transportation Impacts in CEQA. https://lci.ca.gov/docs/20190122-743_Technical_Advisory.pdf

The draft responses to comments will be submitted to the City electronically and Rincon will address one round of consolidated comments and prepare the Final IS-MND. Rincon will provide electronic versions (PDF and Microsoft Word) of the Final IS-MND to the City.

Rincon will also prepare a mitigation monitoring and reporting program (MMRP) in accordance with the City's requirements. The MMRP will take the form of a detailed table that compiles all of the mitigation measures, as well as information necessary to monitor compliance with each measure. The MMRP will be submitted digitally (PDF and Microsoft Word).

Task 7.2.5 - CEQA Project Management

This task includes management and coordination through the duration of the project, including coordination with the GHD and internal project team; project oversight; budget and schedule management; and project accounting including billing and accounts receivable efforts. Additionally, this task assumes attendance of one Rincon staff member at one monthly meeting to discuss the project with GHD and/or the City. This scope of work assumes that each meeting would last one hour, and estimates one hour of professional time per meeting, totalling 16 hours for monthly meetings over the project duration or 16 months. Should the project extend beyond 16 months, more than one meeting be required per month, or if additional Rincon staff attendance should be required, Rincon reserves the right to reevaluate the effort level and request a scope amendment.

Assumptions

- Rincon will address one round of consolidated comments from GHD/ the City on each deliverable, to be provided as tracked changes in Word. Any additional revisions will be completed on a time and materials basis in accordance with our standard fee schedule (attached). If there are multiple reviewers between GHD and the City, GHD will be responsible for reconciling conflicting comments prior to sending to Rincon.
- Comments from GHD/the City will be in an editable electronic format and focus on new content in each deliverable. Addressing comments will not require substantial new analysis or field investigation.
- No archaeological resources requiring documentation will be identified as a result of analysis. Should resources be identified, work associated with their documentation and assessment may be done under a cost amendment.
- The City will conduct AB 52 Tribal Consultation in support of the project and will not require Rincon assistance. Should assistance be needed, it may be provided as an additional service for an additional cost.
- This scope of work does not include attendance at public meetings or other in-person meetings. However, should these be required, these can be added under a cost amendment.
- Work on the IS-MND will commence only after the Technical Studies have been completed and approved by both the City and Caltrans.

Task 8 – Storm Drain Analysis

Task 8.1 - SWDR – Long Form

A storm water data report (SWDR) will be prepared commensurate with the level of information and detail required for a DEER as identified in Caltrans PDPM for approval by Caltrans. The evaluation will focus on determining if there will be any significant impacts to the project alternative, right of way needs, or project costs due to the need to incorporate treatment best management practices (BMPs) for compliance with stormwater requirements. The Evaluation Documentation Form provided in Appendix E of Caltrans Storm Water Quality Handbooks: Project Planning and Design Guide will be used to document the need to incorporate treatment BMPs for this project. The SWDR will summarize the stormwater quality issues, and planning decisions made regarding how the project will comply with the Caltrans NPDES permit and follow the SWDR-Long Form Template.

Assumptions:

- Sizing of BMPs for water quality or volume, etc. will be completed at a later phase.

Deliverables: Storm Water Data Report – Long Form (SWDR – Long Form, draft and final)

Task 9 – Right-of-Way Services

The impacted parcels are a mix of residential, school and commercial uses. GHD will prepare preliminary right of way needs exhibits for the single build alternative to support right-of-way data sheet development.

GHD's subconsultant, Monument, understands that the Project requires the preparation of a Caltrans Right-of-Way Data Sheet to document updated right-of-way requirements and estimated right-of-way acquisition costs.

All services will be performed in accordance with all applicable statutory and regulatory requirements, including: the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24), as amended; the Caltrans Right-of-Way Manual, the Real Property Acquisition Guidelines (Title 25, California Code of Regulations); and the City's own policies and procedures.

Task 9.1 - RWDS

Monument will coordinate with the City and the City's engineering consultant (Design Team) to confirm right-of-way acquisitions resulting from the proposed design. Additionally, Monument will provide information about existing conditions including ownership, land use, and any existing rights or encumbrances known to exist on the affected properties. The specific steps Monument will take to determine impacts and estimate costs are as follows:

- Coordinate with the Design Team to confirm new property and rights required to construct the project.
- Use publicly available data, aerial imagery, and other real estate resources to confirm ownership, land use, zoning, lot size, and improvements for each affected property.
- Determine the size and location of permanent and temporary rights required based on information provided by the Design Team.
- Perform a desktop inspection of properties to confirm the probable acquisition type and confirm whether any consequential acquisitions or damages could result.
- Estimate the total capital cost of acquisition for all affected parcels including permanent and temporary easement costs, severance damages (if applicable) and other applicable fees.

- Estimate the total support cost for all parcels including appraisal fees, title and escrow fees, hazardous material investigations costs, and acquisition/negotiation costs.
- Incorporate estimated utility protection/relocation costs provided by the Design Team or others.
- Escalate costs to anticipated right of way acquisition date.
- Prepare a draft Caltrans Right of Way Data Sheet using Caltrans Exhibit 17-EX-21 (Right of Way Data Sheet for Local Public Agencies)
- Update the RWDS based on comments from the Design Team and submit a final Draft RWDS to the City.
- Respond to comments from the City and Caltrans R/W as necessary, and make the necessary updates to the Data Sheets

Deliverables: Right of Way Data Sheet (RWDS, draft and final)

Task 10 – Caltrans Approval Documents

Task 10.1 - Design Engineering Evaluation Report (DEER)

GHD will prepare a DEER, per guidelines in Appendix I of the Caltrans Project Development Procedures Manual that documents the engineering analysis of the proposed improvements. The analysis will include review of the proposed improvements to determine drainage (SWDR), maintenance, operation, and environmental impacts. The approved DEER will provide agreement on the geometric layout, scope of improvements, schedule and estimated cost of the project. The 30% PS&E submittal shall be utilized as an attachment to the DEER to document the basis of design. The format of the DEER will follow the template in Appendix I or as provided by District 5.

Deliverables: Design Engineering Evaluation Report (DEER, draft and final)

Task 10.2 - Non-Standard Design Features

The geometries of the proposed roundabout and Sunset corridor will be checked for nonstandard design features and geometric refinements will be investigated to assess if any can be eliminated. A list of both BOLD faced and underlined design features that cannot be mitigated will be identified in a Design Standards Decision Document (DSDD) to be submitted to Caltrans for review, comment and approval.

Additionally, GHD will complete the DIB 78-04 Design Checklist and will prepare nonstandard feature exhibits to include with the DSDD.

Deliverables: Design Standards Decision Document (DSDD, draft and final)

DIB 78-04 Checklist (draft and final)

Nonstandard Feature Exhibits (draft and final)

Task 10.3 - 11-page Estimate

A refined 11-page estimate will be compiled utilizing the standard Caltrans template in support of the DEER. Unit costs will be based on both recent City bids and the Caltrans cost database. The estimate will be appropriate for the 30% concept level design plans/GED prepared for the project, with suitable contingency

for the level of design detail.

Deliverables: 11-page Estimate Template (draft and final .XLSX and PDF)

Assumptions

- A Cooperative Agreement will be completed by the City with Caltrans and minimal support required from GHD.
- Concurrent City and Caltrans reviews will be completed for all submittals.
- Unless stated specifically otherwise, all reviews and processing time on all submittals is assumed to be 6 weeks. If agency processing exceeds this estimate, additional budget may be required.
- Unless stated specifically otherwise, all reports will be limited to one draft and one final version.
- Assessor's parcel maps, as-built drawings from current and former property owners, and any draft improvement plans showing the subject property, stationing, and project limits will be provided by the City/Caltrans/TAMC.
- Only one rendering is provided in this scope of the preferred Build Alternative in support of Public and Stakeholder Outreach.
- Surface and grading work will not begin until PS&E.
- Life Cycle Cost Analysis, pavement overlay, deflection testing, or pavement smoothness studies are not included in this scope.
- Geotechnical and Materials (borings and field investigation) work will not begin until PS&E.
- Utility records to be imported are in 2-dimensional format only. No 3-dimensional drawings or pipe networks are to be prepared.
- Utility relocation design is not included and will be completed by the utility owner.
- ~~Long Form SWDR is required once project moves into PS&E.~~
- Project will utilize published State Plane NAD 83 horizontal control and NAVD 1988 vertical control.
- Underground utility location, including utility potholing will not begin until PS&E.
- Right of Way Engineering, including preparation of Acquisition Plats or Appraisal Maps; Filing of Record of Survey for monumentation or resetting missing property corners; Preparation of Plats and Legal Descriptions; Staking or Layout of proposed improvements will not begin until PS&E.
- Final PEAR may vary from the draft, which is basis for the proposed scope of work. Other studies or documents can be added via contract amendment, should they be required.
- Environmental technical studies and memoranda will not include an analysis of alternatives to the Project.
- For each Technical Study and Memorandum, this scope of work assumes one round of review from the City and Caltrans. This scope of work also assumes that for each Technical Study or Memorandum, comments will be provided to GHD in one consolidated document.
- GHD assumes revisions based on comments, for all Technical Studies and Memoranda, will be minor and will not require substantive changes.
- Hard copies, ADA Accessible, or 508 Compliant documents will not be provided.
- GHD will address one round of consolidated comments from each deliverable, to be provided as tracked changes in Word. If there are multiple reviewers between Caltrans and the City, the City will be responsible for reconciling conflicting comments prior to sending to GHD.
- Comments from Caltrans/City will be in an editable electronic format and focus on new content in each deliverable. Addressing comments will not require substantial new analysis or field investigation.

- No archaeological resources requiring documentation will be identified. Should resources be identified, work associated with their documentation and assessment may be done under a cost amendment.
- The City will conduct AB 52 Tribal Consultation in support of the project and will not require assistance from the GHD team. Should assistance be needed, it may be provided as an additional service for an additional cost.
- This scope of work does not include attendance at public meetings or other in-person meetings. However, should these be required, these can be added under a cost amendment.
- Work on the IS-MND will commence only after the Technical Studies have been completed and approved by both the City and Caltrans.
- The DEER being prepared is for project initiation and approval, including the environmental documentation phase. PS&E and R/W phases will be completed at a later time. It may be the case that the DEER report cannot be finalized and will remain in draft form until such time as PS&E and R/W are completed and the project is ready to apply for an encroachment permit to complete construction.

DRAFT

AMENDMENT #1 TO THE REGIONAL FUNDING AGREEMENT
FOR THE PRE-CONSTRUCTION PHASE OF THE
CONGRESS, CEDAR, AND SUNSET INTERSECTION SAFETY IMPROVEMENT PROJECT
BETWEEN THE TRANSPORTATION AGENCY FOR MONTEREY COUNTY
AND
THE CITY OF PACIFIC GROVE

THIS AMENDMENT NO. 1 to the agreement dated October 19, 2022 between the Transportation Agency for Monterey County, hereinafter referred to as "TAMC," and the City of Pacific Grove, hereinafter referred to as "Sponsor," is hereby entered into between TAMC and the Sponsor.

R E C I T A L S :

A. **WHEREAS**, TAMC and Sponsor entered into a Measure X regional funding agreement on October 19, 2022, hereinafter referred to as "Agreement;" and

B. **WHEREAS**, the Sponsor entered into a consultant agreement with GHD at their July 5, 2023 Council meeting to complete a Project Initiation Document for the Congress, Cedar, and Sunset Intersection Safety Improvement Project; and

C. **WHEREAS,** the Sponsor requested, and Caltrans authorized, the use of the Design Engineering Evaluation Report (DEER), which combines the Project Initiation Document with the Project Approval & Environmental Document; and

D. **WHEREAS,** the Sponsor is requesting an additional $137,961 of Measure X funds dedicated to the State Route 68 Holman Highway project to fully-fund the DEER effort; and

E. **WHEREAS,** TAMC and Sponsor desire to amend the Agreement to increase the not-to-exceed amount by $137,961 to fully-fund the project phase using funds that TAMC is authorized to program.

NOW, THEREFORE, the parties agree to amend the Agreement as follows:

1. **FUNDING SUMMARY**

The Funding Summary table included in Exhibit C is hereby replaced with the Funding Summary table included in Exhibit C-1, dated October 22, 2025.

2. **REMAINDER OF TERMS UNCHANGED**

All other terms of the Agreement remain in full effect.

An executed copy of this Amendment No. 1 shall be attached to the Agreement and shall be incorporated as if fully set forth therein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement.

CITY OF PACIFIC GROVE	TAMC
By: _____	By: _____
Name/Title	Todd Muck Executive Director
Dated: _____	Dated: _____

Approved as to form:

By: _____	By: _____
Name City Attorney, Pacific Grove	Shane Strong TAMC Counsel
Dated: _____	Dated: _____

EXHIBIT C-1 - FUNDING SUMMARY
October 22, 2025

Project Phase	Fund Source	Fiscal Year	Amount	Reimbursable Under this Agreement	Funding Secured?
PID & PA&ED	Measure X	2022/23	$1,000,000	Yes	Yes
Amendment #1					
PID & PA&ED	Measure X	2025/26	$137,961		
Total Reimbursable Amount:			$1,137,961		

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Anna Bornstein, Associate Planner

MEETING DATE: November 19, 2025

SUBJECT: Architectural Review Board Meeting Minutes: October 14, 2025.

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

RECOMMENDATION

Receive the minutes.

Attachments

ARB Minutes 10.14.2025

NOTICE OF MEETING

CITY OF PACIFIC GROVE

ARCHITECTURAL REVIEW BOARD MEETING MINUTES

REGULAR MEETING AGENDA

Tuesday, October 14, 2025, 3:00 P.M.

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

AGENDA

1. **CALL TO ORDER & ROLL CALL**
Chair Brooks called the meeting to order at 3:00 pm. Also present in the chamber: Secretary Huff, Vice Chair Byrne, and Member Sublett
ABSENT: Member Boyle

2. **APPROVAL OF THE AGENDA**
ACTION: Upon a motion by Vice Chair Byrne and seconded by Secretary Huff, the Board voted to approve the agenda.

Motion carried 4-0-1, by the following roll call vote:

AYES: Chair Brooks, Vice Chair Byrne, Secretary Huff, Member Sublett
NOES: None
ABSENT: Member Boyle

3. **BOARD AND STAFF ANNOUNCEMENTS (City-Related Items Only)**
Staff made announcements.

4. **COUNCIL LIAISON ANNOUNCEMENTS**
None

5. **GENERAL PUBLIC COMMENT**
None.

A. Written General Public Comment
None

CONSENT AGENDA

6. REPORTS FOR INFORMATION ONLY
None

7. REPORTS REQUIRING ACTION
None

A. Minutes of September 9, 2025, Architectural Review Board Regular Meeting.

Reference: Anna Bornstein, Associate Planner

Recommended Action: Approve the minutes of the September 9, 2025, Regular Meeting of the Architectural Review Board.

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

ACTION: Upon a motion by Secretary Huff, seconded by Vice Chair Byrne, the Board voted to approve the Consent Agenda

Motion carried 4-0-1, by the following roll call vote:

AYES: Chair Brooks, Vice Chair Byrne, Secretary Huff, Member Sublett
NOES: None
ABSENT: Member Boyle

REGULAR AGENDA

8. **PUBLIC HEARINGS**

A. Architectural Permit (AP) 25-0149 for 835 Bayview Avenue (APN 006-133-007-000)

Zoning District/General Plan Designation: R-1/ Medium Density Residential (7.3 du/ac)

Coastal Zone: No

Historic Resources Inventory: No

CEQA: Categorical Exemption, CEQA Guidelines Section 15301, Class I, Existing Facilities

Recommended Action: Approve Architectural Permit 25-0149 subject to the recommended findings, conditions of approval, and Class 1 Categorical Exemption (CEQA Guidelines Section 15301, Existing Facilities).

Reference: Anna Bornstein, Associate Planner

Vice Chair Byrne announced ex-parte communications with the project architect regarding the roof eaves.

Anna Bornstein, Associate Planner, provided the staff presentation.

The applicant presentation was provided by architect Jerry Case.

Bill Kempe provided public comments.

ACTION: Upon a motion by Vice Chair Byrne, seconded by Secretary Huff, the Board voted to approve Architectural Permit (AP) 25-0149, subject to the recommended findings and conditions of approval, and Class 1 Categorical Exemption (CEQA Guidelines Section 15301, Existing Facilities) as amended to include a condition of approval requiring the Building Official to verify the fire safety of the ADU's outdoor fireplace and neighboring trees and vegetation.

Motion carried 4-0-1, by the following roll call vote:

AYES: Chair Brooks, Vice Chair Byrne, Secretary Huff, Member Sublett
NOES: None
ABSENT: Member Boyle

9. **CONTINUED AND ONGOING BUSINESS**
None

10. **NEW BUSINESS**
None

11. **PRESENTATIONS**
None

12. **NEXT MEETING - Special Meeting on Wednesday, November 12, 2025, at 3:00 p.m.**

13. **ADJOURNMENT** – 3:18 pm

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Rachel Gaither, Library Director

MEETING DATE: November 19, 2025

SUBJECT: Library Board Regular Meeting Minutes: September 2, 2025

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

RECOMMENDATION

Receive the minutes.

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Katie Clark, Recreation Program Manager

MEETING DATE: November 19, 2025

SUBJECT: Recreation Board Minutes: February 27, March 27, and April 34, 2025

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

RECOMMENDATION

Receive the minutes.

Attachments

Recreation Board Minutes February 27, 2025

Recreation Board Minutes March 27, 2025

Recreation Board Minutes April 24, 2025

MEETING MINUTES

CITY OF PACIFIC GROVE

RECREATION BOARD

REGULAR MEETING AGENDA

Thursday, February 27, 2025, 4:00 P.M.
Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:
https://www.cityofpacificgrove.org/Zoom_RB

AGENDA

1. **CALL TO ORDER**
Vice Chair Tulley called the meeting to order at 4:02 pm. Recreation Manager, Katie Clark conducted roll call with the following members present in person: Vice Chair Tulley, Sandra Lehman, Roger O'Sullivan, Alex White. Member Ashley Gamble was absent.

2. **APPROVAL OF AGENDA**

Action: Upon motion by Vice Chair Tulley and seconded by Sandra Lehman, the Recreation Board voted 4-0-1 to approve the agenda with one amendment, moving item 7B to the end of the meeting.

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

Recreation Manager, Katie Clark provided recreation department program announcements. There were no announcements from the Recreation Board.

4. **COUNCIL LIAISON ANNOUNCEMENTS**

Council Member Amelio provided updates from City Council.

5. **GENERAL PUBLIC COMMENT**

General public comment was received from Inge Lorentzen Daumer.

A. Written General Public Comment

6. APPROVAL OF THE MINUTES

A. Recreation Board Draft Minutes January 23, 2025

Action: Upon motion by Vice Chair Tulley and seconded by Sandra Lehman the Recreation Board voted 4-0-1, with Member Gamble absent, to approve the minutes.

7. REGULAR AGENDA

A. Election of Officers

Action: By way of nomination, Jay Tulley was elected Chair for the Recreation Board.

Motion carried 4-0-1 with the following roll call vote:

AYES: Member White, Vice Chair Tulley, Members Lehman and O'Sullivan

NOES: None

ABSENT: Member Gamble

Action: By way of nomination, Ashley Gamble was elected Vice Chair for the Recreation Board. Motion carried 4-0-1 with the following roll call vote:

AYES: Member White, Chair Tulley, Members Lehman and O'Sullivan

NOES: None

ABSENT: Member Gamble

B. Recreation Board Input on City Council Goal Setting*

*This item was heard after item E at the end of the meeting

Action: Upon motion by Member White and seconded by Member Lehman, the Recreation Board voted 4-0-1, with Member Gamble absent, to recommend the following 3 goals to City Council for the City Council Goal Setting Process:

1. Recreation Needs Assessment
2. Increase recreation programs for adults
3. Parks and open space plan

C. Parks and Recreation Day 2025

Action: Upon motion by Chair Tulley and seconded by Member O'Sullivan, the Recreation Board voted 4-0-1, with Member Gamble absent, to approve itinerary and direct the Recreation Board Chair to prepare a recommendation with the Council Liaison for a future City Council agenda item.

DD. Needs Assessment Survey

Action: Upon motion by Member Lehman and seconded by Member white, the Recreation Board voted 4-0-1, with Member Gamble absent, to ask City Council to direct staff to help them start the process of a new needs assessment survey with the goal of having it ready in six months.

E. PGUSD & Pacific Grove Joint Use Agreement Review

Action: No action taken

ADJOURNMENT

Recreation Board adjourned the meeting at 6:03 pm

Respectfully Submitted,

Katie Clark

Recreation Program Manager

Meeting Minutes

City of Pacific Grove
RECREATION BOARD
REGULAR MEETING AGENDA

Thursday, March 27, 2025, 4:00 P.M.
Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:
https://www.cityofpacificgrove.org/Zoom_RB

AGENDA

1. **CALL TO ORDER**

Chair Tulley called the meeting to order at 4:07 pm. Chair Tully conducted roll-call with the following members present in person: White, Gamble, Chair Tulley, Lehman, O'Sullivan. Councilmember Amelio was not present.

2. **APPROVAL OF AGENDA**
Action: Upon motion by Member Gamble and seconded by Member White, the Recreation Board voted 5-0 to approve the agenda without minutes for item 6A.

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

Board – Chair Tulley provided announcements from the Recreation Board

Staff – Recreation Manager, Katie Clark provided announcements for the Recreation Department

4. **COUNCIL LIAISON ANNOUNCEMENTS**

Council Liaison – No announcements were made

5. **GENERAL PUBLIC COMMENT**
No public comment was received.

A. Written General Public Comment

6. APPROVAL OF THE MINUTES

Action: No action taken

7. **REGULAR AGENDA**

A. Basketball League Report

No public comment received

Action: Received report

B. Needs Assessment Discussion

No public comment received

Action: Upon motion by Chair Tulley and seconded by Member Gamble, the Recreation Board voted 5-0 to form a subcommittee comprised of Members Lehman and White.

9. **ADJOURNMENT**

Recreation Board adjourned the meeting at 5:15 pm

Respectfully submitted,

Katie Clark

Recreation Program Manager

Meeting Minutes

City of Pacific Grove
RECREATION BOARD
REGULAR MEETING AGENDA

Thursday, April 24, 2025, 4:00 P.M.
Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:
https://www.cityofpacificgrove.org/Zoom_RB

1. **CALL TO ORDER**

The meeting was called to order at 4:01 pm by Jay Tulley, Recreation Board Chair. Chair Tulley conducted roll-call with the following members present in person: Chair Tulley, Lehman and O'Sullivan. Members Gamble and White were absent. Councilmember Amelio was present.

2. **APPROVAL OF AGENDA**

Action: Upon motion by Member Lehman with a second by Chair Tulley, the Recreation Board voted 3-0-2 to approve the agenda, members Gamble and White absent.

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

Board Members – no announcements were received.

City Staff – announcements received from Recreation Manager, Katie Clark and Public Works Director, Dan Gho.

4. **COUNCIL LIAISON ANNOUNCEMENTS**

Council member – announcements received from Council Member Amelio.

5. **GENERAL PUBLIC COMMENT**

No public comments were received.

A. Written General Public Comment

6. **APPROVAL OF THE MINUTES**

A. Recreation Board Draft Minutes February 27, 2025

Action: Upon motion by Member Lehman with a second by Chair Tulley, the Recreation Board voted 3-0-2 to approve the Recreation Board Draft Minutes for February 27, 2025, members Gamble and White absent.

B. Recreation Board Draft Minutes March 27, 2025

Action: Upon motion by Member Lehman with a second by Chair Tulley, the Recreation Board voted 3-0-2 to approve the Recreation Board Draft Minutes for March 27, 2025, members Gamble and White absent.

7. **REGULAR AGENDA**

A. Recreation Budget Updates

No public comments were received.

Action: Received report.

B. Youth Center Update

No public comments were received.

Action: Received report.

C. Needs Assessment Update

No public comments were received.

Action: Upon motion by Chair Tulley with a second by Member O'Sullivan, the Recreation Board voted 3-0-2 to submit BCC Recommendation to Council Member Amelio to put on City Council consent agenda for 20 hours of staff support. Members Gamble and White absent.

8. **NEXT MEETING -** May 22, 2025

9. **ADJOURNMENT**

Meeting adjourned by Chair Tulley at 5:21 pm

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

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Staphany Arriola, Management Analyst, Leticia Livian, Human Resources Director
MEETING DATE:	November 19, 2025
SUBJECT:	Ordinance to Amend the Salary Schedule (Minimum Wage)
CEQA:	Does not constitute a Project per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

1. Request the City Attorney read the title of the ordinance;
2. Motion to waive further reading of the ordinance;
3. Introduce and hold first reading of an ordinance to amend the salary classification schedule modifying salary ranges for Cashier, Intern, Lighthouse Docent Coordinator, Recreation Assistant I,
4. Direct a summary of a proposed ordinance be published as approved by the City Attorney.

DISCUSSION

The City salary classification schedule identifies the job classifications approved by Council (e.g., Office Assistant) and the hourly rates of pay for each classification at each step authorized by the Personnel Rules. Pursuant to Charter Article 25 and Pacific Grove Municipal Code (PGMC) Section 4.20.280, approval and amendment to the classification schedule must be adopted by the Council.

Increase to State Minimum Wage

Staff is proposing changes to the salary schedule to comply with an increase to California State Minimum Wage. California's minimum wage will increase from $16.50 to $16.90 per hour for all employers on January 1, 2026.

The salary ranges in the following classifications need to be adjusted to meet the State's minimum wage requirements:

- Cashier
- Intern
- Lighthouse Docent Coordinator
- Recreation Assistant I

The recommended approach is to increase the range of the entire classification, which preserves the City’s ability to hire personnel in the future at the lowest step, while complying with the new minimum wage law.

Proposed New Salary Ranges:

Classifications	Step 1A	Step 2B	Step 3C	Step 4D	Step 5E
Cashier	16.90	17.75	18.63	19.56	20.54
Intern	16.90	17.75	18.63	19.56	20.54
Lighthouse Docent Coordinator	16.90	17.75	18.63	19.56	20.54
Recreation Assistant I	16.90	17.75	18.63	19.56	20.54

The requested change to the salary classification schedule will only impact the classifications listed in this agenda report. All other classification hourly salary ranges will remain the same. To view the entire salary schedule, please refer to the City's website, http://www.cityofpacificgrove.org/about-city/human-resources/salaries-benefits-and-mous.

OPTIONS

Provide alternative direction to staff.

FINANCIAL IMPACT:

There is no financial impact since the minimum wage was taken into consideration for the following fiscal year.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

25-0XX Min Wage Salary Sched Admt Ord

ORDINANCE NO. 25-0XX

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE AMENDING THE SALARY CLASSIFICATION SCHEDULE TO COMPLY WITH CALIFORNIA MINIMUM WAGE

Findings

1. The State of California has increased minimum wage to $16.90 per hour effective January 1, 2026; and

2. Cashier, Intern, Lighthouse Docent Coordinator, and Recreation Assistant I, falls below the $16.90 per hour minimum requirement at the first step; and

3. Amending the salary schedule will meet the State requirements; and

4. Amending the salary schedule by adjusting the range preserves the City's full flexibility for future hiring decisions and observes the intent of the state requirements; and

5. Amending the salary schedule avoids salary compaction issues; and

6. Amending the salary schedule will allow for the new salary rates to take effect; and

7. Amendment to the salary schedule classification plan must be adopted by the City Council pursuant to Pacific Grove Municipal Code (PGMC) Section 4.20.280; and

8. In the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq. Enactment of this ordinance action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment pursuant Section 15378.

Ordinance

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

SECTION 1. The foregoing findings of the City Council are incorporated into this Ordinance as if set forth in full.

SECTION 2. The position classification plan approved and adopted by the City Council pursuant to PGMC § 4.20.280 is amended for Cashier, Intern, Lighthouse Docent Coordinator, and Recreation Assistant I, classifications with the following salary schedule:

Classifications	Step 1A	Step 2B	Step 3C	Step 4C	Step 5E
Cashier	16.90	17.75	18.63	19.56	20.54
Intern	16.90	17.75	18.63	19.56	20.54
Lighthouse Docent Coordinator	16.90	17.75	18.63	19.56	20.54
Recreation Assistant I	16.90	17.75	18.63	19.56	20.54

SECTION 3. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement this Ordinance.

SECTION 4. Upon approval at second reading, this ordinance shall be given an effective date of 12/21/2025.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 21st day of December 2025, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

_____
NICK SMITH, Mayor

ATTEST:

DATED: _____

_____
SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

_____
BRIAN PIERIK, 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: Fred Marsh, Administrative Services Director

MEETING DATE: November 19, 2025

SUBJECT: Review of Five-Year Operating and Capital Forecast, Infrastructure Needs and Public Engagement Agreement

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

RECOMMENDATION

1. Receive a presentation regarding a review of the five-year fiscal forecast, infrastructure funding needs and the onboarding of a public engagement and polling consultant
2. Approve a Professional Services Agreement with Props & Measures for ballot measure feasibility, preparation and outreach services in a not-to-exceed amount of $141,530.
3. Direct staff to take an alternative action.

DISCUSSION

The fiscal year (FY) 2025/26 budget included a General Fund 5-year fiscal forecast that demonstrated ongoing fiscal challenges. Since adoption, staff has been working toward the goal of fiscal sustainability through several measures. Expenditure reductions and efficiencies are being pursued to lower expenses and revenue enhancements are being investigated. In addition, staff is working on developing long-term capital need schedules so that the City can adequately plan to address the ongoing future needs.

This report is accompanied by a PowerPoint presentation, included as Attachment No. 1, that will be presented at the November 19th City Council Meeting. The presentation will provide updated fiscal information regarding:

- A recap of the General Fund 5-year Fiscal Forecast adopted in the 2025/26 budget.
- Adjusted General Fund 5-year Fiscal Forecast taking into account the year end actuals for 2024/25 and new expected revenue.
- Discussion of the assumptions driving the forecast and summary of the General Fund Fiscal Challenges.
- Summary of the Capital Improvement Plan (CIP) accomplishments in the last 5 years.
- A recap of the Five-Year CIP Identified Needs from the November 5th Study Session presentation.
- Proposal to utilize a consultant to engage the community regarding unmet needs and community views and expectations.

At the beginning of the fiscal year, the City Council was presented a budget that lowered revenue expectations by $700,000 (-2%) to account for softening revenues in larger categories. This budget also included a $1.4 million reduction in budgeted expenses to slow the expense growth rate and soften the impact of the 2% revenue reductions. Ultimately, due to the $1.4 million in capital outlay spending necessary and other factors, it was necessary to project $1.96 million in deficit spending for 25/26.

The updated General Fund 5-year fiscal forecast has two primary changes that impact the forecast. The first factor was the final closure of last year's budget. We added approximately $1.7 million to the fund balance due to unspent funds in the 24/25 fiscal year budget. This results in a more favorable 5-year projection of our reserve levels. Also added to this updated 5-Year Forecast $1 million in new revenue next year for additional Transient Occupancy Tax (TOT) from the Kimpton Hotel. This is a projection and performance could be higher or lower. This added TOT projection improves the projected deficit for the 26/27 fiscal year to approximately $1.57 million.

The primary drivers of the budget challenges are a softening of a few major revenues, while certain costs continue to increase. The major costs are wages for employees, which generally assumes an ongoing COLA, continued 3% increase in operating costs including insurance premiums, and debt that has yet to level off. There are a number of measures that staff will continue to work on over the remainder of this fiscal year and going forward to reduce costs and improve revenues.

There have been many accomplishments on the City's CIP schedule the last five years. The General Fund was able to fund approximately $7.4 million of the total $32 million in projects that have been accomplished. However, the 5-year CIP introduced at the November 5th Study Session brings significantly more fiscal demands than the General Fund will be able to provide for.

In 2007 and in 2016, the City hired a communications consultant and polling firm to engage Pacific Grove residents regarding their perceptions of the City's services, facilities and infrastructure. That information was very valuable in understanding what residents value and view as needed in PG. The input was used when the City Council considered later efforts to allocate budget and seek additional revenue opportunities to meet the community's desires. It has been almost a decade since this engagement was last sought by the City.

To provide the City Council with the option to seek input from the community and potentially to act on the information from the results of that input, staff has sought informal proposals from three of the top firms in this field. After interviews and discussions with the consultants, staff has determined that Props and Measures, with the subconsultant firm of True North Research, are best suited to assist the City with public engagement and scientific polling in this realm. Props and Measures has a proven track record of successful engagement and are the most competitive in pricing in addition. Attachment No. 2 to this report contains the Scope of Work proposed. Should the City Council approve this agreement the City's Standard Professional Services Agreement will be utilized.

Recommendation number 2 for this report is for the City Council to approve an agreement in a not-to-exceed amount of $141,530. The scope of work and detailed proposal with pricing for each phase is described in Attachment No. 2. The pricing is broken down by phase, and the City can stop work at anytime and not expend further funds if that is desired. The first phase of the process will include a scientific research poll to gather the input of residents and will cost an estimated $53,150. After the first phase, should Council decide to continue forward, the cost of the second phase is estimated to be a total of $88,380. The second phase will consist of Props and Measures assisting the City with preparing a ballot measure, if that is determined by the City Council, and additional public engagement.

The proposed Agreement is before the City Council this time to ensure there is ample time for the City Council to engage the public, obtain feedback and appropriately take action next calendar year to pursue revenue opportunities should the City Council desire. If the Agreement is approved, the consultant will engage the public through a research poll in January 2026 and report to the City Council the results in February. At that point, the City Council can decide to end the Agreement or take further action with the consultant toward a ballot measure.

OPTIONS

1. Take no action.

FINANCIAL IMPACT:

The total costs are estimated to be $141,530, to be funded out of the legal services line in the City Attorney's budget. The scope of work is broken down into phases that allow the City to cancel the agreement at anytime. The first phase totals $53,150 and will consist of $19,500 for the consultant (plus $5,000 for travel and direct costs) and $28,650 for the polling. After the first phase, should Council decide to continue forward, the cost of the second phase is estimated to be a total of $88,380, consisting of $39,000 for the consultant (plus travel and direct costs noted above), $27,200 for an optional second polling and $22,180 for 2 rounds of informational mailers.

FOCUSED PRIORITY AREA: Financial Sustainability

Attachments

Attachment No. 1 Preview of Five Year Operating and Capital Forecast, Infrastructure Needs and Public Engagement Agreement

Attachment No. 2 Props and Measures Proposal and Scope of Work

Review of Five Year Forecast / Funding of Infrastructure

November 19, 2025



General Fund Five Year Forecast / Fiscal Challenges



Original General Fund Five Year Forecast

General Fund 5 Year Forecast (In Thousands)	Proposed Two Year Budget		Future Trends (Not accounting for new hotels)		
Category	Proposed 25-26	Projected 26-27	Projected 27-28	Projected 28-29	Projected 29-30
Revenues:	$ 32,729	$ 33,303	$ 34,385	$ 35,505	$ 36,663
Expenses:					
Operating Expenses	26,942	28,233	29,080	29,953	30,851
Pension / Debt Obligations	6,260	6,588	7,154	7,708	6,199
Capital Outlay / Transfers	1,488	1,056	1,087	1,119	1,153
Total Expenses	34,689	35,876	37,321	38,780	38,203
Net Change for Fiscal Year	**$ (1.96M)**	**$ (2.57M)**	**$ (2.94M)**	**$ (3.28M)**	**$ (1.54M)**
Projected Ending Reserves	**$ 12.02M**	**$ 9.45M**	**$ 6.51M**	**$ 3.24M**	**$ 1.70M**
Projected Reserve Level	**36%**	**27%**	**18%**	**9%**	**5%**

Notes: Council adopted a 25% Reserve Policy for the General Fund. The reduction in debt service relates to the retirement of the Pension Obligation Bonds in Fiscal Year 2028-29. The initial estimated ending reserves for FY 25-26 included an initial estimate from FY 24-25.

Adjusted 5 Year General Fund Forecast Including Anticipated Revenues from New Hotels

General Fund 5 Year Forecast (In Thousands)	Adopted 2 Year Budget (Reflects FY 24-25 actuals)		Future Trends (Accounting for new hotels)		
Category	Proposed 25-26	Projected 26-27	Projected 27-28	Projected 28-29	Projected 29-30
Revenues:	$ 32,729	$ 33,303	$ 34,385	$ 35,505	$ 36,663
Projected revenues new hotels		1,000	1,050	1,100	3,150
Expenses:					
Operating Expenses	26,942	28,233	29,080	29,953	30,851
Pension / Debt Obligations	6,260	6,588	7,154	7,708	6,199
Capital Outlay / Transfers	1,488	1,056	1,087	1,119	1,153
Total Expenses	34,689	35,876	37,321	38,780	38,203
Net Change for Fiscal Year	**$ (1.96M)**	**$ (1.57M)**	**$ (1.89M)**	**$ (2.18M)**	**$ 1.61M**
Projected Ending Reserves	**$ 13.70M**	**$ 12.13M**	**$ 10.24M**	**$ 8.07M**	**$ 9.68M**
Projected Reserve Level	**41%**	**35%**	**28%**	**21%**	**26%**

Notes: The ending estimated reserves for FY 25-26 included the final actual ending reserves for FY 24-25. Assumes the completion of the hotel for the ATC Property in Fiscal Year 2029-30.

Expense Assumptions in General Fund 5 Year Forecast

- **Wages** - Assumes no additional staffing for the five year period, and future annual COLA adjustments to be similar to those in the current employees' MOUs.
- **Other Operating Expenses** - 3% annual increase, similar to the assumed future rate of inflation. Assumes no additional contributions to pension or capital reserves.
- **Debt Service / Pension Actuarial Liabilities** - Incorporates debt service on debt through their maturities. Pension includes estimated amounts from CalPERS actuarials. Assumes CalPERS will attain its annual assumed rate of return of 6.8%.





General Fund Fiscal Challenges

Projected Future Shortfalls Due To:

- Minimal increases or stagnant revenues in most categories
- Funding increased amounts for unfunded actuarial pension liability
- Funding of anticipated increases in employee compensation in future fiscal years (assumed 3% annually)
- Additional PT salaries from expanding Recreation programs
- Significant increases in insurance premiums





Measures to Address Future Fiscal Challenges





Revenues:

- Hotel Taxes from New Downtown Hotel
  (Estimated $1.0-$1.5 million annually beginning in FY 2026-27)
- Hotel Taxes from potential new hotel at former outlet mall (ATC)
  (Estimated $2 million annually beginning in FY 2029-30)
- Looking to increase recovery rates for CDD / Recreation
- Explore Options for enhancing parking revenues and efficiencies
- Review of Facility Rental Process and Fees
- Explore the availability of grant funding and sponsorships for special events
- Assessing an administrative fee on the collection of the BID / HID fees

Measures to Address Future Fiscal Challenges

Expenditures:



- Debt service on pension obligation bonds ending in FY 2028-29 Resulting in savings of approximately $1.6 million annually
- Looking into the feasibility of additional regional partnerships
- Analyzing of contracting vs in house staff for services
- Evaluate annual museum contributions
- Continuing to strive for additional operational efficiencies
- Combine / reduce number of boards
- Integration of sewer and street components on projects
- Expand the digitization of city records



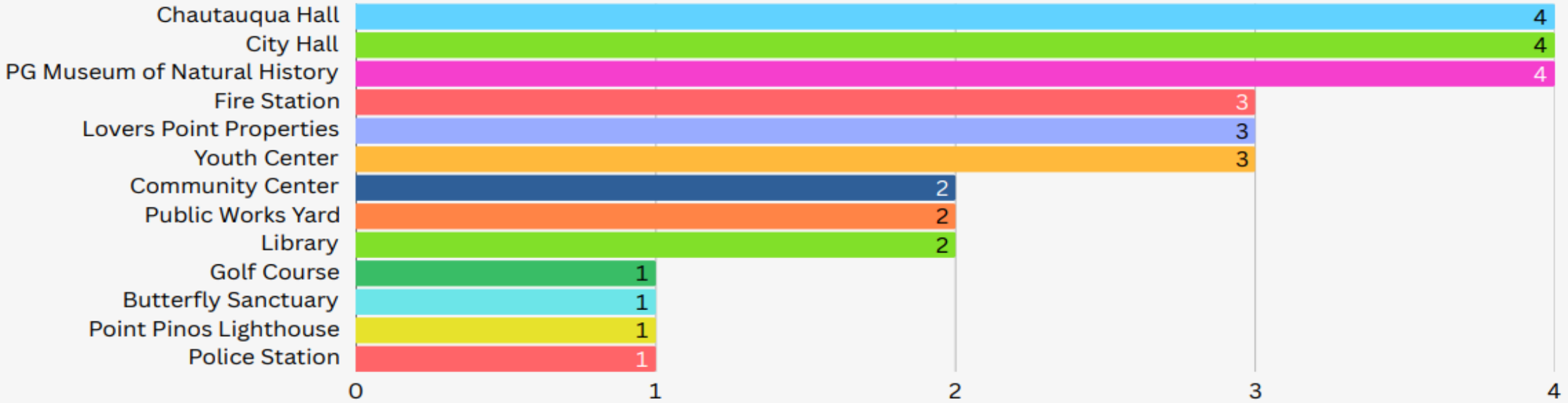
Overview of Capital Project Accomplishments in Prior Fiscal Years

Facility Projects | Accomplishments

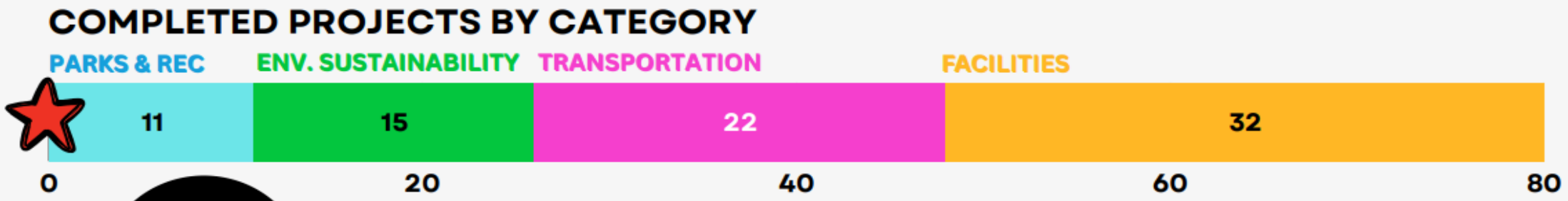
32 facilities projects completed – 40% of all projects!

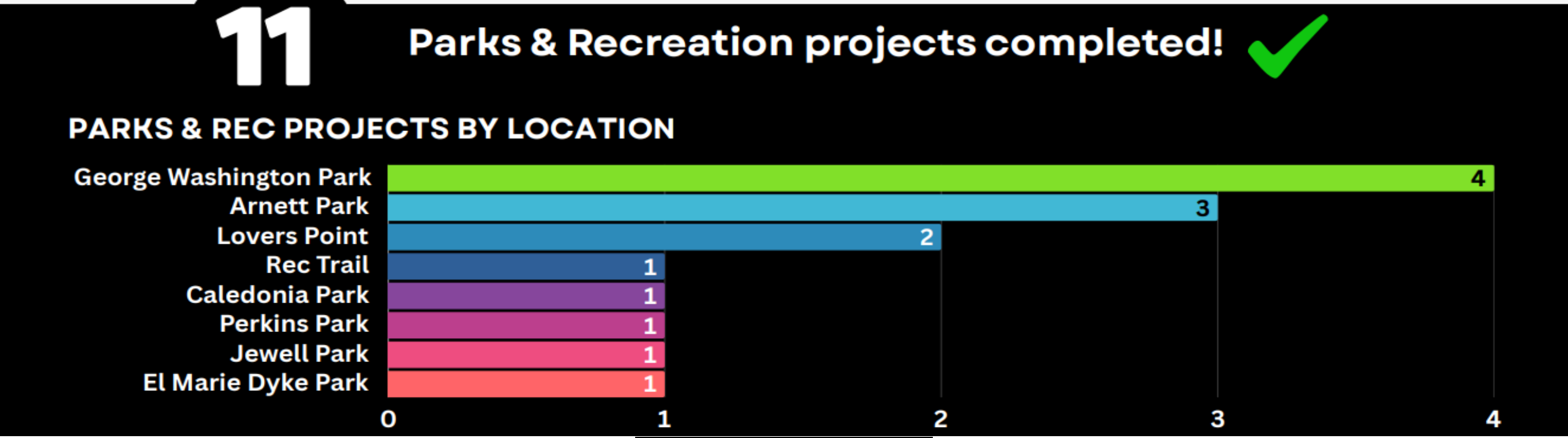
The majority of these projects addressed failed building elements, allowing critical repairs to be made!

Facility Improvements by Location:



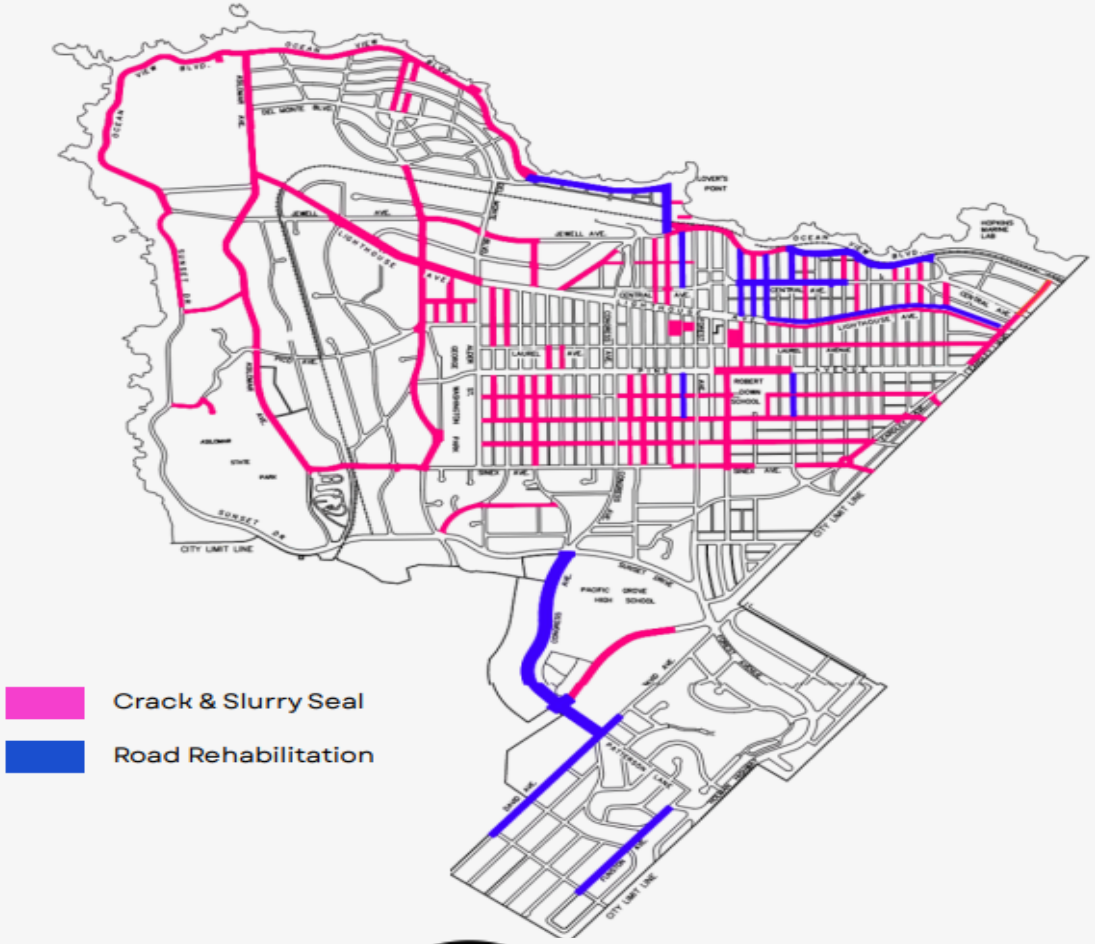
Parks & Recreation Projects | Accomplishments





Transportation Projects | Accomplishments

PAVEMENT MAINTENANCE & REHABILITATION MAP



3.3+ MILLION SQ FT
of pavement treated with crack and slurry

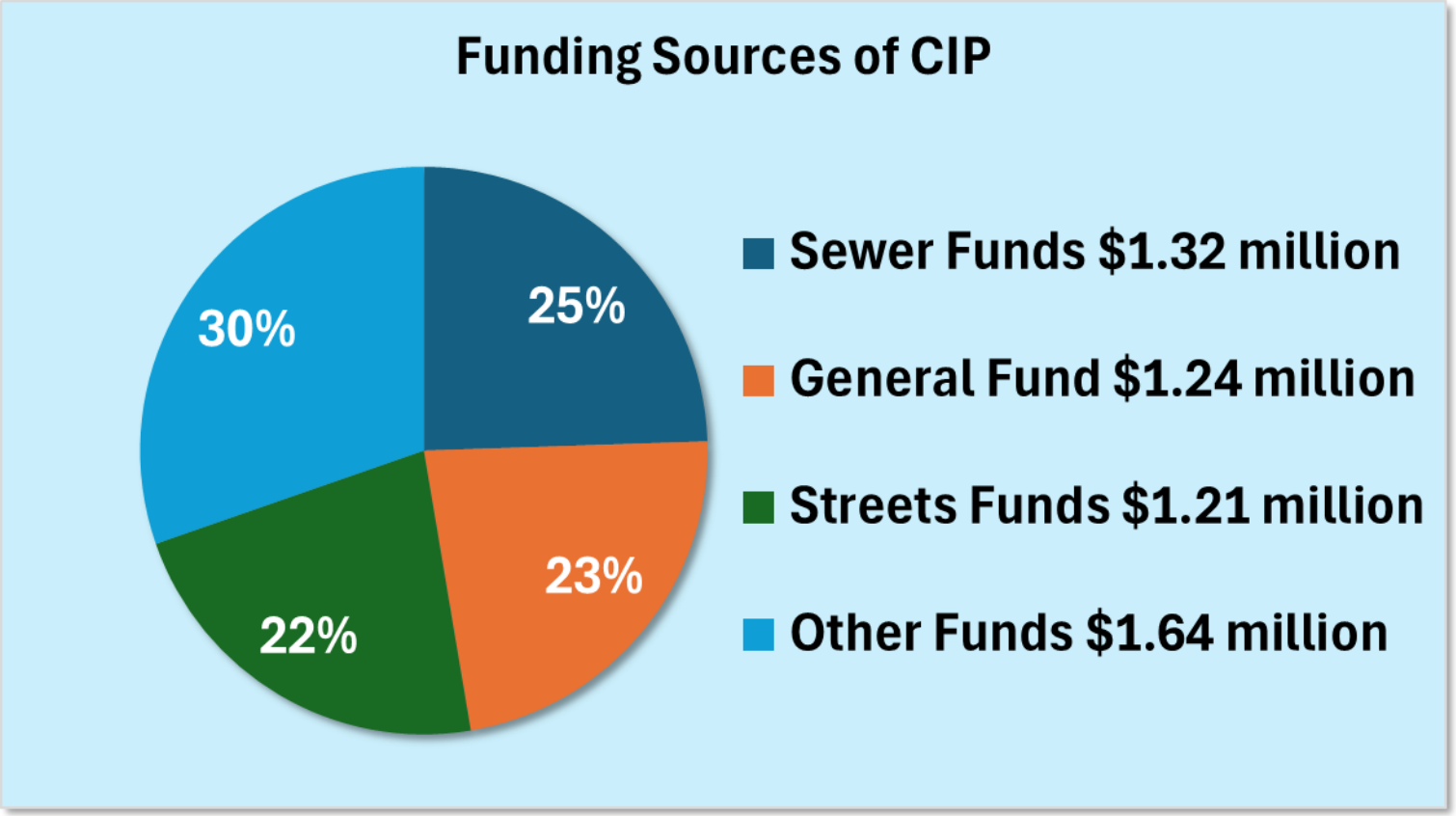
630,000+ SQ FT
of pavement rehabilitated restoring failed roads to new condition

+ 5 PCI POINTS
from 52 (in 2020) to 57 (2024)

PCI EXCEEDS PEERS BY +12
similar size agency average PCI Is 45 vs. our 57

22 Transportation projects completed! ✓

Funding of CIP Last Six Fiscal Years
(Annual Average $5.4 Million / Total $32 Million)



Note: The General Fund Contribution for CIP was $7.4 Million total over the past six fiscal years.

Five Year CIP
& Identified Infrastructure Needs

Note that a Five Year CIP is considered a Best Practice by the Government Finance Officers Association

Identified Infrastructure Needs

Category	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	5 Year Totals (FY 26-27 to 30/31)	Future Years (FY 31-32 to 35-36)	Total Needs
Transportation	$ 1.51	$ 2.41	$ 2.43	$ 2.83	$ 2.96	$ 12.14	$ 11.88	$ 24.02
Sewer	8.35	2.15	4.42	0.65	0.86	16.43	TBD	16.43
Stormwater	TBD					TBD	TBD	TBD
Facilities	2.76	1.53	0.57	1.13	1.58	7.57	6.26	13.83
Parks / Recreation	1.45	TBD				1.45	TBD	1.45
Totals	$ 14.07	$ 6.09	$ 7.42	$ 4.61	$ 5.40	**$ 37.59**	**$ 18.14**	**$ 55.73**

Note: In Millions

Note: Sewer fees were last increased in Fiscal Year 2024-25. Public Works staff will be working with a consultant to prepare an update to the study on sewer infrastructure, to be presented to Council in the future along with recommendations for changes to the fee structure.

Funding Gaps, Unmet Needs

The infrastructure needs and funding gaps summary compares identified needs with available funding, highlighting where funding falls short.

Category	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	5 Year Totals (FY 26-27 to 30/31)	Future Years (FY 31-32 to 35-36)	Total Needs
Transportation	$ (0.19)	$ 0.72	$ 0.72	$ 1.12	$ 1.24	$ 3.61	$ 3.27	$ 6.88
Sewer	TBD					-	TBD	-
Stormwater	TBD					TBD	TBD	TBD
Facilities	1.86	1.53	0.57	1.13	1.57	6.66	6.26	12.92
Parks / Recreation	1.45	TBD				1.45	TBD	1.45
Totals	$ 3.12	$ 2.25	$ 1.29	$ 2.25	$ 2.81	**$ 11.72**	**$ 9.53**	**$ 21.25**

Note: In Millions

Summary of Key Issues Identified Five Year Forecast

- Stagnant or decreasing revenues in most tax categories
- Increased amounts needed to funded actuarial pension liability
- Compensation adjustments needed to remain competitive in labor market
- Concerns about potential impacts of future inflation
- Non-tax Revenues will continue to be pursued, including grants and parking
- Revenue Recovery Rates will be reevaluated for Recreation / CDD Activities
- Operations will continue to be evaluated for opportunities for more efficiencies
- Additional funding is needed to address deferred maintenance of streets / facilities



Strategy for Addressing the Funding Deficits for Capital Improvements

Use of Communications Consultant and Polling Firms

- In 2007 and 2016, the City engaged a communications consultant and polling firm to engage Pacific Grove Residents regarding their perception of the City's services, facilities and infrastructure.
- To provide the City Council with the option to seek public input on these items, staff has sought informal proposals from three of the top firms in this field.
- After interviews and discussions with them, staff feels that the firms Props and Measures and True North Research are best suited to assist the City with public engagement in this realm.
- They have a proven track record of successful engagement and are the most competitive in pricing.

Communications Consultant and Polling Firms (Continued)

- Estimated costs of the first phase of this process would be $53,150, consisting of $19,500 for the consultant (plus $5,000 for travel and direct costs) and $28,650 for the polling, which includes an initial poll of residents regarding services, facilities & infrastructure.
- The results would be presented to Council in January / February 2026 for a vote by the City Council whether to continue forward with the process.
- If the City Council decides to proceed forward, the estimated cost of the second part of the process is $88,380 consisting of $39,000 for the consultant (plus travel and direct costs), $27,200 for an optional second polling and $22,180 for 2 rounds of informational mailers.
- Total estimated costs for both phases is $141,530.

Recommendations

That the City Council:

- Receive a presentation regarding a review of the five-year fiscal forecast, infrastructure funding needs and the onboarding of a public engagement and polling consultant.

- Approve a Professional Services Agreement with Props & Measures for ballot measure feasibility, preparation and outreach services in a not-to-exceed amount of $141,530.









PROPS & MEASURES
STRATEGY & COMMUNICATIONS

Proposal for Ballot Measure Feasibility, Preparation and Outreach Services

Prepared for
City of Pacific Grove

About Props & Measures

Props & Measures is a non-partisan strategy and communications consulting firm specializing in bond, tax and other public finance ballot measures supporting public programs, services and facilities. Props & Measures (formerly known as TBWBH Props & Measures and TBWB Strategies) launched in 2005 as an offshoot of Terris Barnes & Walters Political Media, which has been winning campaigns in California since 1988. The firm is fully remote and has staff located throughout the Bay Area and Sacramento. Our website can be found at www.PropsandMeasures.com

Building Public Consensus in Communities Throughout California
Successful revenue measures are built upon a foundation of strong community consensus. We work with our clients to identify shared community priorities and values to identify the elements of a successful revenue proposal. We have built community consensus for revenue measures in hundreds of communities throughout our home state of California and many communities across the country. We know how to develop successful revenue proposals and communicate with voters in urban, suburban and rural communities.

Unparalleled Experience
The partners and consultants at Props & Measures have experience with numerous successful public finance ballot measures that have raised billions of dollars in voter-approved revenue for public programs, services and facilities. The successful measures include real property transfer taxes, bonds, parcel taxes, sales taxes, transient occupancy taxes, utility users taxes, assessments and fees. We help cities, counties, school districts, community colleges, parks, water and open space districts, fire districts, libraries, healthcare districts, transportation and transit agencies and others.

Commitment to Client Service
We have found that a close partnership with attention to daily details is essential. We know public finance measures, and you know the community you serve. We also understand your reputation is at stake when you seek funding from your community. It's not enough just to "win," but the measure and the related messaging must help you strengthen city government's relationship with the community.

In-House Graphic Design, Digital Media and Production Coordination
Props & Measures is one of the few firms in our industry that maintains an in-house Art Department and Production Department, to produce award-winning, creative concepts and attend to all the details required for efficient and timely delivery of digital media and printed materials. Our team will make sure your materials are given the necessary attention to deliver your message to your constituents effectively and on time.

Multimedia Communications
Local residents receive their information in a variety of ways. We offer innovative multimedia communication plans that deliver your message through a combination of direct mail, email, online display advertising, pre-roll video advertising and social media advertising to ensure a thorough reach to voters and maximize visibility. Props & Measures has experience blending traditional and new media strategies to maximize the impact of your message.

Our Approach and Scope of Services



We have a proven general approach to successful revenue measures that follows four critical steps. Within each step, we customize a set of strategies and tactics to address the specific challenges, circumstances and nuances for each of our projects.

PHASE 1
Feasibility study to determine if and under what conditions the city can pass a measure.

PHASE 2
Build consensus with outreach and awareness-building strategies that position your measure for success.

PHASE 3
Build a strong measure by aligning the measure's features with the community's priorities and sensitivities.

PHASE 4
Campaign for the win by efficiently getting your message out to persuade voters and mobilize your base of support.

The first three steps in this process are typically led by the public agency pursuing the revenue measure as part of the process to evaluate, plan and prepare a measure for the ballot. All publicly funded communication during this phase must be informational and not advocacy. The fourth step in the process, once a measure is on the ballot, must be coordinated by an independent campaign committee using private resources.

PHASE 1

Feasibility Study

In collaboration with True North Research, Props & Measures will help you assess the basic viability of a potential revenue measure and identify the strategic elements needed to maximize the chances for success. During the feasibility study we'll help you tackle the most basic strategic questions that must be answered in order to identify a path to success.

Props & Measures and True North will help you answer:

- What are the highest priorities for public funding according to Pacific Grove residents?

- How do the projects the Council is interested in funding (public safety, council stipends, infrastructure etc.) stack up versus residents' priorities?
- How does the external environment of the economy affect your chances?
- What are the general parameters (in dollars) of the tax tolerance among residents right now?
- Does sufficient community awareness of your needs already exist, or is proactive outreach required to build awareness? What are the key messages voters need to hear and what are the most effective channels for communication?
- How might specific exemptions or accountability protections be included in a successful measure?
- What competing issues must be considered before moving forward?

To answer these questions, our team will carefully assess your needs, funding options, and competing issues in the community. To obtain a deeper understanding of current attitudes and opinions in your community, Props & Measures will work with True North Research to conduct opinion research with local voters. Our team will work closely with you to outline your research options, explain the tradeoffs for the different approaches, and create a specific research scope that best meets the needs of your community. In conjunction with True North Research, we'll help you interpret the results and turn the data into an actionable plan for moving forward. We'll also help you interpret and present recommendations to your administrative team, the Council, and other key stakeholders to build consensus around a unified strategic approach.

PHASE 2

Build Consensus

Based on the findings from the survey and feasibility assessment, if the decision is made to move forward with a measure, Props & Measures will help develop and implement a public information and outreach program to educate the community about your funding needs and build broad community consensus around a revenue solution.

Specifically, Props & Measures will:

- Develop informational messaging and a plan for disseminating the message to key audiences
- Provide talking points, answers to frequently asked questions and a message training to key staff, employee groups and elected officials that will be speaking publicly about this issue
- Provide information to be added to your website, distributed through social media and included in newsletters
- Prepare presentations for community meetings
- Write, design and produce informational mailings and advertising to educate, inform and engage voters
- Develop strategies and plans to inform and engage key internal stakeholder groups within the city and partner organizations
- Develop strategies for managing coverage of this issue in the local press
- Develop strategies and plans to inform and engage influential external groups including elected leaders, business leaders, neighborhood leaders, faith community leaders and taxpayer groups

Props & Measures has expertise in traditional communication strategies like direct mail, print advertising and earned media. We are also experts in utilizing online strategies such as social media, digital advertising and video. Our in-house graphic design and production capabilities allow us to deliver the highest level of strategic and creative communication for our clients.

PHASE 3

Build a Strong Measure

Once we know what a viable, winnable ballot measure looks like, Props & Measures will work with you to develop a revenue measure and qualify for the ballot.

During this phase of work, Props & Measures will:

- Work with you and your financial team to finalize the tax type, tax rates and the structure of your measure
- Refine the description of your needs and/or expenditure plan to make sure they are written in clear and understandable language featuring projects and programs that are high priorities for voters
- Work with you and your legal counsel to define important taxpayer accountability protections, including any potential independent citizens' oversight committee and public reporting process, if needed
- Work with you and your legal counsel to develop all resolutions required for calling the election
- Develop the critical ballot question that will appear on ballots
- Develop and refine the full text of the measure and other materials that will appear in the ballot pamphlet mailed to all voters
- Present recommendations and documents to the City Council for formal approval

PHASE 4

Campaign for the Win*

The next step in the process is to mount a strategic advocacy campaign to secure the votes needed to win on Election Day. This is the only step in the process that cannot be funded with public dollars. While public agencies can continue to provide information to residents about the measure, only a privately funded campaign committee can advocate for the measure. We will work with you to understand if volunteers are available and motivated to step forward to run such an effort. Typically, as consultants to volunteer campaign committees, we build campaign plans with the following elements to ensure the best possible chance of success on Election Day:

- **Effective messaging and materials.** Campaign logos, brochures, websites, social media and other materials must be eye-catching and have a local feel in order to persuade and motivate voters effectively.
- **Avoiding controversy and obstacles.** We can't take anything for granted in today's economic and political environment. To win, it is important to run an organized campaign that avoids controversy and neutralizes opposition to the extent possible.
- **Good teamwork.** We strive to build broad coalitions that include support from business, labor and the full spectrum of political ideologies.

- **Efficient grassroots organizing.** The time and energy of your volunteers are precious resources. We'll work with you to develop a plan that maximizes the impact of their efforts on the outcome of the election.
- **Strong fundraising.** Fundraising for local ballot measures can be a challenge. It takes resources to get your message out to the voters who will determine the outcome of your election. We believe the key is forming a campaign committee well in advance whose primary job is to raise money for the measure. We can help you brainstorm ideas for committee members based on our knowledge of the local landscape. We generally value "doers" on a committee over big names, unless the big names are also willing to participate actively in day-to-day call time and other mechanisms for raising money.

Note: The information provided in Step 4 is intended as information to convey Props & Measures' full range of services available to assist with the tax measure process. The services described here are **not proposed as part of the scope of services for the City of Pacific Grove. If a tax measure is placed on the ballot and an independent advocacy committee forms, these services would be offered to that group and privately funded under a separate agreement.*

Fees & Costs

As is the standard in our industry, Props & Measures contracts on a fixed-fee basis. Our standard consulting fee is $6,500 per month, pro-rated from the date of contract approval to the Council's vote to place a measure on the ballot. Our fee doesn't change regardless of how many times you need us on the phone, responding to emails, or attending online meetings. We don't want you to hesitate to call on us when you need us.

Travel for meetings is billed separately, and while we are willing to travel to meetings since the COVID pandemic, our staff has successfully navigated working primarily remotely and is available for video and phone conferencing.

As highlighted in this proposal, if the feasibility study shows a path forward for a successful measure, we recommend that the district communicate with parents and voters, and the method of doing so is via informational mailers and digital media.

Sample pricing for informational mailings to all registered voters in the City of Pacific Grove (~10,602 voters in ~ 5,951 households) is included here. Actual pricing will depend on exact specifications and quantities. Should the City decide to engage in broader informational communication efforts, below we have provided pricing for production and distribution of informational mail.

Direct Mail:
Direct mail is priced separately on a per-piece basis as follows for informational mailings to all registered voters in the City of Pacific Grove – approximately 10,602 voters in 5,951 households. We recommend sending two mailers.

- 11x17, one-fold brochure or equivalent on 100# text: $10,430
- 11x17, one-fold brochure on 7 pt. with a tear-off return card: $11,750

Pricing includes design, stock photography, pre-press, print, mailing labels and address de-duping, ink jetting, postal handling including postage, shipping, bulk mailing forms, postal check-in, and applicable sales tax.

Fees and Costs

Phase 1 Consulting	December 2025 – February 2026	$19,500
Phase 2-3 Consulting	March 2026 – August 2026	$39,000
Informational Mailings	2 Mailings	$22,180
Expenses (Travel, copies, etc.)		$5,000
Baseline survey		$28,650
Tracking survey (*If needed)*		$27,200
Total NTE		**$141,530**

Revenue Measure Survey

Proposal for Research & Consulting

Prepared for the

City of Pacific Grove

November 2025

TrueNorth Research
1592 N Coast Highway 101
Encinitas, CA 92024
ph: 760.632.9900
www.tn-research.com

PACIFIC GROVE

Research Proposal

True North Research (True North) is pleased to present this proposal to provide voter opinion research and revenue measure consulting services to the City of Pacific Grove (City). Based on our discussions with Props & Measures and our experience designing hundreds of similar surveys for California cities, True North understands that the City is interested in using the survey to produce an unbiased, *statistically reliable* evaluation of voters' interest in funding city services with a local revenue measure, as well as identify how to structure a measure so that it is well-aligned with the electorate's priorities and sensitivities. In short, the goal is to assess the feasibility of placing a revenue measure on the November 2026 ballot and—if feasible—determine how best to package a measure for voter approval.

SCOPE OF WORK The scope of services that we propose to perform for the City includes all tasks associated with designing, conducting and analyzing the survey, as well as presenting the results. Briefly, the scope of services includes:

- Meet with the City to thoroughly discuss the research objectives and methodology for the study, as well as discuss potential challenges, concerns, and issues that may surround the study.
- Develop a stratified and clustered sample of voters who—based on their voting history and registration status—are likely to participate in the election of interest (November 2026) on the natural or through targeted outreach efforts.
- Develop a draft questionnaire for the City's review and make revisions as needed until all parties approve of the instrument.
- Pre-test the survey instrument to ensure its integrity.
- CATI (Computer Assisted Telephone Interviewing) program the finalized survey instrument to ensure accurate and reliable data collection using live telephone interviewers.
- Web program the same survey instrument to allow for secure, password-protected online survey participation and data collection.
- Recruit participation in the survey using a combination of email, text messages, and telephone calls.
- Complete *at least* 250 quality interviews according to the sampling plan and a strict interviewing protocol. Any interviews collected beyond 250 will be provided to the City at no additional cost. It is expect that the average interview will last between 15 to 17 minutes.
- Process the data, which includes conducting validity checks, cleaning, recoding, coding open-end responses, and adjusting for strategic oversampling (if used) through a statistical procedure known as 'weighting'.
- Prepare an initial topline summary which presents the overall findings of the survey.
- Prepare a thorough report on the findings, including a detailed question-by-question analysis, description of the methodology, an executive summary of the key findings and conclusions/recommendations, as well as a comprehensive set of crosstabulations showing how the answers varied by subgroups of voters. The report will include

True North Research, Inc. © 2025

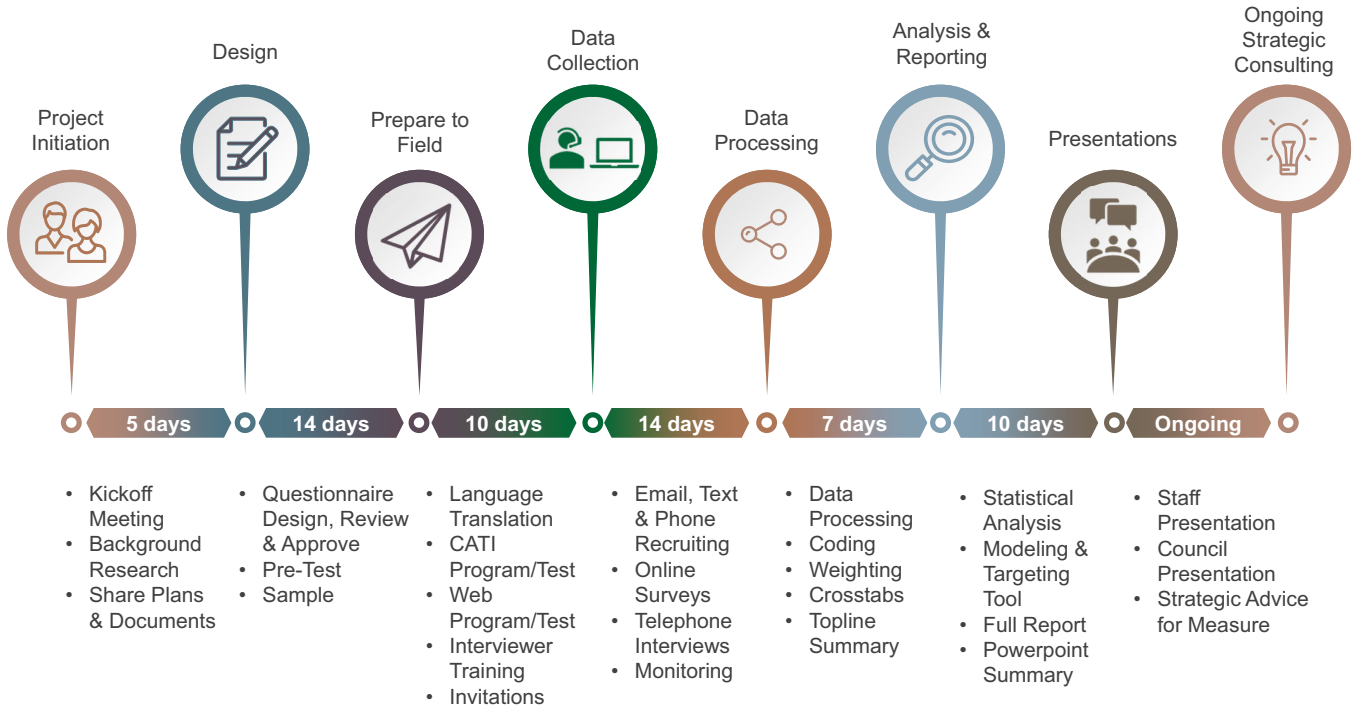


extensive full-color graphics displaying the findings, as well as insightful narrative discussion of the results and their implications.

- Prepare an electronic copy of the final report to allow the City to reproduce the report as needed.
- Prepare a PowerPoint presentation of the results and present the results to the City via Zoom or similar platform.
- Be available to assist and provide advice to the City after the survey is complete.

TIME LINE True North will work with the City to establish a project schedule that meets the City's needs. Figure 1 below presents a typical time line for a voter survey that shows the stages of a survey project, the number of days that we recommend devoting to each stage, as well as the key research tasks that are completed in each stage. We have the flexibility and resources to adjust this time line if the City desires, and we can apply this time line to any start date set by the City.

FIGURE 1 PROPOSED TIME LINE



COSTS True North's fixed-fee cost estimate to design and conduct the baseline survey as described in this proposal is $28,650. If advised and approved by the City, the costs for a subsequent tracking survey will be $27,200. These costs are inclusive of all tasks and deliverables, with the exception of travel time and expenses (if needed).

About True North

True North is a full-service survey research firm that is dedicated to providing California municipalities and public agencies with a clear understanding of the opinions, perceptions, priorities and behaviors of their residents and voters. Through designing and implementing scientific surveys, focus groups and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas—such as performance measurement, planning, budgeting, revenue enhancement, and developing effective public engagement/communications strategies.

As specialists in research methodology and the public sector, our clients span the full range of public agencies including cities, counties, special districts, utilities, councils of government, educational institutions, state agencies, and federal agencies. The diversity of our public sector clientele has enabled us to perform research at the local, regional, state, national, and international levels.

Company Specifics True North Research was co-founded in 2002 as a two-person survey consulting firm by Dr. McLarney and Mr. Sarles and is a certified Small Business Enterprise (SBE) and S-Corporation in good standing with the State of California. Although we have had many opportunities to expand our business during the past 23 years, we have chosen to maintain True North as a two-person research team. Dr. McLarney and Mr. Sarles still manage every aspect of every True North project. We are an extremely efficient, collaborative team of two—and we have chosen to keep it that way so that our clients continue to receive exceptionally high quality customer service and research insights.

Revenue Measure Experience Creating revenue measures that are ultimately approved by the necessary percentage of voters is difficult, especially in the State of California. Successful measures require insightful research and sound, strategic advice. One testimony to the accuracy of our research and the reliability of our strategic advice is that we have the highest verifiable success rate in the State of California for revenue measures over the past decade (93%), and a 100% success rate in seven of the past ten election cycles. To date, we have helped our clients raise over **$42 billion** in voter approved revenue measures, including more than $7 billion in the past year alone (2024). Our experience includes all types of revenue measures including general and special sales taxes (transactions & use taxes), parcel taxes, bonds, transient occupancy taxes, utility users taxes, real estate transfer taxes, business licence taxes, benefit assessments, and property-related fees.

Municipal Clients During their careers, Dr. McLarney and Mr. Sarles have designed and conducted more than 500 surveys for California municipalities to help them identify community priorities with respect to city services and facilities, as well as identify how best to plan for and invest in service, facility, and infrastructure improvements. Below is a list of the California municipalities for which Dr. McLarney and Mr. Sarles have personally designed and conducted community and voter surveys. It's worth nothing that many of these municipalities have selected True North as their research partner for multiple surveys, with repeated engagements spanning more than two decades.

True North Research, Inc. © 2025

PACIFIC GROVE

True North's Municipal Clients

Agoura Hills	Cypress	Lake Elsinore	Rocklin
Alhambra	Dana Point	Lake Forest	San Anselmo
Aliso Viejo	Del Mar	Lathrop	San Carlos
Anaheim	Diamond Bar	Lemon Grove	San Clemente
Apple Valley	East Palo Alto	Lompoc	San Diego
Arroyo Grande	Eastvale	Long Beach	San Dimas
Atascadero	El Cajon	Los Angeles	San Gabriel
Atherton	Encinitas	Los Gatos	San Jose
Azusa	Escondido	Madera	San Luis Obispo
Baldwin Park	Folsom	Malibu	San Marcos
Banning	Fontana	Manhattan Beach	San Marino
Barstow	Fremont	Menifee	San Mateo
Belvedere	Gilroy	Mission Viejo	Santa Barbara
Beverly Hills	Glendale	Modesto	Santa Clarita
Big Bear Lake	Glendora	Moorpark	Santa Monica
Brea	Goleta	Murrieta	Signal Hill
Buellton	Grand Terrace	Norwalk	Solana Beach
Buena Park	Half Moon Bay	Oceanside	South Lake Tahoe
Burbank	Hemet	Oxnard	South Pasadena
Campbell	Hesperia	Palmdale	Temecula
Carlsbad	Huntington Beach	Petaluma	Thousand Oaks
Cerritos	Indian Wells	Pico Rivera	Truckee
Chino	Irvine	Placentia	Upland
Chula Vista	Kerman	Port Hueneme	Ventura
Claremont	La Canada-Flintridge	Rancho Cucamonga	Watsonville
Clayton	La Mesa	Rancho Palos Verdes	West Hollywood
Commerce	La Palma	Rancho Santa Margarita	Westlake Village
Coronado	La Verne	Redlands	Whittier
Costa Mesa	Laguna Beach	Redondo Beach	Yorba Linda
Cudahy	Laguna Niguel	Riverside	Yucca Valley

True North Research, Inc. © 2025



PACIFIC GROVE

Project Team

Most research firms manage survey projects through division of labor and a *lot* of delegation. Although the Principals may appear for the interview and for client meetings, their involvement beyond that point is generally negligible. The Project Manager's role is to be the point of contact and help design the study, but even they only handle about 20% of the workload. The unfortunate reality is that most of the important research tasks—data processing, data analysis, report writing, presentation building—are delegated to junior-level staff. And the bigger the firm, the more projects they manage, the more they rely on junior staff to get the work done.

We do things **differently** at True North. We believe the best approach to research is to have the person with the *most* experience and expertise in the firm roll up their sleeves and actually do the work. Dr. McLarney will not only serve as the Project Manager and the day-to-day contact for the City, he will personally perform about 70% of the research tasks including all survey design, analysis, report writing, and presentations. We have purposely kept True North as a single office, two-person research team because of our commitment to this project management model and the many benefits it provides to our clients.

Our approach to managing projects is one of the things that makes True North unique, as every task of your study will be performed by a highly-trained principal with 25+ years of experience. Put another way: You don't need to pick up the phone to get the attention of our principals - we are there with you at every step, doing (not delegating) the research.

PROJECT ORGANIZATION

True North Research will serve as prime contractor at the direction of the City of Pacific Grove. As shown in the figure to the right, Dr. Timothy McLarney (President of True North) will be the Project Manager for the study and will perform all key design, analysis, and reporting tasks. Richard Sarles (Principal Researcher at True North) will assist with programming, testing, data processing, quality control, and graphics production. The telephone and online interviews will be conducted by the same high quality, professional data collection firm (Dynata) that True North has teamed with to complete more than 1,000 community and voter opinion surveys.

RESUMES & ROLES

For the City's reference, the following paragraphs provide additional information about Dr. McLarney's and Mr. Sarles' respective roles on this project, as well as their education and research backgrounds. Dr. McLarney and Mr. Sarles are committed to working with the City of Pacific Grove for the duration of this project—there will be no staff turnover, substitutions, or changes.



Timothy McLarney, Ph.D.
President

Role: Project Manager & Lead

Project Manager	Day-to-Day Contact
Sampling Design	Questionnaire Design
Analysis	Report Writing
Presentations	Strategic Consulting



Richard Sarles, M.S.
Principal Researcher

Role: Data Science & Support

Programming	Testing
Data Collection	Quality Control
Data Processing	Graphics

dynata™

Telephone & Online Data Collection

True North Research, Inc. © 2025

PACIFIC GROVE

Project Manager **Timothy McLarney, Ph.D.**, will serve as the Project Manager for the proposed survey and will be the City's point of contact on all matters related to the study. Dr. McLarney will lead all design, analysis, reporting and presentation tasks. Approximately 70% of the research tasks will be performed directly by Dr. McLarney.

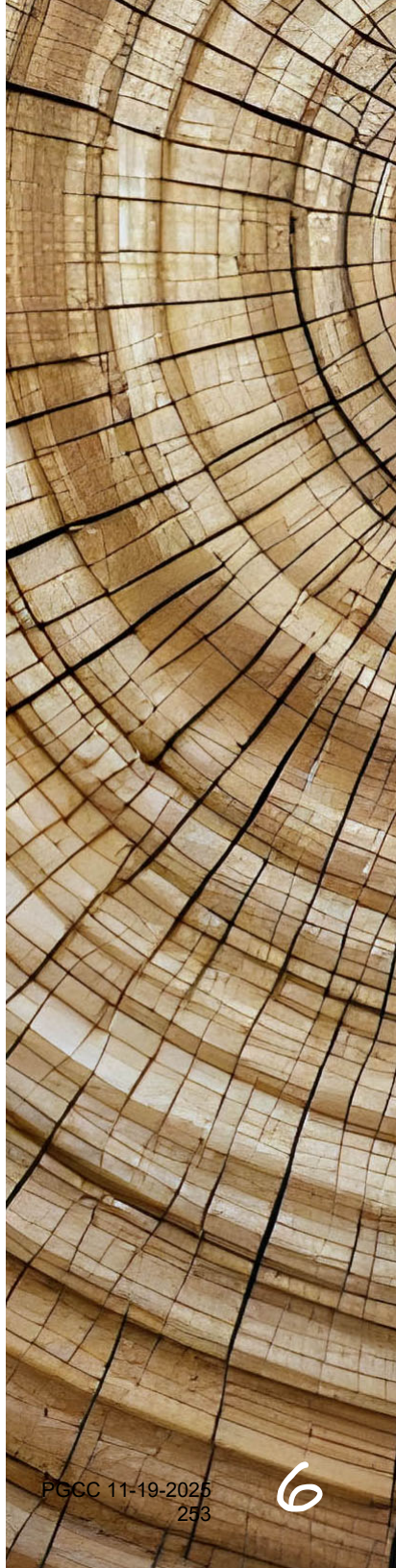
Dr. McLarney has more than 25 years of experience in survey methodology, statistics, public opinion analysis, and providing data-driven strategic advice to public agencies. During his career, he has occupied a lead role in over 1,500 research studies, including more than 500 revenue measure feasibility surveys. To date, Dr. McLarney's research has led to over $42 billion in voter-approved revenue measures at the *local* level in California.

Dr. McLarney is a nationally recognized expert in survey research methodology, sampling theory, weighting, and the use of statistical methods to generalize survey results. His research has been published in academic journals and has earned him honors including the Andrew Mellon Fellowship (Cornell University), Sage Fellowship (Cornell University), and the title of Visiting Scholar at the Institute of Governmental Studies at UC Berkeley. He has also served as an independent expert witness in survey research methodology for California legal cases.

Dr. McLarney earned his Ph.D. and M.A. in Government from Cornell University with an emphasis in survey methodology, sampling theory, data science, and public opinion analysis, as well as a Bachelor's degree in Politics from UC Santa Cruz.

Principal Researcher **Richard Sarles, M.S.**, will assist Dr. McLarney with managing data collection, data processing, quality control, and graphics production. As Principal Researcher and co-founder of True North Research, Mr. Sarles has more than 25 years of expertise in survey research and data science, specializing in database management, sampling methodology, statistical analysis, and results interpretation. Throughout his career, Mr. Sarles has proven to be exceptional in transforming complex data sets into actionable insights that drive strategic decision-making. With experience spanning over 1,500 research studies, he has collaborated with local, state, and federal government agencies, Fortune 500 companies, and nonprofit organizations, delivering valuable, data-driven guidance across diverse sectors.

Before co-founding True North Research, Mr. Sarles served as the Associate Research Director at another west-coast research firm. A published author, his work has been cited in sociological, psychological, and industry-specific journals. Mr. Sarles holds an M.S. in Experimental Psychology with an emphasis in statistics from Illinois State University, where he graduated magna cum laude, as well as a B.S. in Psychology from the same institution, where he achieved summa cum laude honors.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 11/13/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Kate Cote	
Renewable Guard Insurance Brokers, LLC 155 Montgomery Street Suite 507 San Francisco CA 94104	PHONE (A/C, No, Ext): (800) 267-0311	FAX (A/C, No):
	E-MAIL ADDRESS: kate.cote@ventureguardins.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Hanover Fire & Casualty Ins Co	
	INSURER B : Hiscox Insurance Company	10200
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

INSURED
Terris Barnes Walters Boigon Heath Lester Inc, DBA: CleanSweep 1569 Solanoa Ave #93 Berkeley CA 94707

COVERAGES **CERTIFICATE NUMBER:** CL25111302620 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [ ] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC [ ] OTHER:	Y		OBF-D431868-10	10/01/2025	10/01/2026	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 2,000,000 $ 300,000 $ 10,000 $ $ 4,000,000 $ 4,000,000
	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [ ] HIRED AUTOS ONLY [ ] NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $
	[X] UMBRELLA LIAB [ ] OCCUR EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [ ] RETENTION $	Y		OBF-D431868-10	10/01/2025	10/01/2026	EACH OCCURRENCE AGGREGATE Products - Comp/ Op	$ 1,000,000 $ 1,000,000 $ 1,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A	Y	W2F-D361933-10	10/01/2025	10/01/2026	[ ] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
B	Errors and Omissions	Y		US UUA 2630235.25	10/01/2025	10/01/2026	Each Occurence General Aggregate	1,000,000 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Pacific Grove and its officers, employees, agents, and volunteers shall be additional insureds under such policies when required by a written contract. Primary Non-Contributory. Waiver of Subrogation is applicable.

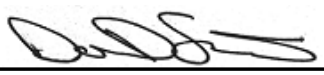
CERTIFICATE HOLDER

City of Pacific Grove
300 Forest Ave
Pacific Grove CA 93950

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Fred Marsh, Administrative Services Director
MEETING DATE:	November 19, 2025
SUBJECT:	Approval Of the California Employers' Pension Prefunding Trust (CEPPT) Participation Agreement with CalPERS
CEQA:	Does not constitute a Project per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

1) Approve and adopt a resolution, authorizing establishment of the California Employer Pension Pre-funding Trust (CEPPT) Section 115 Trust.
2) Adopt and Execute the CalPERS CEPPT Participation Agreement
3) Adopt and Execute the CalPERS CEPPT Delegation of Authority document listing the City Manager, and Administrative Services Director as authorized to request disbursements from the Trust.
4) Adopt the Certification of Pre-Funding Policy designating the CEPPT Trust Fund be established with the Asset Allocation Strategy of Strategy 1.

DISCUSSION

The City is part of the California Public Employees' Retirement System (CalPERS) and is affected by its funding policies and actuarial assumptions. Over the past decade, pension costs have risen, prompting the State to enact the Public Employees' Pension Reform Act (PEPRA), which introduced new pension formulas for employees hired after January 1, 2013. Despite these reforms, pension costs continue to rise, largely due to CalPERS' overly optimistic discount rate assumptions. The Unfunded Accrued Liability (UAL) has increased since 2003, primarily due to actual investment performance falling short of expectations or CalPERS reducing its discount rate.

The City is legally required to make payments to CalPERS for both current and retired employees under various pension plans, which include payments for normal costs and amortization of obligations (UAL). Two common strategies for pre-funding pension liabilities are making payments directly to CalPERS and creating a Section 115 Trust. Direct payments to CalPERS can yield better long-term investment returns through options like a shorter amortization period (Fresh Start) or Additional Discretionary Payments (ADPs). While a Fresh Start leads to higher short-term payments and lower long-term payments, it is irreversible once elected. And although ADPs can help reduce future contributions to CalPERS, they are also irreversible once paid.

Alternatively, a Section 115 Trust allows the City maintain control over assets, providing flexibility in contributions and withdrawals for CalPERS payments. CalPERS established the CEPPT, which is an IRS Section 115 Trust set up for the sole purpose of receiving employer contributions that will pay for

pension costs. This program has been around since 2019, with over $300 million in assets under management, with 102 participants. Section 115 Trusts are used by cities and counties to reserve funds against pension liabilities. Funds can be transferred from a Section 115 Trust to pay for pension costs; they cannot be used for other purposes.

Advantages of CalPERS' Section 115 CEPPT Fund include:

· City has control over the contribution and its funding. A one-time deposit can be made at this time and, if needed, City can make additional deposits in the future as well. Funds can be withdrawn in the future to finance future pension contribution payments.
· Earnings on assets would reduce future contributions
· Reducing the pension liability would improve City's overall balance sheet
· Low administrative fee of 25 basis points on asset balances. For each $1,000,000 invested, an annual fee of $2,500 is paid from earnings. There are no additional costs to join or withdraw funds.

While the City's investment policy keeps the City's cash and investments safe and liquid, the return on investments is limited. Opening a CEPPT Section 115 Trust with CalPERS provides additional leverage to increase the City's return on investments, while maintaining safety and liquidity. Another benefit is that the City's overall finances will improve, as prefunding the pension costs will lower the overall pension liability, improving the City's overall balance sheet.

The funds will be held in a trust and will be invested through the CEPPT program via one, or both, of its investment strategies. These strategies invest in four common asset classes: Global Equity, Fixed Income, Global Real Estate (REITs) and Treasury Inflation Protected Securities (TIPS). The main distinction between the two is asset allocation among these four categories, with Strategy 1 having more assets in equities and Strategy 2 being more conservative with more assets in fixed income.

CEPPT Portfolios	**Strategy 1**	**Strategy 2**
Expected Net Rate of Return	4.5%	3.5%
Standard Deviation of Expected Return	8.8%	6.1%

CEPPT does come with risk in that it would be more prone to market and economic volatility compared to the City's current investment in LAIF or US Treasury investments. The expected returns in either strategy are not guaranteed. Furthermore, the IRS Section 115 Trust is irrevocable, meaning the investment can be only utilized for pension-related costs. Payment of other unforeseen costs is not allowed. Additionally, funds cannot be withdrawn from the trust, with the exception of the pension costs detailed above.

Pursuant to the terms of the Agreement, the City must delegate certain City officials with the authority to request on behalf of the city, disbursements from the fund, and to certify the purpose for which those funds will be used. Staff recommends that the City Manager and Administrative Services Director be given that authority.

OPTIONS

· Approve the Resolution and Agreements
· Provide Alternate Direction

FINANCIAL IMPACT:

The fiscal impact for Fiscal Year 2025-2026 would be $250,000, to be paid in monthly installments of $50,000 from the pension reserve in the City's General Fund over a two-year period beginning in 2026.

FOCUSED PRIORITY AREA: Financial Sustainability

Attachments

CEPPT Delegation of Authority to Request Disbursements

CEPPT Fact Sheets and Investment Policy

Certification of Funding Policy

CEPPT Participation Agreement

California Public Employees' Retirement System
California Employers' Pension Prefunding Trust (CEPPT)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

Delegation of Authority to Request Disbursements
California Employers' Pension Prefunding Trust (CEPPT)

RESOLUTION
OF THE

City Council
(GOVERNING BODY)

OF THE

City of Pacific Grove
(NAME OF EMPLOYER)

The City Council delegates to the incumbents
(GOVERNING BODY)

in the positions of City Manager and
(TITLE)

Administrative Services Director , and/or
(TITLE)

_____ authority to request on behalf of the
(TITLE)

Employer disbursements from the Pension Prefunding Trust and to certify as to the purpose for which the disbursed funds will be used.

By _____

Title Mayor

Witness _____

Date November 20, 2025

The California Employers' Pension Prefunding Trust

Prefund future pension costs with a CalPERS trust fund

The CEPPT is designed to give public agencies who offer defined benefit pensions the opportunity to save money by investing now for their future pension contributions.

102
Participating Employers

580% Growth
In Employer Participation From Inception to FY 2024-25

$312.6 million
Assets Under Management

"The CEPPT program gives us a powerful tool to help ensure the stabilization and sustainability of our long-term retirement benefits. With its low fees, flexibility, risk diversification, and professional staff, it is the perfect program to save money for our agency and the ratepayers we serve."

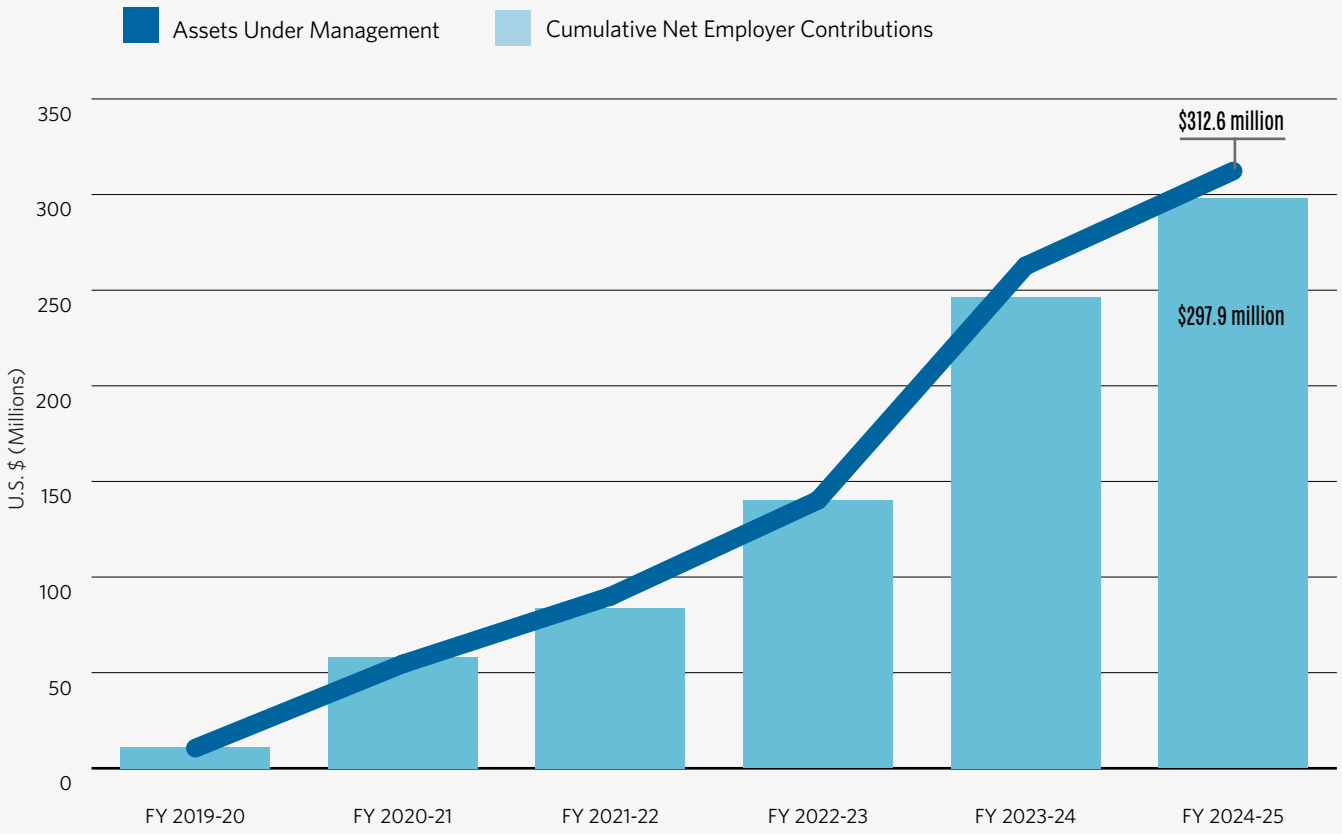
– Robert Housley, General Manager
Midway City Sanitary District, Orange

Choice of Asset Allocation Strategies

	Expected Rate of Return	Standard Deviation	Risk Level Less Conservative → More Conservative
Strategy 1	**5.4%**	8.4%	
Strategy 2	**4.9%**	5.9%	

Figures as of June 30, 2025

Consistent Growth of CEPPT Fund Assets Since Inception



How can you use the CEPPT?

- Prefund normal cost contributions and unfunded liability payments
- Make additional discretionary payments
- As a contingency fund for future volatility

Advantages of Participating in CEPPT

The CEPPT is designed to save you money and stabilize your budget by offering:

- CalPERS investment management
- Low total participation costs
- Efficient and effective customer outreach and support
- Simple and streamlined account transactions

Portfolio Managed by CalPERS

- Fiduciary responsibility assumed by the CalPERS Board
- Investment management by experts at CalPERS and internationally renowned consultants
- Two investment strategy options with varying risk levels
- All public market securities

Learn more at **www.calpers.ca.gov/ceppt**

Contact us at **ceppt4u@calpers.ca.gov**

Call us at **(916) 795-8454**

Figures as of June 30, 2025

(D) August 2025

CalPERS

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Strategy 1

August 31, 2025

Objective

The CEPPT Strategy 1 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CEPPT Strategy 1 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 2, this portfolio has a higher allocation to equities than bonds. Historically, equities have displayed greater price volatility and, therefore, this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 1	Annual Expense Ratio
$243,667,593	0.25%

Composition

Asset Class Allocations and Benchmarks

The CEPPT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

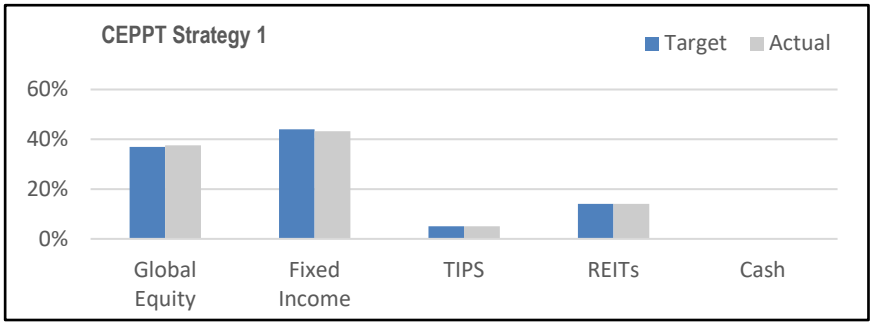
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	37%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	44%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	14%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+ 2%	ICE BofA US 3-Month Treasury Bill Index

Portfolio Benchmark

The CEPPT Strategy 1 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



CEPPT Strategy 1 Performance as of August 31, 2025

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (October 1, 2019)
Gross Return [1,3]	2.24%	5.14%	2.48%	7.87%	8.66%	4.98%	-	5.72%
Net Return [2,3]	2.22%	5.08%	2.44%	7.63%	8.41%	4.74%	-	5.48%
Benchmark Return	2.22%	5.08%	2.45%	7.65%	8.48%	4.79%	-	5.60%
Standard Deviation [4]	-	-	-	-	10.34%	10.16%	-	10.42%

* Returns for periods greater than one year are annualized.

[1] Gross returns are net of State Street Investment Management operating expenses.

[2] Net returns are net of State Street Investment Management operating expenses, investment management, administrative and recordkeeping fees.

[3] Expenses are described in more detail on page 2 of this document.

[4] Standard deviation is based on gross returns and is reported for periods greater than 3 years.

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Strategy 1

August 31, 2025

General Information

Information Accessibility

The CEPPT Strategy 1 portfolio consists of assets managed internally by CalPERS and/or by external managers. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CEPPT. For total market value, detailed asset allocation, investment policy and performance information, please visit our website at **www.calpers.ca.gov.**

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CEPPT investment strategy based on policies approved by the Board of Administration. State Street Investment Management manages all underlying investments for CEPPT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, and Treasury Inflation-Protected Securities.

Custodian and Record Keeper

State Street Bank serves as custodian for the CEPPT. Northeast Retirement Services serves as recordkeeper.

Expenses

CEPPT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater reduction of investment return. Currently, CEPPT expense ratios are 0.25%. This equates to $2.50 per $1,000 invested. The expenses consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to State Street Investment Management to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CEPPT Strategy 1 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CEPPT fund is a trust fund dedicated to prefunding employer contributions to defined benefit pension plans for eligible state and local agencies. CEPPT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CEPPT Principal Investment Risks" located at **www.calpers.ca.gov.**

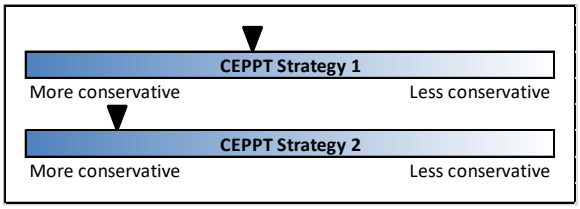
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employers' Pension Prefunding Trust.

CEPPT Strategy Risk Levels

CalPERS offers employers the choice of one of two investment strategies. Projected risk levels among risk strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2
Global Equity	37%	21%
Fixed Income	44%	61%
Treasury-Inflation Protected Securities	5%	9%
Real Estate Investment Trusts	14%	9%



California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Strategy 2

August 31, 2025

Objective

The CEPPT Strategy 2 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CEPPT Strategy 2 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 1, this portfolio has a lower allocation to equities and a higher allocation to bonds. Historically, funds with a lower percentage of equities have displayed less price volatility and, therefore, this portfolio may experience comparatively less fluctuation of value. Employers that seek greater stability of value, in exchange for possible lower investment returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 2	Annual Expense Ratio
$78,433,870	0.25%

Composition

Asset Class Allocations and Benchmarks

The CEPPT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

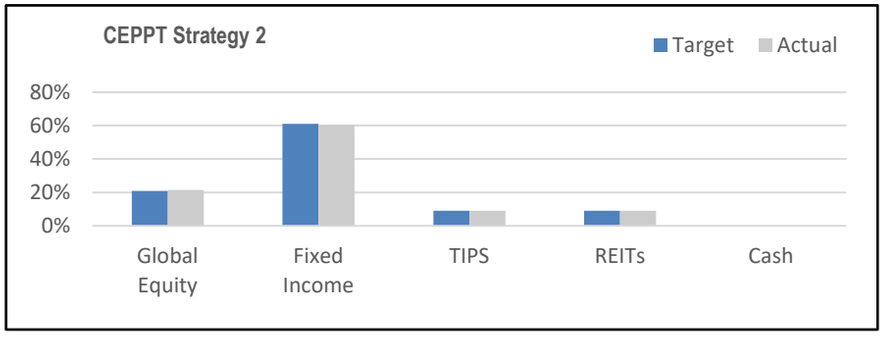
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	21%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	61%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	9%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	9%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+ 2%	ICE BofA US 3-Month Treasury Bill Index

Portfolio Benchmark

The CEPPT Strategy 2 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



CEPPT Strategy 2 Performance as of August 31, 2025								
	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (January 1, 2020)
Gross Return [1,3]	1.85%	4.03%	1.88%	6.01%	6.34%	2.46%	-	3.14%
Net Return [2,3]	1.83%	3.97%	1.84%	5.77%	6.09%	2.23%	-	2.91%
Benchmark Return	1.83%	3.98%	1.86%	5.81%	6.23%	2.33%	-	3.02%
Standard Deviation [4]	-	-	-	-	8.63%	8.03%	-	7.95%

* Returns for periods greater than one year are annualized.

[1] Gross returns are net of State Street Investment Management operating expenses.

[2] Net returns are net of State Street Investment Manaagement operating expenses, investment management, administrative and recordkeeping fees.

[3] Expenses are described in more detail on page 2 of this document.

[4] Standard deviation is based on gross returns and is reported for periods greater than 3 years.

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Strategy 2

August 31, 2025

General Information

Information Accessibility

The CEPPT Strategy 2 portfolio consists of assets managed internally by CalPERS and/or by external managers. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CEPPT. For total market value, detailed asset allocation, investment policy and performance information, please visit our website at **www.calpers.ca.gov.**

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CEPPT investment strategy based on policies approved by the Board of Administration. State Street Investment Management manages all underlying investments for CEPPT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, and Treasury Inflation-Protected Securities.

Custodian and Record Keeper

State Street Bank serves as custodian for the CEPPT. Northeast Retirement Services serves as recordkeeper.

Expenses

CEPPT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater reduction of investment return. Currently, CEPPT expense ratios are 0.25%. This equates to $2.50 per $1,000 invested. The expenses consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to State Street Investment Management to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CEPPT Strategy 2 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CEPPT fund is a trust fund dedicated to prefunding employer contributions to defined benefit pension plans for eligible state and local agencies. CEPPT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CEPPT Principal Investment Risks" located at **www.calpers.ca.gov.**

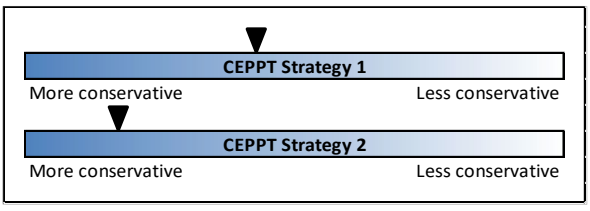
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employers' Pension Prefunding Trust.

CEPPT Strategy Risk Levels

CalPERS offers employers the choice of one of two investment strategies. Projected risk levels among risk strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2
Global Equity	37%	21%
Fixed Income	44%	61%
Treasury-Inflation Protected Securities	5%	9%
Real Estate Investment Trusts	14%	9%



CalPERS Investment Policy for the California Employers' Pension Prefunding Trust

Effective Date

This policy is effective as of October 1, 2022.

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Introduction

The California Public Employees' Retirement System (CalPERS) Total Fund Investment Policy, adopted by the CalPERS Investment Committee (Committee), sets forth CalPERS' overarching investment beliefs, purposes, and objectives with respect to all its investment programs.

This document sets forth the investment policy (Policy) for the policy portfolios (Portfolios) of the California Employers' Pension Prefunding Trust Fund (CEPPT or Fund). The design of this Policy ensures that investors, managers, consultants, and other participants selected by CalPERS take prudent and careful action while managing the Portfolios. Additionally, use of this Policy ensures sufficient flexibility in managing investment risks and returns associated with the Fund.

The Fund was established January 1, 2019 for public employers to prefund their required pension contributions. There are two separate Portfolios (Strategy 1 and Strategy 2) for the Fund, that provide employers a choice of asset allocation strategies.

This Policy should be read in conjunction with and is subject to applicable conditions contained within the CalPERS Total Fund Investment Policy. This Policy shall also be managed to comply with all applicable Investment Office policies.

Strategic Objective

The Fund seeks to offer to employers distinct investment alternatives given their specific liabilities and cash flow needs.

Responsibilities

Details regarding various levels of responsibility for this Fund are provided in Appendix 1, Reporting to the Investment Committee, and Appendix 2, Investment Responsibilities.

Investment Approach & Parameter

A. Performance Objective and Benchmark

   The benchmark for the Portfolios is specified in the CalPERS Total Fund Investment Policy benchmark appendix.

B. Strategic Asset Allocation Process

   A comprehensive Asset Allocation Strategy analysis shall be completed periodically that follows the schedule and process as described in the CalPERS Total Fund Investment Policy, Asset Allocation Strategy Section, and Reporting to the Investment Committee appendix. As further described in the Asset Allocation Strategy Section, the schedule may be altered to accommodate pending Board actions.

C. Restrictions, Prohibitions and Authorized Securities

Restrictions, Prohibitions and Authorized Securities of the Fund are governed by the CalPERS Total Fund Investment Policy for internal funds and defined in each Manager's contract with CalPERS for external funds.

All transactions involving derivatives are governed by the CalPERS Total Fund Investment Policy, Global Derivatives and Counterparty Risk Section.

Investment Constraints/ Limitations

See Appendix 3 for Fund investment constraints/limitations.

Glossary of CalPERS Specific Terms

Bold italicized terms appearing in the Policy are CalPERS specific in nature and are defined in the CalPERS Specific Glossary of Terms.

Policy Document History

See Appendix 4 for historical details of Investment Committee adoption and revisions of this Policy.

Appendices

Appendix 1: Reporting to the Investment Committee

The following tables provide details regarding reporting to the Investment Committee:

1. Investment Office Staff
2. ***General Pension Consultant***

Table 1: Investment Office Staff Reporting Responsibilities

Ref #	Report Content	Frequency
1.	Staff shall provide a review that will include, but is not limited to, asset class allocations compared to Policy targets and ranges (as applicable), current market value, performance, and risk metrics.	No less than annually
2.	Staff shall report concerns, problems, material changes, and all violations of the Policy. These reports shall include explanations of any violations and appropriate recommendations for corrective action	At the next Committee meeting, or sooner if deemed necessary

*Table 2: **General Pension Consultant** Reporting Responsibilities*

Ref #	Report Content	Frequency
1.	The Consultant shall monitor, evaluate, and report on the performance of the Fund relative to the benchmarks and this Policy and other applicable CalPERS Policies.	No less than annually

Appendix 2: Investment Responsibilities

The following sections provide details regarding investment related responsibilities for the:

- Investment Committee
- Investment Office Staff
- ***General Pension Consultant***
- ***External Manager***

Investment Committee Responsibilities

1. Approve asset classes for investment and set a policy target allocation, permissible range, and benchmark for each asset class.

Investment Office Staff Responsibilities

1. All aspects of portfolio management, including monitoring, trading, analyzing, evaluating performance relative to the appropriate benchmark, and selecting and contracting with managers.
2. Provide individualized asset allocation strategy recommendations to the Committee, including selection of asset class benchmarks, and Policy targets and ranges.
3. Manage the asset class allocations of the Fund within Policy ranges approved by the Committee, in accordance with Policy guidelines.
4. Monitor internal and external managers in the implementation of, and compliance with, the Policy.
5. Develop and maintain investment procedures, program guidelines, and sub-program guidelines.

***General Pension Consultant** Responsibilities*

1. Provide independent perspective and counsel to the Committee, to include routine communication with the Investment Office Staff and periodic reviews of processes and procedures.

***External Manager** Responsibilities*

1. Manage the Fund in accordance with each manager's contract with CalPERS and the Policy.

2. Communicate and cooperate with Investment Office Staff and authorized third parties regarding the management of the Fund.

Appendix 3: Investment Constraints/Limitations

Portfolio Asset Class Allocation Targets & Ranges

The following tables provide details regarding the asset allocation targets and ranges for each CEPPT strategy. Upon adoption of significant policy changes, Staff will implement the changes within a reasonable time period.

Table 3.1: Allocation Targets and Ranges – Strategy 1, Effective October 1, 2022

Asset Class	Policy Target	Policy Range Relative to Target
Global Equity	37%	+/- 5%
Fixed Income	44%	+/- 5%
Treasury Inflation-Protected Securities (TIPS)	5%	+/- 3%
Real Estate Investment Trusts (REITs)	14%	+/- 5%
Liquidity*	0%	+ 2%
Total	**100%**	

*The Liquidity asset class is constrained to frictional/operational cash flows

Table 3.2: Allocation Targets and Ranges – Strategy 2, Effective October 1, 2022

Asset Class	Policy Target	Policy Range Relative to Target
Global Equity	21%	+/- 5%
Fixed Income	61%	+/- 5%
Treasury Inflation-Protected Securities (TIPS)	9%	+/- 3%
Real Estate Investment Trusts (REITs)	9%	+/- 5%
Liquidity*	0%	+ 2%
Total	**100%**	

*The Liquidity asset class is constrained to frictional/operational cash flows.

Target Tracking Error

The Portfolios will be managed in a manner that minimizes any tracking error.

Appendix 4: Policy Document History

Table 4: CEPPT Fund Policy History

Date	Detail
2019-06-18	Approved by the Investment Committee.
2022-10-01	Administrative changes to the strategic asset allocation targets and ranges as approved by the Committee on March 14, 2022 (agenda item 7b).

State of California
California Public Employees' Retirement System
California Employers' Pension Prefunding Trust (CEPPT)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

California Employers' Pension Prefunding Trust (CEPPT)
CERTIFICATION OF FUNDING POLICY

EMPLOYER NAME: City of Pacific Grove, California

SECTION I: CEPPT Asset Allocation Strategy Selection

As the employer, I certify that my agency chooses the following CEPPT asset allocation strategy (select one):

CEPPT Asset Allocation Strategy	10 Year Expected Rate of Return	Expected Volatility (Standard Deviation)
☒ **Strategy 1**	5.4%	8.4%
☐ **Strategy 2**	4.9%	5.9%
☐ **Concurrent Enrollment**	-	-

SECTION II: Contributions and Reimbursements

As the employer, I certify that we intend to make CEPPT contributions and request eligible reimbursements in the following manner:

Contributions:

We intend to make an initial contribution of $50,000 on or around 02/2026 (MM/YYYY).

For fiscal year ending June 30, 2026 (YYYY) we intend to contribute the estimated following amount(s) in:

Strategy 1: $250,000 and/or

Strategy 2: $_____

For fiscal year ending June 30, 2027 (YYYY) we intend to contribute the estimated following amount(s) in:

Strategy 1: $600,000 and/or

Strategy 2: $_____

State of California
California Public Employees' Retirement System
California Employers' Pension Prefunding Trust (CEPPT)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

California Employers' Pension Prefunding Trust (CEPPT)
CERTIFICATION OF FUNDING POLICY

Reimbursements:

During the two years period identified above, do you intend to seek a reimbursement?

☐ Yes

☒ No

If you answered yes:

For fiscal year ending June 30, _____ we intend to seek an approximate reimbursement of $_____.
(YYYY)

For fiscal year ending June 30, _____ we intend to seek an approximate reimbursement of $_____.
(YYYY)

COMMENTS:

State of California
California Public Employees' Retirement System
California Employers' Pension Prefunding Trust (CEPPT)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

California Employers' Pension Prefunding Trust (CEPPT)
CERTIFICATION OF FUNDING POLICY

We understand we will be asked to provide information to CalPERS as required to facilitate compliance with Governmental Accounting Standards Board (GASB) reporting requirements and we agree to provide this information to CalPERS on a timely basis.

We understand that CEPPT will be reported in aggregate as a fiduciary fund for CalPERS reporting. CEPPT assets will not be reported under GASB 67/68.

We understand that the cash flow information provided in Section II are estimated amounts and is being used for CEPPT asset management purposes. There is no implied commitment to contribute or reimburse.

City of Pacific Grove

Employer Name

Fred Marsh

Printed Name of Person Signing the Form

Title of Person Signing the Form

11/20/2025

Signature Date

Fred Marsh

Designated Employer Contact Name

Administrative Services Director

Title of Designated Employer Contact

831-648-3117 fmarsh@cityofpacificgrove.org

Phone # Email Address

State of California
California Public Employees' Retirement System
California Employers' Pension Prefunding Trust (CEPPT)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

California Employers' Pension Prefunding Trust (CEPPT)
CERTIFICATION OF FUNDING POLICY

This page provides instructions to complete each section of the Certification of Pension Funding Policy.

SECTION I: CEPPT Asset Allocation Strategy Selection

Your CEPPT assets will be invested using the asset allocation strategy checked here. Each strategy has a different assumed 10 year expected rate of return and risk profile.

SECTION II: Contributions and Reimbursements

Here we ask you to indicate how you expect to make contributions to, and seek reimbursement from, the trust. All contributions are voluntary and never required. This section is for informational purpose. There is no implied commitment to contribute or reimburse. Information provided is intended for investment forecast and asset management purposes.

CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM

AGREEMENT AND ELECTION OF

_____

(NAME OF EMPLOYER)

to Prefund Employer Contributions to a Defined Benefit Pension Plan

WHEREAS (1) Government Code (GC) Section 21711(a) establishes in the State Treasury the California Employers' Pension Prefunding Trust Fund (CEPPT), a special trust fund for the purpose of allowing eligible employers to prefund their required pension contributions to a defined benefit pension plan (each an Employer Pension Plan) by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS (2) GC Section 21711(b) provides that the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control of the administration and investment of the CEPPT, the purposes of which include, but are not limited to (i) receiving contributions from participating employers; (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds; and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the CEPPT and to deposit employer contributions into Employer Pension Plans in accordance with their terms; and

WHEREAS (3) _____
(NAME OF EMPLOYER)

(Employer) desires to participate in the CEPPT upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the CEPPT upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The CEPPT is a trust fund that is intended to perform an essential governmental function (that is, the investment of funds by a State, political subdivision or 115 entity) within the meaning of Internal Revenue Code (Code) Section 115 and Internal Revenue Service Revenue Ruling 77-261, and as an Investment Trust Fund, as defined in Governmental Accounting Standards Board (GASB) Statement No. 84, Paragraph 16, for accounting and financial reporting of fiduciary activities from the

external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in Paragraph 11c(1).

WHEREAS (6) The CEPPT is not a Code Section 401(a) qualified trust and the assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a).

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Employer Representation and Warranty

Employer hereby represents and warrants that it is the State of California or a political subdivision thereof, or an entity whose income is excluded from gross income under Code Section 115(1).

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the CEPPT by adopting this Agreement and filing with the Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:
CalPERS
CEPPT
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to:
CalPERS Mailroom
CEPPT
400 Q Street
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement. Employer shall provide the Board such other documents as the Board may request, including, but not limited to a certified copy of the resolution(s) of the governing body of Employer authorizing the adoption of the Agreement and documentation naming Employer's successor entity in the event that Employer ceases to exist prior to termination of this Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both the Board and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the CEPPT, to carry out the purposes of this Agreement, and to maintain the tax-exempt status of the CEPPT. Employer agrees to follow such procedures and processes.

C. Employer Reports Provided for the Board's Use in Trust Administration and Financial Reporting and Employer Contributions

(1) Employer shall provide to the Board a defined benefit pension plan cost report on the basis of the actuarial assumptions and methods prescribed by Actuarial Standards of Practice (ASOP) or prescribed by GASB. Such report shall be for the Board's use in trust administration and financial reporting and shall be prepared at least as often as the minimum frequency required by applicable GASB Standards. This defined benefit pension plan cost report may be prepared as an actuarial valuation report or as a GASB compliant financial report. Such report shall be:

1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;

2) prepared in accordance with ASOP or with GASB; and

3) provided to the Board prior to the Board's acceptance of contributions for the reporting period or as otherwise required by the Board.

(2) In the event that the Board determines, in its sole discretion, that Employer's cost report is not suitable for the Board's purposes and use or if Employer fails to provide a required report, the Board may obtain, at Employer's expense, a report that meets the Board's trust administration and financial reporting needs. At the Board's option, the Board may recover the costs of obtaining the report either by billing and collecting such amount from Employer or through a deduction from Employer's Prefunding Account (as defined in Paragraph D(2) below).

(3) Employer shall notify the Board in writing of the amount and timing of contributions to the CEPPT, which contributions shall be made in the manner established by the Board and in accordance with the terms of this Agreement and any procedures adopted by the Board.

(4) The Board may limit Employer's contributions to the CEPPT to the amount necessary to fully fund the actuarial present value of total projected benefit payments not otherwise prefunded through the applicable Employer Pension Plan (Unfunded PVFB), as set forth in Employer's cost report for the applicable period. If Employer's contribution would cause the assets in Employer's Prefunding Account to exceed the Unfunded PVFB, the Board may refuse to accept the contribution. If Employer's cost report for the applicable period does not set forth the Unfunded PVFB, the Board may

refuse to accept a contribution from Employer if the contribution would cause the assets in Employer's Prefunding Account to exceed Employer's total pension liability, as set forth in Employer's cost report.

(5) No contributions are required. Contributions can be made at any time following the effective date of this Agreement if Employer has first complied with the requirements of this Agreement, including Paragraph C.

(6) Employer acknowledges and agrees that assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a), and will not become assets of such a plan unless and until such time as they are distributed from the CEPPT and deposited into an Employer Pension Plan.

D. Administration of Accounts; Investments; Allocation of Income

(1) The Board has established the CEPPT as a trust fund consisting of an aggregation of separate single-employer accounts, with pooled administrative and investment functions.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the CEPPT (Employer's Prefunding Account). Assets in Employer's Prefunding Account will be held for the exclusive purpose of funding Employer's contributions to its Employer Pension Plan(s) and defraying the administrative expenses of the CEPPT.

(3) The assets in Employer's Prefunding Account may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Code Section 115 trust, subject to any additional requirements set forth in applicable law, including, but not limited to, subdivision (d) of GC Section 21711. Employer shall select between available investment strategies in accordance with applicable Board procedures.

(4) The Board may deduct the costs of administration of the CEPPT from the investment income of the CEPPT or from Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income earned shall be allocated among participating employers and posted to Employer's Prefunding Account daily Monday through Friday, except on holidays, when the allocation will be posted the following business day.

(6) If, at the Board's sole discretion and in compliance with accounting and legal requirements applicable to an Investment Trust Fund and to a Code Section 115 compliant trust, the Board determines to its satisfaction that all obligations to pay defined benefit pension plan benefits in accordance with the applicable Employer Pension Plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the

CEPPT, then the residual Employer assets held in Employer's Prefunding Account may be returned to Employer.

E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board, at its discretion but at least annually, shall prepare and provide a statement of Employer's Prefunding Account reflecting the balance in Employer's Prefunding Account, contributions made during the period covered by the statement, investment income allocated during such period, and such other information as the Board may determine.

F. Disbursements

(1) Employer may receive disbursements from the CEPPT not to exceed, on an annual basis, the amount of the total annual Employer contributions to Employer's Pension Plan for such year.

(2) Employer shall notify the Board in writing in the manner specified by the Board of the persons authorized to request disbursements from the CEPPT on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board, and the Board may rely conclusively upon such writing. The Board may, but is not required to, require that Employer certify or otherwise demonstrate that amounts disbursed from Employer's Prefunding Account will be used solely for the purposes of the CEPPT. However, in no event shall the Board have any responsibility regarding the application of distributions from Employer's Prefunding Account.

(4) No disbursement shall be made from the CEPPT which exceeds the balance in Employer's Prefunding Account.

(5) Requests for disbursements that satisfy the above requirements will be processed on at least a monthly basis.

(6) The Board shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements, and is under no duty to make any investigation or inquiry about the correctness of such instruction. In the event of any other erroneous disbursement, the extent of the Board's liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the CEPPT, as determined by the Board and in accordance with Paragraph D.

H. Termination of Employer's Participation in the CEPPT

(1) The Board may terminate Employer's participation in the CEPPT if:

(a) Employer's governing body gives written notice to the Board of its election to terminate; or

(b) The Board determines, in its sole discretion, that Employer has failed to satisfy the terms and conditions of applicable law, this Agreement or the Board's rules, regulations or procedures.

(2) If Employer's participation in the CEPPT terminates for either of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the CEPPT, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D, and Employer shall remain subject to the terms of this Agreement with respect to such assets.

(3) After Employer's participation in the CEPPT terminates, Employer may not make further contributions to the CEPPT.

(4) After Employer's participation in the CEPPT terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After Employer's participation in the CEPPT terminates, the governing body of Employer may request either:

(a) A trustee to trustee transfer of the assets in Employer's Prefunding Account to a trust dedicated to prefunding Employer's required pension contributions; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

(b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of defined benefit pension plan benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the CEPPT terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate. To the extent that assets remain in Employer's Prefunding Account, this Agreement shall remain in full force and effect.

(7) If, for any reason, the Board terminates the CEPPT, the assets in Employer's Prefunding Account shall be paid to Employer to the extent permitted by law and Code Section 115 after retention of (i) an amount sufficient to pay the Unfunded PVFB as set forth in a current defined benefit pension plan(s) cost report prepared in compliance with ASOP and the requirements of Paragraph C(1), and (ii) amounts sufficient to pay reasonable administrative costs of the Board. Amounts retained by the Board to pay the Unfunded PVFB shall be transferred to (i) another Code Section 115 trust dedicated to prefunding Employer's required pension contributions, subject to the Board's determination that such transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties or (ii) Employer's Pension Plan, subject to acceptance by Employer's Pension Plan.

(8) If Employer ceases to exist but Employer's Prefunding Account continues to exist, and if no provision has been made to the Board's satisfaction by Employer with respect to Employer's Prefunding Account, the Board shall be permitted to identify and appoint a successor to Employer under this Agreement, provided that the Board first determines, in its sole discretion, that there is a reasonable basis upon which to identify and appoint such a successor and provided further that such successor agrees in writing to be bound by the terms of this Agreement. If the Board is unable to identify or appoint a successor as provided in the preceding sentence, then the Board is authorized to appoint a third-party administrator or other successor to act on behalf of Employer under this Agreement and to otherwise carry out the intent of this Agreement with respect to Employer's Prefunding Account. Any and all costs associated with such appointment shall be paid from the assets attributable to Employer's Prefunding Account. At the Board's option, and subject to acceptance by Employer's Pension Plan,

the Board may instead transfer the assets in Employer's Prefunding Account to Employer's Pension Plan and terminate this Agreement.

(9) If the Board determines, in its sole discretion, that Employer has breached the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the CEPPT.

I. Indemnification

Employer shall indemnify, defend, and hold harmless CalPERS, the Board, the CEPPT, and all of the officers, trustees, agents and employees of the foregoing from and against any loss, liability, claims, causes of action, suits, or expense (including reasonable attorneys' fees and defense costs, lien fees, judgments, fines, penalties, expert witness fees, appeals, and claims for damages of any nature whatsoever) not charged to the CEPPT and imposed as a result of, arising out of, related to or in connection with (1) the performance of the Board's duties or responsibilities under this Agreement, except to the extent that such loss, liability, suit or expense results or arises from the Board's own gross negligence, willful misconduct or material breach of this Agreement, or (2) without limiting the scope of Paragraph F(6) of this Agreement, any acts taken or transactions effected in accordance with written directions from Employer or any of its authorized representatives or any failure of the Board to act in the absence of such written directions to the extent the Board is authorized to act only at the direction of Employer.

J. General Provisions

(1) Books and Records

Employer shall keep accurate books and records connected with the performance of this Agreement. Such books and records shall be kept in a secure location at Employer's office(s) and shall be available for inspection and copying by the Board and its representatives.

(2) Notice

(a) Any notice or other written communication pursuant to this Agreement will be deemed effective immediately upon personal delivery, or if mailed, three (3) days after the date of mailing, or if delivered by express mail or e-mail, immediately upon the date of confirmed delivery, to the following:

For the Board:

Filing by mail, send to:
CalPERS
CEPPT
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to:
CalPERS Mailroom
CEPPT
400 Q Street
Sacramento, CA 95811

For Employer:

City of Pacific Grove

Attention: Administrative Services Director

300 Forest Avenue, Pacific Grove, CA 93950

(b) Either party to this Agreement may, from time to time by notice in writing served upon the other, designate a different mailing address to which, or a different person to whom, all such notices thereafter are to be addressed.

(3) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of this Agreement shall survive the termination of this Agreement.

(4) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(5) Necessary Acts; Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

(6) Incorporation of Amendments to Applicable Laws and Accounting Standards

Any references to sections of federal or state statutes or regulations or accounting standards shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

(7) Days

Wherever in this Agreement a set number of days is stated or allowed for a particular event to occur, the days are understood to include all calendar days, including weekends and holidays, unless otherwise stated.

(8) No Third Party Beneficiaries

Except as expressly provided herein, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assignees, and nothing herein, expressed or implied, will give or be construed to give any other person any legal or equitable rights hereunder. Notwithstanding the foregoing, CalPERS, the CEPPT, and all of the officers, trustees, agents and employees of CalPERS, the CEPPT and the Board shall be considered third party beneficiaries of this Agreement with respect to Paragraph I above.

(9) Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

A majority vote of Employer's Governing Body at a public meeting held on the 19th day of the month of November in the year 2025, authorized entering into this Agreement.

Signature of the Presiding Officer: _____

Printed Name of the Presiding Officer: Nick Smith

Name of Governing Body: City Council

Name of Employer: City of Pacific Grove

Date: 11/20/2025

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY_____
MELODY BENAVIDES
DIVISION CHIEF, PENSION CONTRACTS AND PREFUNDING PROGRAMS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS The effective date of this Agreement is: _____