

City of Isleton

City Council
Staff Report

DATE: May 25, 2021

ITEM#: 4.A

CATEGORY: Communications

CITY COUNCIL COMMUNICATIONS

SUMMARY

City has received the following communications:

- A. The City received its first Cannabis Equity Grant funds.

FISCAL IMPACT

There is no fiscal impact with this appointment.

RECOMMENDATION

There is no action required.

ATTACHMENT

- Cannabis Equity Grant Funds

Prepared and Submitted by: Yvonne Zepeda, Deputy City Clerk 
Reviewed by: Charles Bergson, City Manager _____





STATE OF CALIFORNIA

WARRANT NUMBER

67-981859

H THE TREASURER OF THE STATE WILL PAY OUT OF THE IDENTIFICATION NO.

0000070973

FUND NO. 8087

FUND NAME FISCAL CONSOLIDATED PMT

0000

MO. DAY YR.

05 14 2021

90-1342/1211

67981859

TO: 981859

--- CITY OF ISLETON
PO BOX 716
ISLETON CA 95641-0716

DOLLARS	CENTS
***22000	.00

Betty T. Yee

BETTY T. YEE
 CALIFORNIA STATE CONTROLLER

⑆121113423⑆ 67981859⑆

DETACH ON DOTTED LINE
KEEP THIS PORTION FOR YOUR RECORDS

67-981859

ISSUE DATE: 05/14/2021
 BUSINESS & ECONOMIC DEVELOPMNT
 1325 J STREET 18TH FLOOR SUITE 1800
 SACRAMENTO CA 95814
 FOR QUESTIONS CONTACT ACCOUNTING DEPARTMENT AT 916/322-0694

VENDOR NAME	VENDOR ID
CITY OF ISLETON	0000070973

VOUCHER ID	INVOICE ID	PO ID
00008225	CEG-2021-244	0000001289

AMOUNT PAID

 \$22000.00

PAYMENT MESSAGE

ADDITIONAL PAYMENT MESSAGE

Cannabis Equity Grant

City of Isleton

City Council
Staff Report

DATE: May 25, 2021

ITEM#: 5.A

CATEGORY: Consent Calendar

MINUTES OF THE REGULAR CITY COUNCIL MEETING OF MAY 11, 2021.

SUMMARY

Review of the Regular City Council Meetings of May 11, 2021.

FISCAL IMPACT

There is no fiscal impact associated with this action.

RECOMMENDATION

City Council review and approve the draft minutes of the Regular City Council Meeting on May 11, 2021.

ATTACHMENTS

Minutes of May 11, 2021.

Reviewed by: Charles Bergson, City Manager 

Submitted and prepared by: Yvonne Zepeda, Deputy City Clerk 

CITY OF ISLETON

Regular City Council Meeting Minutes

Tuesday, May 11th, 2021 at 6:30pm
208 Jackson Boulevard
Isleton, California 95641
You can call in to join our public meeting
TELECONFERENCE MEETING

1. OPENING CEREMONIES

- A. Welcome & Call to Order – Mayor Eric Pene called to order at 6:31pm
- B. Pledge of Allegiance
- C. Roll Call

PRESENT: Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene. City Manager Charles Bergson and Deputy City Clerk Yvonne Zepeda.

- D. Moment of Silence for Councilmember Barbara Dockery.

2. AGENDA CHANGES OR DELETIONS

Action: Take item 8.A before 6.

3. PUBLIC COMMENT

This is an opportunity for the public to speak to the Council on any item other than those listed for public hearing on this Agenda. Speakers are requested to use the podium in front of the Council and to begin by stating their name, whether they reside in Isleton and the name of the organization they represent if any. The Mayor may impose a time limit on any speaker depending on the number of people wanting to speak and the time available for the rest of the Agenda. In the event comments are related to an item scheduled on the Agenda, speakers will be asked to wait to make their comments until that item is being considered.

ACTION: Resident Shauna Pelligrini expressed concerns and liabilities in regards to shootings at Del Rio, Violence, Garbage Debris, blocking fire lanes in back of Hotel Del Rio, Trespassing, throwing bottles and breaking them at the residents and vandalism and graffiti in town. Kristin Ordon – spoke of a bullet grazing by children bedroom window and excess of people at Hotel Del Rio, violence and cars blocking right away and putting people at risks.

4. COMMUNICATIONS

- A. Letter to Mayor regarding a Skate Park.

B. Application of California-American Water Company (U210W) for Authority to Establish Authorized Cost of Capital for the period from January 1, 2022 through December 31, 2024.

ACTION: Council request to agendize 4.A Skate Park on next agenda.

AMERICANS WITH DISABILITIES ACT NOTICE: In compliance with the Americans with Disabilities Act, persons needing a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, may contact Deputy City Clerk Yvonne Zepeda, at (916) 777-7770, by fax at (916) 777-7775 or by email to Yvonne.zepeda@cityofisleton.com at least 48 hours prior to the meeting.

GOV. CODE § 54957.5 NOTICE: Public records related to an agenda item that are distributed less than 72 hours before this meeting are available for public inspection during normal business hours at Isleton City Hall located at 101 Second Street, Isleton, California 95641.

5. CONSENT CALENDAR

- A. **SUBJECT:** Approval of Minutes of the Regular City Council Meeting of April 13, 2021.

RECOMMENDATION: City Council review and approve draft minutes of the Regular City Council Meeting of April 13, 2021.

ACTION: Councilmember Iva Walton motion to approve draft minutes of the Regular City Council Meeting of April 13, 2021. Councilmember Paul Steele second the motion.

PASSED 4-0. AYES: Councilmember Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene. **NOES:** None. **ABSTAIN:** None. **ABSENT:** None.

6. PUBLIC HEARINGS

- A. **SUBJECT:** Sphere of Influence Amendment Initiation.

RECOMMENDATION: Hold public hearing and approve Resolution 009-21, Initiating a Sphere of Influence Amendment and Making Application to the Sacramento Local Agency Formation Commission.

ACTION: Councilmember Paul Steele, motion to hold public hearing and approve Resolution 009-21, Initiating a Sphere of Influence Amendment and making application to the Sacramento Local Agency Formation Commission. Mayor Eric Pene second the motion. **AYES:** Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene. **NOES:** None. **ABSTAIN:** None. **ABSENT:** None. **PASSED 4-0.**

- B. **SUBJECT:** AB1600 Draft Impact Fee Study.

RECOMMENDATION: Staff recommends City Council to hold a public hearing on the City of Isleton Development Impact Fee Study and direct its adoption.

ACTION: Held public hearing and City Council asked to review page 10, B6 and review fire fees and bring back to council.

7. OLD BUSINESS

- A. **SUBJECT:** Sacramento County COVID-19 Public Health Order Update and City of Isleton Executive Order.

RECOMMENDATION: Discuss and provide direction to staff.

ACTION: Just reviewed COVID-19 Public Health Order update and City of Isleton Executive Order.

- B. **SUBJECT:** Ordinance No. 2021-003, amending section 9.04.320 of the Isleton Municipal Code pertaining to maintenance of private sewer lines.

RECOMMENDATION: Staff is recommending that City Council hold first reading and adopt Ordinance 2021-003, Amending Section 9.04.320 and 9.04.360 of the Isleton Municipal Code Pertaining to Maintenance of Private Sewer Lines.

ACTION: Councilmember Paul Steele recommended that City Council hold first reading and adopt Ordinance 2021-003, Amending Section 9.04.320 and 9.04.360 of the Isleton

Municipal Code Pertaining to Maintenance of Private Sewer Lines. Vice Mayor Pamela Bulahan second the motion. AYES: Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene. NOES: None. ABSENT: None. ABSTAIN: None. PASSED 4-0.

8. NEW BUSINESS

- A. **SUBJECT:** Resolution No. 003-21, a Resolution Authorizing the Examination of Local Sales and Use Tax and Transaction Sales Tax Records.

RECOMMENDATION: That City Council approve Resolution No. 003-21, a Resolution Authorizing the Examination of Local Sales and Use Tax and Transaction Sales and Use Tax Records.

ACTION: Councilmember Iva Walton motion to approve Resolution No. 003-21, a Resolution Authorizing the Examination of Local Sales and Use Tax and Transaction Sales Tax Records. Vice Mayor Pamela Bulahan second the motion. AYES: Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahna, Mayor Eric Pene. NOES: None. ABSTAIN: None. ABSENT: None. PASSED 4-0.

- B. **SUBJECT:** Zoning Exception 01-21, Allowing Development of an Educational Park in the CC-Central Commercial Zoning District, 27 Main Street.

RECOMMENDATION: Approve Resolution 010-21, Granting Zoning Exception 01-21 to allow for the development of an educational park under the standards of the RCO- Resource Conservation & Open Space Zoning District on the property addressed as 27 Main Street, Isleton, Ca 95641.

ACTION: Councilmember Paul Steele motion to approve Resolution 010-21, Granting Zoning Exception 01-21 to allow for the development of an educational park under the standards of the RCO-Resource Conservation & Open Space Zoning District on the property addressed as 27 Main Street, Isleton, CA. 95641. Councilmember Iva Walton second the motion. AYES: Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene. NOES: None. ABSTAIN: None. ABSENT: None. PASSED 4-0.

- C. **SUBJECT:** 2021-2029 Draft Housing Element—Presentation by Dynamic Planning + Science.

RECOMMENDATION: Approve draft Housing Element and direct Dynamic Planning + Science to submit the Housing Element to California State Department of Housing and Community Development on behalf of the City.

ACTION: Councilmember Paul Steele motion to approve draft Housing Element and direct Dynamic Planning + Science to submit the Housing Element to California State Department of Housing and Community Development on behalf of the City. Vice Mayor Pamela Bulahan second the motion. AYES: Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene. NOES: None. ABSTAIN: None. ABSENT: None. PASSED 4-0.

COUNCIL REPORTS AND COMMITTEE UPDATES

- A. Councilmember Vacant

- B. Councilmember Paul Steele – Delta Protection Committee Meeting in May.
- C. Councilmember Iva Walton – Applications for City Council when and Name future project in Barbara Dockery name.
- D. Vice Mayor Pamela Bulahan – Parking Enforcement on Union St. and 16 Main and 18 & 20 Main.
- E. Mayor Eric Pene – Sheriff's.

9. STAFF GENERAL REPORTS AND DISCUSSION

- A. City Manager Report – City Attorney memo regarding Council selection and Sewer Rate Study.
- B. Fire Chief Report – Absent.

10. ADJOURNMENT

AYES:
NOES:
ABSTAIN:
ABSENT:

MAYOR, Eric Pene

ATTEST:

DEPUTY CITY CLERK, Yvonne Zepeda

City of Isleton

City Council Staff Report

DATE: May 25th, 2021

ITEM#: 5.B

CATEGORY: Consent Calendar

ORDINANCE 2021-003, AMENDING SECTIONS 9.04.320, 9.04.360, AND 9.04.370 OF THE ISLETON MUNICIPAL CODE PERTAINING TO REPAIR, MAINTENANCE, AND INSTALLATION OF PRIVATE SEWER LINES

SUMMARY

The City's sewer lateral responsibility policy, as currently regulated by the Isleton Municipal Code (IMC), makes the City responsible for sewer lateral repairs from the property line to the sewer main.

The City's current policy puts financial, administrative, and liability strain on the City. Most cities make the property owner responsible for sewer lateral from the house all the way to the sewer main line in the street. Given the above finding City Council directed staff to prepare an ordinance amending the IMC to make private sewer laterals the responsibility of the property owner at their March 23rd, 2021 meeting. (See amendment 1 in discussion section below).

A draft ordinance was presented to City Council at the April 13th, 2021 meeting where Council directed staff to add language allowing property owners to make an appeal to City Council for reimbursement in the case they must install sewer laterals over an exceptional distance. An amendment to Section 9.04.360 has been added to Ord. 2021-003 to this effect. (See amendment 2 below).

In researching the above amendments, it came to Staff attention that Section 9.04.370 pertaining to sewer clean-out installation is not in concert with the new policy and violates the 2019 California Building Code. Staff is recommending its deletion from the IMC. (See amendment 3 below).

Staff is presenting Ordinance No. 2021-003 to City Council for second reading and adoption.

DISCUSSION

1. Owner Responsibility for Repair and Maintenance

The current IMC sewer lateral maintenance and repair responsibility policy to be deleted:

“The city will maintain all pipelines, manholes, laterals, lift stations, and appurtenances within the city right-of-way, on city property or easements. It shall be the responsibility of the customer to maintain sewer service lateral from his premises to the property or easement line”

(IMC, Section 9.04.320, “City facilities—Maintenance of Lines”).

Ordinance 2021-003 proposes the following amendment to Section 9.04.320, replacing the current language with:

“9.04.320 - City facilities—Maintenance and Repair of lines

A. Private sewer laterals not part of public sewer system. The private sewer laterals are the property of the property owner and are not part of the public sewer. Nothing in this section shall be interpreted as changing the private nature of the private sewer laterals or incorporating them into the public sewer.

B. Property owner's obligation. Each property owner shall, at the property owner's expense, inspect, maintain in good working order, repair and replace, as necessary, the private sewer lateral so that it does not cause or contribute to any sewage overflow from either the private sewer lateral or the public sewer. The private sewer lateral shall be free of displaced joints, open joint, root intrusion, substantial deterioration of the line, cracks, leaks, inflow, infiltration of extraneous water, fats, oils and grease, sediment deposit or any other similar conditions, defects or obstructions likely to cause or contribute to blockage of the private sewer lateral or the public sewer.”

2. Exception for Owner's Responsibility for Installation

The IMC currently regulates sewer lateral installation responsibility as follows:

“All onsite and offsite sewer lines, connections, plumbing and accessory sewer facilities shall be constructed and installed at the customer's expense. All such facilities shall be constructed in accordance with city standards and shall be approved by the city prior to sewer service activation.”

(IMC, Section 9.04.360, “Customer Facilities—Installation at owner’s expense.)

Ordinance 2021-003 proposes the following amendment to Section 9.04.360, adding the following clause to the current language:

“In the case that the sewer main to which a private sewer lateral is connecting is not located in front of the property to be connected, and the property owner(s) must install a sewer lateral over an exceptional distance, the property owner(s) may make an appeal to City Council to enter into a reimbursement agreement for a portion of the cost of installation. Under such a reimbursement agreement, the property owner(s) shall still be responsible for maintenance and repair of the whole length of the sewer lateral.”

3. Deletion of Out-dated Cleanout Installation Policy

The Current IMC regulation to be deleted:

“When old plumbing is being repaired or remodeled or new plumbing is being installed, the customer shall install a cleanout on the building sewer at the property line in accordance with city standards. Unless such cleanout is installed, the city shall not be required to install a service connection.”

(IMC, Section 9.04.370, Customer facilities—Installation of new plumbing.”

As installing a cleanout at the property line would be a violation of the 2019 Building Codes, staff is recommending its deletion. As the installation of cleanouts is regulated by the building codes and is overseen by the building inspector, and Title IX of the IMC pertains to the Public Works Department’s sewer policy, staff is not recommending replacement language at this time.

FISCAL IMPACT

The existing policy has forced the City to incur expenses estimated to be from \$5,000 to \$10,000 annually fixing sewer laterals serving private property. This action is expected to save the City these annual expenses.

RECOMMENDATION

Staff is recommending that City Council hold second reading in title only and motion to adopt Ordinance 2021-003, Amending Sections 9.04.320 and 9.04.360 of the Isleton Municipal Code Pertaining to Maintenance, Repair, and Installation of Private Sewer Lines.

Prepared by: James Gates, Assistant Planner

Submitted by: Yvonne Zepeda, Deputy City Clerk

Reviewed by: Charles Bergson, City Manager



ATTACHMENT

1 – Ordinance 2021-003.

ORDINANCE NO. 2021-003

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ISLETON
AMENDING SECTIONS 9.04.320 AND 9.04.360 OF THE ISLETON MUNICIPAL CODE
PERTAINING TO MAINTENANCE, REPAIR, AND INSTALLATION OF PRIVATE SEWER
LINES**

The City Council of the City of Isleton hereby finds and declares as follows:

SECTION 1. FINDINGS

A. On June 14, 2000, The City enacted its current sewer lateral maintenance policy as part of Section 6 of Ordinance no. 365, codified in the Isleton Municipal Code as Section 9.04.320, City Facilities-Maintenance of lines. This policy makes the City responsible for sewer lateral repair under any public street, easement, or alley.

B. Sewer laterals are the property of the private owner and are not part of the City's sewer system and maintenance of sewer laterals is generally the responsibility of the property owner.

SECTION 2. PURPOSE AND AUTHORITY.

A. The purpose of this ordinance is to regulate the repair and maintenance of the City sewer system in a manner that protects the health, safety, and welfare of the community in a manner that is consistent with California State Law.

B. The purpose of this ordinance is to amend the City's Municipal Code in order to make property owners responsible for private sewer connections up to the City's main sewer lines.

SECTION 3. REGULATIONS

Title XI, Sections 9.04.320 and 9.04.360 of the Isleton Municipal Code is hereby amended as follows:

"9.04.320 - City facilities—Maintenance and Repair of lines

A. Private sewer laterals not part of public sewer system. The private sewer laterals are the property of the property owner and are not part of the public sewer. Nothing in this section shall be interpreted as changing the private nature of the private sewer laterals or incorporating them into the public sewer.

B. Property owner's obligation. Each property owner shall, at the property owner's expense, inspect, maintain in good working order, repair and replace, as necessary, the private sewer lateral so that it does not cause or contribute to any sewage overflow from either the private sewer lateral or the public sewer. The private sewer lateral shall be free of displaced joints, open joint, root intrusion, substantial deterioration of the line, cracks, leaks, inflow, infiltration of extraneous water, fats, oils and grease, sediment deposit or any other similar conditions, defects or obstructions likely to cause or contribute to blockage of the private sewer lateral or the public sewer."

“9.04.360 – Customer Facilities—Installation at Owner’s Expense

All onsite and offsite sewer lines, connections, plumbing and accessory sewer facilities shall be constructed and installed at the customer's expense. All such facilities shall be constructed in accordance with city standards and shall be approved by the city prior to sewer service activation.

In the case that the sewer main to which a private sewer lateral is connecting is not located in front of the property to be connected, and the property owner(s) must install a sewer lateral over an exceptional distance, the property owner(s) may make an appeal to City Council to enter into a reimbursement agreement for a portion of the cost of installation. Under such a reimbursement agreement, the property owner(s) shall still be responsible for maintenance and repair of the whole length of the sewer lateral.”

The following Title IX, Section 9.04.370 of the Isleton Municipal Code is hereby deleted:

“9.04.370 - Customer facilities—Installation of new plumbing

When old plumbing is being repaired or remodeled or new plumbing is being installed, the customer shall install a cleanout on the building sewer at the property line in accordance with city standards. Unless such cleanout is installed, the city shall not be required to install a service connection.”

SECTION 5. ENVIRONMENTAL REVIEW

This ordinance is consistent with the protection of the public interest, health, safety and welfare of the City. This ordinance is hereby found to be categorically exempt from environmental review pursuant to the California Environmental Quality Act (“CEQA”) Guidelines Section 15061(b)(3).

SECTION 6. SEVERABILITY

The provisions of this chapter are hereby declared to be severable. If any provision, clause, word, sentence, or paragraph of this chapter or the application thereof to any person, establishment, or circumstances shall be held invalid, such invalidity shall not result in the invalidity of the entire chapter which can be given effect without the invalid provision or application. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 7. EFFECTIVE DATE AND PUBLICATION

This ordinance shall take effect thirty (30) days after its adoption. The City Clerk is hereby directed to publish this ordinance within fifteen (15) days after its passage in a newspaper of general circulation published in the City of Isleton or to post it in at least three (3) public locations in the City of Isleton. The City Clerk shall certify the passage of this ordinance and cause a summary of this ordinance to be published after its passage, with the names of those members of the City Council voting for and against the ordinance, in a newspaper of general circulation, published and circulated in the City in accordance with Section 36933 of the Government Code. The full text of this ordinance will be available for viewing in the City Clerk’s Office.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Isleton that it hereby:

Adopted and approved this ordinance at a meeting held on the 11th day of May, 2021 by the following vote:

AYES: Councilmember's Paul Steele, Iva Walton, Vice Mayor Pamela Bulahan, Mayor Eric Pene.

NOES: Councilmember's None.

ABSTAIN: Councilmember's None.

ABSENT: Councilmember's None.

Eric Pene, Mayor
City of Isleton

ATTEST:

Yvonne Zepeda, Deputy City Clerk

City of Isleton

City Council
Staff Report

DATE: May 25, 2021

ITEM#: 5.C

CATEGORY: Consent Calendar

PURCHASING POLICY ORDINANCE NO. 2021-002, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ISLETON, CALIFORNIA, ADOPTING POLICIES AND PROCEDURES FOR PURCHASING OF SUPPLIES AND EQUIPMENT, FOR PROCURRING PROFESSIONAL AND MAINTENANCE SERVICES, AND FOR THE DISPOSAL OF SURPLUS PROPERTY, SECOND READING

SUMMARY

The City is establishing a purchasing policy by ordinance.

DISCUSSION

This purchasing policy establishes standards and practices for obtaining formal bids, informal quotations, maintaining vendor lists, and the disposal for surplus equipment, materials, and supplies.

Most the practices and guidelines are currently practiced by the City. Establishing an ordinance sets in place the procedures to guide all current and future purchases. These policies address, for example, all purchases over \$15,000 are required to obtain three quotations and brought to Council, purchases below \$15,000 require three informal quotations and are reviewed by the City Manager. This policy will also integrate budgeting and record keeping with the purchasing process.

It is noted that many public agencies that offer grants, loans, and aid require local agencies to have a formally adopted purchase ordinance.

FISCAL IMPACT

There is no fiscal impact with this ordinance.

RECOMMENDATION

It is recommended that City Council hold second reading and adopt Ordinance No. 2021-002, establish a Purchasing Policy.

ATTACHMENTS

⇒ Ordinance No. 2020-002

Reviewed by: Charles Bergson, City Manager 

Submitted and prepared by: Yvonne Zepeda, City Clerk 

PURCHASING POLICY ORDINANCE NO. 2021-002

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ISLETON, CALIFORNIA, ADOPTING POLICIES AND PROCEDURES FOR PURCHASING OF SUPPLIES AND EQUIPMENT, FOR PROCURING PROFESSIONAL AND MAINTENANCE SERVICES, AND FOR THE DISPOSAL OF SURPLUS PROPERTY

The City Council of the City of Isleton does ordain as follows:

Section 1. Purchasing

Section 1.a. Purchasing Program Overview

- Establishment of written policies, regulations, controls and guidelines for the purchasing process
- Integration of budgeting and recordkeeping functions with purchasing processes

Section 2. Purchasing Policies

All purchases must go through the formal request and approval process detailed in the following policy. Exceptions to the process include credit card purchases and emergency purchases which are detailed in the Exceptions to the Normal Purchasing Process section (H.7.) of this policy.

Section 3. Bid Requirements Policies

All purchases over \$5,000 or more, 3 bids must go out to bid unless the City of Isleton can take advantage of a State Contract or a bid waiver is approved by the purchasing agent (See H.3.c for waivers). 3 Bids for Professional Services in excess of \$15,000 must be awarded by the City Manager and City Council.

All City purchases in excess of \$5,000, which do not go out to bid or are not reoccurring service charges, must have a completed Best Value Method Source Selection form (bid waiver) accompanying the purchase order. The form must be reviewed and signed by the City Manager and Finance Director.

3. a. Competitive Quotation Process

Departments with purchases that are at least \$5,000 but less than \$15,000 must solicit

offers from at least three (3) vendors.

3. b Competitive Proposal Process

A request for Proposal (RFP) or Request for Qualification (RFQ) shall be written for all requests for professional services in excess of \$5,000. The process used for solicitation of proposals shall assure that a reasonable and representative number of vendors are given an opportunity to compete. The City Manager has the authority and responsibility to execute professional service contracts less than \$15,000.

3. c. Waivers

To request a bidding, quotation or proposal process be waived, a requesting administrator must make a written request to the City Manager to obtain a waiver. The processes may be waived for any of the following reasons:

1. Only one (1) reasonable or qualified source can be identified. This shall include situations such as the purchase of copyrighted materials and textbooks.
2. The purchase is made using one (1) of the State of California's contracts with a third party.
3. Time is a critical factor, and taking the time necessary to comply with the formal process would not be in the best interest of the City of Isleton.
4. In the opinion of the City Manager and/or Finance Director, an emergency requires the purchase of goods or services to avoid injury or damage to human life or property.
5. A special source, including but not limited to a sale, purchasing plan, government discount, or trade-in allowance, will supply a lower cost than that which would result from a bid process.
6. A formal process would result in substantially higher costs to the City and/or inefficient use of personnel, or cause substantial disruption of City operations.
7. Prices of goods or services are subject to specific federal or state competitive bidding requirements, including, but not limited to, "building projects" as defined in the California General Statutes.
8. Regional or cooperative purchases.
9. Information Technology Resources may be exempted by the City Manager. Information Technology Resources, for the purpose of this section, means license, copyrighted or patented computer hardware, software or services; new computer equipment, products, peripherals, services and software where compatibility with existing equipment or products is desirable or necessary; proprietary or custom built software or information systems; technology services, consulting and maintenance contract; web-based software and software as service, platform as a service and infrastructure as a service applications or solutions.
10. Other exceptions to the policy will be determined on a case-by-case basis by the City Manager which may follow the goods and services purchasing categories exempted by the State of California.

3.d Maintenance contracts

For the award of contracts for the maintenance and repair of city and sewer/fire

facilities, the following procedures shall be followed:

1. For contracts for which the estimated cost of services is \$10,000.00 or more, a request for proposal shall be prepared and submitted to prospective bidders, bids shall be obtained from prospective bidders and reviewed, and the request for proposal, the qualifications and experience of the contractors and the amount of the price or prices included in the bids.

2. Contracts for which the estimated cost of services is less than \$10,000.00 may be awarded without obtaining bids. Such contracts shall be awarded based on the qualifications and experience of the contractor and the amount of the contract prices.

3. Maintenance and repair contracts for which the cost of services is \$25,000.00 or more, shall be awarded by the city council, and the city council may authorize the city manager or the purchasing officer to execute such contracts. Contracts in which the estimated cost of services is less than \$25,000.00 may be awarded by and executed by the purchasing officer.

Sec. 3-e Disposal of surplus or obsolete property.

(a) The head of any city department may declare supplies or equipment held by such department surplus. Such declaration shall be in writing and the written declaration shall be delivered to the purchasing officer who shall maintain a written inventory for circulation to and review by each department. If any department has use of such property, the department head may request reassignment of such property from the purchasing officer. The purchasing officer shall have the authority to assign the property to the department best able to make use of such property. If no department head makes a request for use of such property after the inventory has been circulated once, the property shall be deemed surplus.

(b) The purchasing officer shall have the authority to exchange for or trade in on new supplies or equipment all supplies or equipment which have been deemed surplus.

(c) The purchasing officer shall have the authority to dispose of surplus property or equipment by auction or sale or otherwise after receiving bids or proposals which, in his judgement, provide the best return to the city.

1) Sale on the open market. The purchasing officer shall cause to be published at least three days before the sale, in a locally adjudicated newspaper, a notice of sale setting forth a general description of the property to be sold, the day, time and location of the sale. The terms of all such sales shall be cash in the amount of the full purchase price.

(2) Sale by sealed bid or auction. As an alternative to the sale on the open market, the purchasing officer may, when in his judgement, it is in the best interest of the city, sell surplus property by means of sealed bid or public auction. In the case of sale by sealed bid or public auction, the purchasing officer shall cause to be published at least three days before the sale, in a locally adjudicated newspaper, a notice setting forth a general description of the property to be sold, the day, time and location of the sale. The terms of all such sales shall be cash in the amount of the full purchase price.

In conducting an auction, the purchasing officer may contract with a professional auctioneer and allow a flat fee, hourly fee or percentage of the amount of the sale to be paid based upon that which is common and customary method and rate for such

auctioneering services.

The purchasing officer may, when in his judgement, sale or auction of surplus property is infeasible or will result in minimal return to the city, recommend to the city council that such surplus property be donated to any non-profit corporation or school located within or serving the City of Isleton, or sold to City employees at fair market value. Such surplus property shall only be donated or sold upon approval of the city council.

Section 4. Requisitioning

4. a. Department Requests and Approvals

1. Submit Purchase Order Requests to the City Manager and Finance Department

Purchase order requests must be completed and include the following information:

- *Vendor Name* – Determined by the requesting department or from the FMS Vendor list
- *Ship-to Code* – Location of where goods or services will be received
- *Account Number* – Account to be charged for the expense
- *Department* – Who is responsible for receiving the goods or services
- *Items for Purchase* – Description should include sufficient detail including any part numbers or vendor information about the item(s)
- *Extended Price* – The total price of the purchase, including any freight charges should be calculated and included
- *Total Anticipated Cost* – The total value of the goods or services included on the Purchase Order
- *Requestor ID (Name)* – The person responsible for addressing any issues regarding the request and the goods and/or services received per the Purchase Order

2. Obtain Appropriate Approvals

The request must be approved by the requestor's Department Head. All approved purchase requests are then reviewed and approved by the City Manager. The City Manager and Department Head must approve all purchases in excess of \$5,000 and less than \$15,000. Over \$15,000 require City Council approval.

3. Payment Approval

All purchase orders need to have proper approvals before the actual purchase can be made. Purchases conducted without the proper approvals made beforehand may result in non-payment.

4. Purchase Order Thresholds

The Finance Department will review vendors on file on an ongoing basis and implement a process to review purchase order thresholds. This process will help to identify users that may attempt to circumvent the PO process.

Section 5. Purchase Orders

5. a. Preparation of the Purchase Order

Department Heads and their staff use the purchase orders in file folder. The purchase orders are sent to the City Manager then Finance Department for review and processing. From there, approved purchase orders are then emailed or mailed to vendors. Any relevant documentation (packing slips, delivery confirmation, etc.) received in connection with goods or services covered by a purchase order must be filed at the department. The department will confirm the receipt of the goods or services and the vendor will be paid according to standard Accounts Payable procedures. The Finance Director/Department Head or City Manager must approve an appropriate allocation of funds before a vendor will be paid.

5. b Purchase Order Cancellation

In the event a Department decides to cancel a purchase order, they should promptly email the Finance Department with the Subject "Cancelled Purchase Order for (insert department)". The purchase order number and date should be stated in the email. The email will act as approval from the department for cancellation of the purchase order. The Finance Department will archive all cancellation emails. It is the responsibility of the Department to promptly notify the vendor that the order has been cancelled. The Finance Department will then delete the Purchase Order from the system.

5.1 Credit Card and Store Charge Cards

The City of Isleton and the respective entities that they provide services to do possess or maintain entity based credit cards (eg. Visa, MasterCard, American Express). Purchasing Cards are available to Department Heads and other City employees on an as-needed basis. All purchases made by City credit-cards are for City business only; personal expenditures are not allowed. Requests for credit-cards must be directly approved by the City Manager. On an annual basis, the Finance Department will compare the year's terminated employees against current cardholders to ensure all cardholders are active employees.

Credit-Card Policy Agreement

All employees granted a credit-card must sign the Cardholder Agreement Form and Purchasing Card Use Policy. These policies outline purchasing ethics, general policies, the purchasing process, recordkeeping requirements and authorized account usage.

Spending Limits:

Cardholders are held to daily and monthly spending limits based on their job function. Individuals are granted either a \$1,000 single-transaction and \$5,000 monthly limit, or a \$5,000 single-transaction and \$15,000 monthly limit. On an annual basis, the Finance Department will review cardholder spending limits and adjust the limits at their discretion.

5.2. a. Credit Card Recordkeeping

Cardholders are responsible for entering their purchases online and applying them to the correct account codes and sending to accounts payable. All purchases must be entered by the 15th of each month or the Finance Department will freeze the individual credit-card. Cardholders print their monthly expense report, attach supporting documentation and receipts, sign the report, have their Department Heads review and sign the report, and send it to the Finance Department for processing. The Finance Department performs monthly reviews of credit-card expenditures

to ensure there is no backlog of unprocessed purchases and that all purchases have appropriate documentation. All reviews must be signed and dated.

Store Charge Card Policy Agreement:

The only authorized store credit cards for the City of Isleton and its respective entities are Home Depot, Ramos Oil, Ace Hardware, and Oil Wells. All employees granted a Store Charge Card must sign the Cardholder Agreement Form and Store Charge Card Use Policy. These policies outline purchasing ethics, general policies, the purchasing process, recordkeeping requirements and authorized account usage.

Spending Limits:

Cardholders and Staff are held to spending limits based on the type of card in their possession. Card limits range from \$100 to \$5,000. The Finance Department will reconcile each card on a monthly basis. On an annual basis, the Accounting Manager/City Manager will review cardholder and staffs spending limits and adjust the limits at their discretion.

5.3. b Store Charge Card Recordkeeping

Cardholders are responsible for entering their purchases online and applying them to the correct account codes. All purchases must be entered by the 15th of each month or the Finance Department will freeze the individual Store Charge card. Cardholders print their monthly expense report, attach supporting documentation and receipts, sign the report, have their Department Heads review and sign the report, and send it to the Finance Department for processing. The Finance Department performs monthly reviews of Store Charge expenditures to ensure there is no backlog of unprocessed purchases and that all purchases have appropriate documentation. All reviews must be signed and dated.

Section 6. Exceptions to the Normal Purchasing Process

Under certain emergency conditions, defined below, it may be necessary to deviate from the normal requisitioning and purchasing process.

Definition of an Emergency

An emergency exists when unforeseen circumstances beyond the City of Isleton control:

- a. Present a real, immediate threat to the proper performance of essential functions, or
- b. May reasonably be expected to result in
 - i. Material loss or damage to property,
 - ii. Bodily injury or
 - iii. Loss of life, if immediate action is not taken.

Under \$15,000

If an emergency determination is made that requires immediate action, the requestor will contact the City Manager/Finance Department immediately and ask that the City Manager/Finance Director approve the purchase. An additional email request must be sent to

the Finance Director for record-keeping purposes. The purchase will be approved and the invoice will be submitted to the Finance Department within 24 hours. The invoice will be matched to the emergency purchase. The requisition will be entered into FMS after-the-fact and the purchase approved by the Finance Director (or Accounting Manager in his/her absence).

\$15,000 or more

If an emergency determination is made whereby the time required to go through the formal bidding process is not feasible, the vendor selected will need to be approved by the City Manager and or (City Council when \$15,000 or more). The Finance Office will be informed promptly at any emergency declarations and provided the necessary direction to record contracted obligations.

A written contract shall be executed prior to commencing work. Where a purchase is made or work contracted without a prior written contract, a written contract shall be prepared and executed as early as possible. The contract shall contain such detail as is appropriate under the circumstances. At a minimum, the contract shall state the parties, the item to be purchased, the maximum amount, the basis for payment and require that the contractor comply with all statutory requirements. A copy of the contract shall be kept in the Finance Department files.

Because an emergency situation may require immediate action without incorporating all of the usual and customary contract provisions, Finance Department staff and the vendor should consider the use of a short term contract with limited authority whenever possible. During this interim period, alternatives should be considered, such as competition (by sealed bids or otherwise) for the remaining purchases or work, or a more detailed contract which incorporates the usual and customary terms. Even where an emergency is determined to exist, the City shall obtain competition whenever practicable, as the best means to assure quality services and minimum cost.

Purchasing Cards

Credit-Card holders are asked to use their cards for emergency situations. Card holders are asked to only use the exception process if the emergency purchase exceeds their daily or monthly spending limit.

Section 7. Enactment. The City Council hereby approves the purchasing ordinance.

Section 8. Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 9. Execution. The Mayor shall sign and the City Clerk shall attest to the passage of this ordinance.

Section 10. Effective Date and Publication. This ordinance shall take effect thirty (30) days after its adoption. The Deputy City Clerk is hereby directed to publish this ordinance within fifteen (15) days after its passage in a newspaper of general circulation published in the City of Isleton or to post it in at least three (3) public locations in the City of Isleton.

PASSED AND ADOPTED by the City Council of the City of Isleton on this ____ day of _____ 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

MAYOR, Eric Pene

ATTEST: DEPUTY CITY CLERK, Yvonne Zepeda

DRAFT

City of Isleton

City Council Staff Report

DATE: May 25, 2021

ITEM#: 7.A

CATEGORY: Old Business

ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SACRAMENTO, APRIL 15, 2021.

SUMMARY

In alignment with Red Tier 2, the following sectors are permitted for Outdoor operations only until further notice. While maintaining social distancing, face coverings, and sanitization.

1. Cardrooms, satellite wagering.
2. Family Entertainment Centers (e.g. bowling alleys, miniature golf, batting cages, kart racing, skating rinks, and arcades).
3. Playgrounds, dog parks, skate parks, and recreational facilities.
4. Wineries, breweries, and distilleries (with reservations, 90 minute time limit, table seating, onsite consumption closed by 8pm)

Bars and pubs may operate indoors (maximum 25% capacity or 100 people, whichever is fewer) if they are offering sit-down meals.

INDOOR operations in compliance with Red Tier 2 that are open for indoor operations are,

- a. All retail (maximum 50% capacity; grocery stores 100% capacity)
- b. Critical infrastructure
- c. Entertainment production, studios, broadcast
- d. Gyms and fitness centers (max. 10% capacity + climbing walls)
- e. Hair salons and barbershops
- f. Hotels and lodging (fitness centers max 25% capacity)
- g. Libraries
- h. Movie theaters (max. 25% capacity or 100 people, whichever is fewer)
- i. Museums, zoos, aquariums (indoor 25% cap)
- j. Nail salons and electrolysis operations
- k. Personal care services (body waxing, estheticians, tattoo, and massage)
- l. Places of worship (25% cap.)
- m. Professional sports
- n. Restaurants (max. 25% capacity or 100 people, whichever is fewer)
- o. Shopping centers (malls, destination centers, swap meets) (max. 50% cap/closed common areas/food courts max.25% cap or 100 people, whichever is fewer)

5. In alignment with RED TIER 2, bars and pubs are prohibited from operating with the exception of those serving sit-down meals.

6. Schools may reopen for in-person instruction after publicly posting their COVID-19 Safety plan.

7. All activities must follow state and county guidelines and the

<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/outdoor-indoor-recreational-sports.aspx>

Staff is submitting the order to guide City operations during the pandemic virus emergency. City Parks and Water front have been opened.

FISCAL IMPACT

Unknown at this time.

RECOMMENDATION

It is recommended that City Council discuss and provide direction to staff.

ATTACHMENTS

- Sacramento County Health Order of April 15, 2021.

Reviewed by: Charles Bergson, City Manager 

Submitted and prepared by: Yvonne Zepeda, City Clerk _____



**ORDER OF THE HEALTH OFFICER OF THE COUNTY OF SACRAMENTO
DIRECTING ALL INDIVIDUALS IN THE COUNTY TO ADHERE TO COVID-
19 SAFETY MEASURES AND CLOSING OR MODIFYING CERTAIN
OPERATIONS**

DATE OF ORDER: April 15, 2021

UNDER THE AUTHORITY OF CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 101040, 101085, 120175, AND 120220, THE HEALTH OFFICER OF THE COUNTY OF SACRAMENTO ("HEALTH OFFICER") HEREBY ORDERS AS FOLLOWS:

1. This order supersedes the March 16, 2021 Order of the Public Health Officer. This Order **shall become effective immediately** and will continue to be in effect until it is rescinded or amended in writing by the Health Officer.
2. The State of California Blueprint for a Safer Economy (<https://covid19.ca.gov/safer-economy/>) is a system of county monitoring and re-opening of businesses, sectors, and activities based on a tiered system corresponding to specific indicators of COVID-19 disease burden. According to this system, Sacramento County has been placed in **Red Tier 2 (substantial)** and is subject to all State of California restrictions and guidance for **Red Tier 2** (https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/Dimmer-Framework-September_2020.pdf).
3. The California Department of Public Health face covering mandate (<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/guidance-for-face-coverings.aspx>) requires all people in California to wear face coverings when they are outside of the home, with specific exemptions.
4. Schools must abide by California Department of Public Health Guidance for K-12 Schools (<https://schools.covid19.ca.gov/>) and

(<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/COVID19-K12-Schools-InPerson-Instruction.aspx>)

5. Sports programs must abide by California Department of Public Health Outdoor and Indoor Youth and Recreational Adult Sports Guidance (<https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/outdoor-indoor-recreational-sports.aspx>).
6. The Centers for Disease Control and Prevention (CDC) recommends that guidance for those experiencing homelessness outside of shelters continue to be followed. To maintain public health and safety, local governments are advised to allow people who are living unsheltered, in cars, RV's, and trailers, or in encampments on public property to remain where they are, unless the people living in those locations are provided with a) real-time access to individual rooms or housing units for households, with appropriate accommodations including for disabilities, and b) a clear plan to safely transport those households.

Do not cite persons experiencing homelessness for using cars, RV's, and trailers as shelter during community spread of COVID-19. Do not remove life necessities from people experiencing homelessness, which includes, for example, their shelter (e.g., tents, vehicles, or other living structures), hygiene equipment, food supplies, water, medicines, mobility devices (such as walkers, wheelchairs, crutches, canes), and bicycles used for transportation.

Clearing encampments causes people to disperse throughout the community and break connections with service providers, increasing the potential for infectious disease spread.

Exceptions are encampments that pose a public safety hazard or adversely impact critical infrastructure as designated by local, state, or federal law, regulations, or orders.

7. This Order **will take effect immediately** and will be in effect until it is rescinded, superseded, or amended in writing by the Health Officer of Sacramento County.
8. **Copies of Order.** Copies of this Order shall promptly be: (1) made available at the County Administration Building at 700 H Street, Sacramento 95814, First Floor; (2) posted on the Sacramento County COVID-19 website (COVID19.saccounty.net) and County Health

Department's website (dhs.saccounty.net/PUB); and (3) provided to any member of the public requesting a copy of this Order.

9. **Severability.** If any provision of this Order or the application thereof to any person or circumstance is held to be invalid by a court of competent jurisdiction, the remainder of the Order, including the application of such part or provision to other persons or circumstances, shall not be affected and shall continue in full force and effect. To this end, the provisions of this Order are severable.

IT IS SO ORDERED:

Olivia Kasirye MD

Olivia Kasirye, MD, MS
Health Officer of the County of Sacramento

Dated: April 15, 2021

City of Isleton

City Council Staff Report

DATE: May 25th, 2021

ITEM#: 7.B

CATEGORY: Old Business

RENTAL HOUSING INSPECTION PROGRAM, FIRST READING OF ORDINANCE 2021-004, ESTABLISHING PROGRAM AND; RESOLUTION 012-2021, SETTING FEE SCHEDULE

SUMMARY

During their October 13th meeting, City Council gave direction to staff to bring back an ordinance establishing a rental housing inspection program that would enforce the State's minimal habitability requirements.. Staff is now returning to City Council with Ordinance 2021-004 which would establish such a program and Resolution 012-2021 which would establish the program's fee schedule.

DISCUSSION

Housing Rental Inspection Program

The proposed inspection program would require rental property owners to register all of their housing units with the City and complete an inspection for conformance to habitability standards and building codes for all new units.

In addition to the new unit inspections, all units may be subject to periodic random inspection by the City no more than once a year. Buildings containing multiple rental units must have at least 10% of units, including common areas, inspected.

Rental properties that have passed at least one inspection, or have abated noticed violations within 30 days of an inspection, will be placed in the self-certification program. Property owners in the self-certification program must complete a self-certification form once a year for every rental unit they own and are responsible for abating any discovered violations immediately. If a property owner is unable to abate violations they must notify the City immediately. Units in the self-certification may be subject to random inspection by the City no more than once a year.

Fee Schedule

The following are the fees for the program, as proposed by Resolution 012-004:

Description	Amount
Rental Housing Inspection Program Fee (annual administration fee per rental unit)	\$40, annually per unit
Unit Inspection Fee (one-time, new rental unit inspection fee)	\$77.50, per new rental unit
Additional Unit Inspection Fee (applicable to multi-unit properties, as determined by inspector)	\$77.50, per unit inspected pursuant to § 5.66.090
Rescheduling Fee	\$40, per rescheduling pursuant to § 5.66.110
Re-inspection Fee	\$77.50, per re-inspection pursuant to § 5.66.130

FISCAL IMPACT

A small increase in annual revenue commensurate, off set by additional staff time require to establish and administer the program, is associated with this action.

RECOMMENDATION

Staff recommends that City Council:

1. Hold first reading in title-only and motion to adopt Ordinance 2021-004, Adding Chapter 5.66 to the City Code Pertaining to Rental Housing Inspections; and
2. Schedule the second reading of Ordinance 2021-004 for City Council's June 8th, 2021 meeting
3. Adopt Resolution 012-2021, Establishing the Amounts of Fees Regarding the Rental Housing Inspection Program.

Prepared by: James Gates, Assistant Planner
Reviewed by; Charles Bergson, City Manager
Submitted by: Yvonne Zepeda, Deputy City Clerk



ATTACHMENTS:

- 1- Ordinance 2021-004, Establishing Rental Housing Inspection Program.
- 2- Resolution 012-2021, Establishing Rental Housing Inspection Program fees.
- 3- Resident's Rights Form. Rental Housing Association of Sacramento Valley.

ORDINANCE NO. 2021-004

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ISLETON
ADDING CHAPTER 5.66 TO THE ISLETON MUNICIPAL CODE PERTAINING
TO RENTAL HOUSING INSPECTIONS**

The City Council of the City of Isleton hereby finds and declares as follows:

SECTION 1. PURPOSE AND FINDINGS

- A. The City Council of the City of Isleton recognizes that the preservation of existing rental housing stock is of tremendous importance. Rental housing provides needed, affordable housing for many and is a valuable asset that must be preserved and maintained. The city has a significant interest in ensuring that rental housing remains a desirable housing option for its citizens.
- B. Over time, rental housing often deteriorates because of intentional and unintentional neglect by property owners, managers, and tenants. This deterioration often results in substandard conditions that adversely affect the economic values of neighboring structures, and that are hazardous to the public health and safety. In many cases, property owners choose not to make the necessary repairs because of cost, and tenants do not report the deficiencies out of lack of knowledge or because they fear being evicted for doing so.
- C. The public interest demands that all rental housing properties comply with the minimum standards regarding the health and safety of the public. The most effective way to seek universal compliance with the minimum standards is through routine periodic inspections of all rental housing properties. Accordingly, it is the intent of the Isleton City Council to enact the provisions of this chapter as the basis for establishing a rental housing inspection program aimed at securing citywide compliance of rental housing properties with minimum standards. Citywide compliance will prevent blight and ensure that all persons who live in rental housing units are provided decent, safe, and sanitary housing.

SECTION 2. AUTHORITY

This ordinance will protect the health, safety, and general welfare of the community by establishing a rental housing inspection program aimed at securing citywide compliance of rental housing properties with minimum standards of federal, State, and local law.

SECTION 3. ADDITION OF CHAPTER 5.66 RENTAL HOUSING INSPECTION CODE

**CITY OF ISLETON MUNICIPAL CODE
TITLE V – HEALTH AND SAFETY
Chapter 5.66 RENTAL HOUSING INSPECTION CODE**

ARTICLE I. General

5.66.010 Title.

This chapter shall be known as the “rental housing inspection code,” may be cited as such, and will be referred to herein as “this chapter.”

5.66.020 Purpose and findings.

- A. The City Council of the City of Isleton recognizes that the preservation of existing rental housing stock is of tremendous importance. Rental housing provides needed, affordable

housing for many and is a valuable asset that must be preserved and maintained. The city has a significant interest in ensuring that rental housing remains a desirable housing option for its residents.

- B. Over time, rental housing often deteriorates because of intentional and unintentional neglect by property owners, managers, and tenants. This deterioration often results in substandard conditions that adversely affect the economic values of neighboring structures, and that are hazardous to the public health and safety. In many cases, property owners choose not to make the necessary repairs because of cost, and tenants do not report the deficiencies out of lack of knowledge or because they fear being evicted for doing so.
- C. The public interest demands that all rental housing properties comply with the minimum standards regarding the health and safety of the public. The most effective way to seek universal compliance with the minimum standards is through routine periodic inspections of all rental housing properties. Accordingly, it is the intent of the Isleton City Council to enact the provisions of this chapter as the basis for establishing a rental housing inspection program aimed at securing citywide compliance of rental housing properties with minimum standards. Citywide compliance will prevent blight and ensure that all persons who live in rental housing units are provided decent, safe, and sanitary housing.

5.66.030 Definitions.

For the purpose of this chapter, the following terms, phrases, and words shall have the meanings given.

- A. "City Manager" means the city manager of the city, or his or her designee.
- B. "Engage in the business of rental housing" means renting or offering to rent a rental housing unit.
- C. "Inspector" means any employee of the city authorized by the city manager to conduct inspections in accordance with the provisions of this chapter.
- D. "Owner" means the owner of record.
- E. "Rent" means to grant the possession or enjoyment of, in exchange for money or any other consideration.
- F. "Rental housing property" means a parcel of real property, as shown on the latest equalized tax assessment roll as maintained by the assessor of the county of Sacramento, upon which a rental housing unit is maintained.
- G. "Rental housing unit" means a single unit of residence for a single housekeeping unit of one or more persons, which is being rented, or is intended to be rented. Examples of housing units covered by this chapter include, but are not limited to, apartment units, condominiums, duplexes and single-family houses. "Rental housing unit" also includes other types of residential units that provide for sleeping accommodations, but toileting or cooking facilities are shared by occupants of more than one unit, such as residential or single room occupancy hotels.

5.66.040 [Section Reserved].

5.66.050 Fees established.

- A. The following fees are established and shall be imposed upon all owners of rental housing properties:
 - 1. Rental Housing Inspection Program Fee. A fee is established for the administration and implementation of the provisions of this chapter, i.e., the rental housing inspection program. This fee shall be imposed annually for each rental housing unit on the owner's property. The fee shall also pay for the costs of all random inspections conducted pursuant to Section 5.66.190.

2. Unit Inspection Fee. This fee shall be imposed annually for each rental housing unit on the owner's property that is subject to inspection pursuant to subsection B of Section 5.66.090.
 3. Additional Unit Inspection Fee. This fee shall be imposed when an additional unit is inspected on the owner's property pursuant to subsection B of Section 5.66.090. The fee shall pay for the costs of an inspection of each additional unit.
 4. Rescheduling Fee. This fee shall be imposed when an inspection is rescheduled in violation of Section 5.66.110. The fee shall pay for the costs of rescheduling an inspection.
 5. Reinspection Fee. This fee shall be imposed when an additional periodic inspection is conducted pursuant to Section 5.66.130. The fee shall pay for the costs of the additional periodic inspection.
- B. The city council shall establish the amounts of the foregoing fees, and any penalties for delinquent payment of such fees, by resolution.

5.66.060 Tenant rights and responsibilities.

Before the commencement of any tenancy of a rental housing unit, the owner shall provide the tenant(s) with information concerning tenant rights and responsibilities. The information shall be provided in a form or forms approved by the city manager.

ARTICLE II. Registration and Fee

5.66.070 Registration and fee required.

- A. No person shall engage in the business of rental housing, unless:
 1. Each rental housing unit is registered with the city; and
 2. The annual rental housing inspection program fee is paid for each rental housing unit when payment is due.
- B. A rental housing unit is registered with the city when the owner of the corresponding rental housing property submits the following to city:
 1. A completed registration form, made available by the city, that contains the following information:
 - a. Description of the rental housing property, including, but not limited to, the street address and assessor's parcel number,
 - b. Number and description of all rental housing units on the rental housing property,
 - c. Name and current contact information for the owner of the rental housing property,
 - d. Name and current contact information for the local contact representative as described in Section 5.66.080, and
 - e. Any other information as reasonably required by the city manager;
 2. The annual rental housing inspection program fee as described in Section 5.66.050(A)(1);
 3. The unit inspection fee, as described in Section 5.66.050(A)(2), unless the property is in the self-certification program and exempt from the fee pursuant to Section 5.66.200; and
 4. Any outstanding fees that were previously imposed pursuant to this chapter.
- C. It is unlawful for any person to knowingly make a false statement of fact or knowingly omit any information that is required to register a rental housing unit pursuant to this section.
- D. Registration shall be valid for a period of five years or until one of the following circumstances occurs, whichever is sooner:
 1. The owner fails to notify the city of any change in the information submitted pursuant to subsection B of this section, within thirty (30) days of such change; or

2. The owner fails to pay any fees established in this chapter when payment is due.

5.66.080 Local contact representative.

- A. All owners of rental housing properties shall designate a local contact representative with full authority to act on behalf of the owner for all purposes under this chapter, including the acceptance of service of all notices from the city. The owner of the rental housing property may act as the local contact representative.
- B. A local contact representative must establish and maintain a local telephone number and a residence or business address within one hundred (100) miles of Isleton city hall.

ARTICLE III. Inspections

5.66.090 Inspections required.

- A. All rental housing properties and rental housing units are subject to routine periodic inspection by the city as provided by this chapter to determine whether they comply with applicable provisions of this code.
- B. If there are multiple rental housing units on a single rental housing property, the inspection shall be made of all common areas, and a random sampling of no less than ten (10) percent of rental housing units. At least one rental housing unit on each rental housing property shall be inspected. If the inspector determines that one or more violations exist on the property, the inspector may conduct an inspection of additional units up to one hundred (100) percent of the units.
- C. The owner or local contact representative, or their designee, shall be present at the rental housing property at the time of the inspection. The time of the inspection shall be the time indicated in the notice issued pursuant to Section 5.66.100, or the time that the inspection was properly rescheduled in accordance with Section 5.66.110. Violation of this subsection may result in the imposition of a rescheduling fee.

5.66.100 Notice.

- A. The city shall serve written notice of the date and time of any inspection to be conducted pursuant to this chapter, by mailing such notice at least fourteen (14) calendar days prior to the date of the inspection. Notice shall be mailed to the owner and the local contact representative at their last known address. In the case of multiple owners of the same property, notice to any one of the property owners is sufficient notice.
- B. The city shall also mail a copy of the inspection notice to the rental housing units on the property.

5.66.110 Rescheduling an inspection.

An inspection may be rescheduled once by the owner or local contact representative by giving notice to the city at least seven (7) calendar days prior to the scheduled inspection date. An inspection may only be rescheduled to a date within twenty-one (21) calendar days of the previously scheduled inspection date. Rescheduling an inspection more than once or with less than seven (7) calendar days' notice may result in the imposition of a rescheduling fee.

5.66.120 Entry.

It shall be the responsibility of the owner and the local contact representative to obtain the consent of the occupants to inspect the subject rental housing units or otherwise obtain legal access to the units pursuant to the terms of the applicable lease.

5.66.130 Noncompliance.

- A. If, during an inspection conducted pursuant to this chapter, an inspector discovers that the property is in violation of this code or any other applicable law and the owner fails to correct the identified violations within thirty (30) days of the inspection, the city may require an additional periodic inspection of the property in accordance with this chapter, to ensure continued compliance. A reinspection fee shall be imposed for the additional periodic inspection required pursuant to this subsection.
- B. In addition to requiring an additional periodic inspection pursuant to subsection A of this section, the city may commence enforcement action in accordance with any provisions of this code, including, but not limited to, Chapter 10.04.

5.66.140 Inspection results.

- A. Upon completion of an inspection conducted pursuant to this chapter by the city, the inspector shall provide the owner or local contact representative with a copy of the written results of the inspection.
- B. The owner or local contact representative shall provide a copy of the results to the occupants of the rental housing unit inspected.

5.66.150 Nonexclusivity.

None of the inspection provisions contained in this chapter shall prohibit, condition, or otherwise limit any inspection conducted pursuant to any other provision of this code or other applicable law.

ARTICLE IV. Self-Certification Program

5.66.160 Qualifications.

- A. A rental housing property shall be placed in the self-certification program if all of the following circumstances exist:
 - 1. After the last inspection conducted pursuant to this chapter, the inspector determines that either no violations exist on the property or the violations identified were abated within thirty (30) days;
 - 2. The owner and local contact representative are in compliance with all applicable provisions of this chapter; and
 - 3. The property owner is not delinquent on any payment to the city for fees, penalties, taxes, or any other monies related to the property.
- B. A rental housing property may be removed from the self-certification program if any of the following circumstances occurs:
 - 1. A notice and order relating to the rental housing property is issued pursuant to the provisions of this code;
 - 2. The rental housing property is repeatedly in violation of this code or any other applicable law, even though the violations are abated within thirty (30) days; or
 - 3. Any of the circumstances set forth in subsection A of this section cease to exist.

5.66.170 Self-certification.

- A. Owners of rental housing properties that are in the self-certification program, or their designees, shall certify each and every rental housing unit on the property at least once every calendar year and upon each change in tenancy. Self-certification shall be accomplished in the manner set forth below:
 - 1. Inspect each rental housing unit for compliance with the requirements of the self-certification form provided by the city;
 - 2. Immediately make any repairs to the rental housing unit that are necessary to achieve compliance with the requirements set forth in the self-certification form;
 - 3. Complete the self-certification form; and

4. Provide a copy of the completed self-certification form to the occupants of the corresponding rental housing unit.
- B. If any rental housing unit cannot be self-certified because necessary repairs cannot or will not be made, the owner shall immediately notify the city.
- C. It shall be unlawful to falsify any material information required on the self-certification form.

5.66.180 Retention of completed self-certification forms.

- A. The property's local contact representative shall retain all completed self-certification forms for at least three years from the date the inspection was made.
- B. The local contact representative shall produce all completed self-certification forms to any inspector upon request.

5.66.190 Random inspection.

Rental housing properties in the self-certification program, and the rental housing units thereon, may be inspected by the city on a random basis, but not more often than once a year.

5.66.200 Fee exemption.

All rental housing properties that are in the self-certification program shall be exempt from the unit inspection fee established in Section 5.66.050(A)(2).

5.66.210 Transfer of ownership.

If a rental housing property in the self-certification program is transferred to a new owner, the property shall remain in the self-certification program for two years following the date of transfer, unless it is sooner removed from the self-certification program pursuant to subsection B of Section 5.66.160. After the two-year period, the rental housing property shall become subject to routine inspection in accordance with Article III of this chapter.

ARTICLE V. Enforcement

5.66.220 Penalties.

Any person who violates the provisions of this chapter shall be guilty of a misdemeanor. In addition, the city may also impose administrative penalties pursuant to Chapter 1.10 and seek injunctive relief and civil penalties in the superior court for violations of this chapter. The remedies provided for in this chapter shall be cumulative and not exclusive of any other remedies available under any other federal, state, or local laws.

5.66.230 Collection—Unpaid fees, costs or charges.

- A. In addition to any other remedy provided by law, the city may collect any fee, cost or charge imposed pursuant to this chapter that has not been paid within forty-five (45) days of notice thereof, by making the amount of the unpaid fee, cost, or charge a lien against the rental housing property that is the subject of the fees, costs or charges.
- B. The city council, shall hear all objections to proposed liens, as described in this chapter.

5.66.240 Collection—Notice of proposed lien and hearing.

- A. The city shall provide the owner of the property with written notice in plain language of:
 1. The proposed lien;
 2. A description of the basis for the amounts comprising the lien;
 3. The owner's opportunity to pay the fee, cost or charge within forty-five (45) days after the mailing of the notice;

4. The owner's opportunity to appear before the housing code and appeals board and be heard regarding the amount of the proposed lien; and
 5. The procedure for challenging the amount of the proposed lien as set forth in 5.66.250.
- B. The notice shall be mailed by certified mail to the last known address of the owner of the property.

5.66.250 Collection—Objections.

To challenge the amount of the proposed lien, the owner must file an objection with the city clerk within ten (10) calendar days from the mailing of the notice. No objection received after that date shall be considered. Each written objection must contain a description of the property that is the subject of the proposed lien and the grounds for the objection.

5.66.260 Collection—Failure to object.

The failure of the owner to file an objection in accordance with Section 5.66.250 shall constitute a waiver of the owner's opportunity to challenge the amount of the proposed lien. If no objection is properly filed, the city manager shall transmit a report of the proposed lien to the city council.

5.66.270 Collection—Report to planning commission, notice.

- A. If any objection is timely filed with the city clerk, the city manager shall transmit a report of the proposed lien and the objections thereto to the city council.
- B. Upon receipt of the report, the planning commission shall fix a time, date and place for hearing the report, and any objections thereto. The city manager shall cause notice of the hearing to be mailed by certified mail to the last known address of the property owner at least thirty (30) days prior to the date set for the hearing.

5.66.280 Collection—Hearing before the planning commission.

Upon considering the report of the proposed lien and the objections thereto, the planning commission shall follow, as nearly as practicable, those procedures that the city council would have followed if it had conducted the hearing. The planning commission shall make a written recommendation to the city council which shall include the factual findings based on evidence introduced at the hearing.

5.66.290 Collection—City council.

- A. Upon receipt of a report of a proposed lien in accordance with Section 5.66.260 or 5.66.280, the city council shall determine whether the proposed lien shall become a lien, and whether the amount of the lien is to be collected at the same time and in the same manner as property taxes are collected.
- B. In cases in which a hearing before the planning commission has been held, the city council shall adopt the recommendation of the planning commission without a hearing, or set the matter for a de novo hearing before the city council. Notice of the de novo hearing shall be provided to the property owner, in writing, at least ten (10) days in advance of the scheduled hearing.
- C. If the city council determines that the proposed lien shall become a lien, the city council may also cause a notice of lien to be recorded. This lien shall attach upon recordation in the office of the Sacramento County recorder and shall have the same force, priority, and effect as a judgment lien, not a tax lien. The notice of lien shall, at a minimum, identify the record owner or possessor, set forth the date upon which the lien was created against the property, and include a description of the real property subject to the lien and the amount of the lien.

- D. If the city council determines that the amount of the lien is to be collected at the same time and in the same manner as property taxes are collected, all laws applicable to the levy, collection, and enforcement of ad valorem taxes shall be applicable to the proposed lien, except that if any real property to which the lien would attach has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attached thereon, prior to the date on which the first installment of taxes would become delinquent, then the lien that would otherwise be imposed by this section shall not attach to real property and the costs of enforcement relating to the property shall be transferred to the unsecured roll for collection.

SECTION 4. ENVIRONMENTAL REVIEW

The City Council hereby finds that this ordinance is not subject to review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15060, subdivision (c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15061, subdivision (b)(3) (there is no possibility the activity in question may have a significant effect on the environment). In addition to the foregoing general exemptions, the City Council further finds that this ordinance is categorically exempt from review under CEQA under the Class 8 Categorical Exemption (regulatory activity to assure the protection of the environment, CEQA Guidelines section 15308).

SECTION 5. SEVERABILITY

The provisions of this chapter are hereby declared to be severable. If any provision, clause, word, sentence, or paragraph of this chapter or the application thereof to any person, establishment, or circumstances shall be held invalid, such invalidity shall not result in the invalidity of the entire chapter, which can be given effect without the invalid provision or application. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 6. EFFECTIVE DATE AND PUBLICATION

This ordinance shall take effect thirty (30) days after its adoption. The City Clerk is hereby directed to publish this ordinance within fifteen (15) days after its passage in a newspaper of general circulation published in the City of Isleton or to post it in at least three (3) public locations in the City of Isleton. The City Clerk shall certify the passage of this ordinance and cause a summary of this ordinance to be published after its passage, with the names of those members of the City Council voting for and against the ordinance, in a newspaper of general circulation, published and circulated in the City in accordance with Section 36933 of the Government Code. The full text of this ordinance will be available for viewing in the City Clerk's Office.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Isleton that it hereby:

Adopted and approved this ordinance at a meeting held on the 25th day of May, 2021 by the following vote:

AYES:

NOES:
ABSTAIN:
ABSENT:

Eric Pene, Mayor
City of Isleton

ATTEST:

Yvonne Zepeda, Deputy City Clerk

APPROVED AS TO FORM:

Andreas Booher, City Attorney

RESOLUTION 012-2021

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ISLETON
ESTABLISHING THE AMOUNTS OF FEES REGARDING THE RENTAL
HOUSING INSPECTION PROGRAM**

RECITALS

WHEREAS, the City Council of the City of Isleton has adopted the Rental Housing Inspection Program, Chapter 5.66 of the Municipal Code of the City of Isleton; and

WHEREAS, Section 5.66.050 of the Municipal Code of the City of Isleton defines fees related to the Rental Housing Inspection Program and authorizes the City Council to establish the amounts of those fees and any penalties for delinquent payment of such fees, by resolution; and

WHEREAS, the City Council now wishes to set those fees, as set forth in Exhibit A attached hereto and incorporated herein.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Isleton that:

- A. The fees and penalties authorized by Section 5.66.050 of the City of Isleton Municipal Code are hereby established as set forth in Exhibit A to this Resolution.
- B. Exhibit A is part of this Resolution.
- C. This resolution shall become effective on the date that Ordinance 2021-04 becomes effective.

PASSED AND ADOPTED by the City Council of the City of Isleton this 25th day of May, 2021 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Eric Pene, Mayor
City of Isleton

ATTEST:

Yvonne Zepeda, Deputy City Clerk

- **ATTACHMENT – Exhibit A, Rental Housing Inspection Program Fees and Penalties**

EXHIBIT A

Rental Housing Inspection Program Fees and Penalties

Description	Amount
Rental Housing Inspection Program Fee (annual administration fee per rental unit)	\$40, annually per unit
Unit Inspection Fee (one-time, new rental unit inspection fee)	\$77.50, per new rental unit
Additional Unit Inspection Fee (applicable to multi-unit properties, as determined by inspector)	\$77.50, per unit inspected pursuant to § 5.66.090
Rescheduling Fee	\$40, per rescheduling pursuant to § 5.66.110
Reinspection Fee	\$77.50, per reinspection pursuant to § 5.66.130

RESIDENT'S RIGHTS FORM

Welcome to your new rental home. We hope your stay is enjoyable, so we encourage you to talk to us if you have any questions about your home or about our rental policies. This information sheet provides you with general information about your rights and responsibilities. Please read it carefully and let us know if you have any questions. Our contact information is included for your convenience.

Rights and Responsibilities

Owners and residents of rental properties have specific rights and responsibilities under current state and local laws. As a resident, your rental home must be a safe place to live. In other words, it must be habitable. This means that your home must have the following:

- A structure that is weatherproof and waterproof; there must be no holes or cracks that allow rain or wind to enter;
- A plumbing system in good working condition and connected to the local water supply and sewage system or functional septic system;
- Floors, stairs and railings in good repair;
- A hot water system capable of producing water of at least 110 degrees Fahrenheit;
- An electrical system that was legal when installed and without loose or exposed wiring;
- A heating system that is in a safe, working condition.
- A lack of insect or rodent infestation;
- A home that is free from garbage or debris;
- Sufficient garbage or trash receptacles;
- A working toilet, wash basin and bathtub or shower;
- A kitchen with a sink;
- A safe fire or emergency exit;
- Deadbolt locks on each main swinging door that gives you entry to the home;
- Working smoke detectors and carbon monoxide detectors located in certain areas;
- Working telephone jack and phone wiring inside the home.

As a resident, you have a responsibility to do the following:

- Maintain a clean and sanitary rental home;
- Properly dispose of garbage or trash;
- Properly operate all electrical, gas and plumbing fixtures;
- Refrain from damaging or defacing the home or allowing anyone else to do so;
- Use the living and dining rooms, bedrooms and kitchens for their proper purposes;
- Report broken door or window locks;
- Contact the rental owner or property manager immediately to report any problems with your rental home especially any water damage or leaks;
- Comply with all rules, terms and conditions of the rental agreement.

Contact Your Rental Owner or Property Manager First

If you have any problems with your rental home, notify the rental owner or property manager first, preferably in writing. If it is an emergency such as water intrusion or water damage, contact the owner or manager immediately.

Contact Information

OWNER/PROPERTY MANAGER

COMPANY

ADDRESS

CITY, STATE, ZIP

()

DAYTIME PHONE

()

AFTER HOURS PHONE

EMAIL

Retaliation is Against the Law

A rental owner or property manager may not evict or threaten to evict a resident for exercising a legal right, such as requesting habitability repairs.

Maintenance and Repairs

Owners and managers want to know if there is an item that needs repair in your home. If you have a problem with any of the habitability items listed, you should:

- **Contact the rental owner or property manager first.** You should document your request in writing and keep a copy. If there is water intrusion, a water leak or any water damage occurring to the property, contact the owner or manager immediately.
- **Allow a reasonable period of time for repair.** In most cases, the owner or manager will begin working on your request shortly after it is made. Some repairs may take longer than others to complete. Current law indicates that 30 days is a reasonable period of time to address a repair, but it also depends on the nature of the repair. If you have waited a reasonable period of time and the requested repair has not been made, you may contact your local code enforcement department to file a complaint.

Owner's Right to Enter and Your Rights

In most cases, the owner or manager must provide you with prior written notice to enter your rental home. Written notice is considered reasonable if it is provided at least 24 hours in advance. A written notice is required in the following situations:

- To make necessary or agreed upon repairs;
- For inspection of the smoke detector and carbon monoxide detectors;
- To inspect waterbeds;
- If a court permits it.

However, a prior written notice is not required in the following situations:

- In an emergency;
- When you or another occupant consents;
- After you have abandoned or surrendered the rental home;
- Upon a verbal agreement to allow the owner to make agreed upon repairs or supply services.

Rental Agreement and Other Obligations

The rental agreement, whether it is a month-to-month or a lease, provides the rules and policies while living at the rental home. Be sure to read the language carefully because it is considered a contract between the owner (and/or manager) and resident.

Resident Confirmation

Resident(s) acknowledge(s) having read and understood the forgoing and received a copy.
Resident(s) agree to contact owner/manager first to address any issue(s) with the home.

Resident

Date

Resident

Date

Owner/Agent

Date

Your local code enforcement department can help.

If you have made a request for a habitability item listed and waited a reasonable period of time and the repair has not been made, you may contact your local code enforcement department to file a complaint.

City of Sacramento
24-hour complaint line
(916) 808-5011



RENTAL HOUSING ASSOCIATION
of Sacramento Valley

This document has been prepared by the Rental Housing Association of Sacramento Valley (RHA) to comply with applicable local ordinances. RHA does not make any representation or warranty about the legal sufficiency or legal effect of this document. Consult with an attorney if you require assistance in completing the document or to determine if its use is appropriate or changes are necessary in any particular situation.

City of Isleton

City Council Staff Report

DATE: May 25, 2021

ITEM#: 7.C

CATEGORY: Old Business

AB 1600 IMPACT FEE STUDY CITY COUNCIL ADOPTION, RESOLUTION 013-21

SUMMARY

In California, State Legislation sets legal and procedural parameters for the charging of development impact fees. This Legislation was passed as Assembly Bill 1600 by the California Legislature and is now codified as California Government Code Sections (GC §) 66000 through 66008 ("Mitigation Fee Act"). This State Law went into effect on January 1, 1989. This action presents the preliminary study underpinning the City development fees.

DISCUSSION

The Fire Department impact fees have been adjusted per City Council suggestion at the February 23, 2021 City Council meeting.

A development impact fee is an exaction other than a tax or special assessment that is charged by a local governmental agency to an applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project. (The legal requirements for enactment of development impact fee program are set forth in Government Code §§ 66000-66025 (the "Mitigation Fee Act"), the bulk of which was adopted as 1987's AB 1600 and commonly referred to as "AB 1600 requirements.")

A development impact fee must be reasonably related to the cost of the service provided by the local agency. If a development impact fee does not relate to the impact created by development or exceeds the reasonable cost of providing the public service, then the fee may be declared a special tax and must then be subject to a two-thirds voter approval.

City Staff prepared the Development Impact Fee study assessing the City's capacity for additional development, estimating the additional services required by the creation of that new development, and determining a reasonable fee required for each new unit of development. The final draft copy is presented as part of this report. An impact fee may not be created to cover deficiencies in service capacity which existed prior to development and thus is not a direct or indirect result of that development.

Fire Impact Fee Adjusted – The Fire Impact fees were adjusted to reflect a reduced Station Facilities costs. The existing Fire headquarters consists of temporary trailers that are over twenty five years old. This "temporary" facility is beginning to show its wear and obtaining a headquarter building is becoming a necessity.

Wastewater Impact Fee – This fee is higher than comparable cities for a few reasons. Isleton uses a pond system which is more expensive to acquire and construct. These types of plants take much more land and heavier construction. The existing plant is very old and has incurred significant repair work over the past four years costing over \$200,000 (approximation of repairs - commutator \$25k, discharge line \$75k, pump replacement \$65k, aerators \$30k, backup power tie-in \$15k). Being a pond system as opposed to a secondary or tertiary treatment plant, requires a lot more acreage and heavy construction. This is compared to tertiary plants which are mass produced and arrive at a plant site nearly complete. There is a strong likelihood that the City will be a recipient of a large grant or loan to accomplish the upcoming WWTP upgrade. This will be known within the next two years. This grant or loan would correspondingly reduce the WWTP impact fee.

Development Impact Fees

The final impact fees per dwelling unit are as follows:

Sewer (WWTP)	\$6,200.00
Fire	\$3,750.00
Parks and Recreation	\$1,750.00
Storm Water	\$1,563.00
Municipal Facilities	\$1,875.00
Streets	\$1,406.00
Sub Total	\$16,544.00
Measure A, collected for Co.	\$2,000.00
TOTAL, per dwelling unit	\$18,544.00

The final fee study recommends the creation of several new impact fees and an adjustment of several existing impact fees to more adequately reflect projected impacts. The categories of development fees are:

- Sewer (WWTP)
- Fire Department
- Parks and Recreation
- Storm Water
- Municipal Facilities - New
- Streets - New

This study developed the overall construction costs for new facilities related to development, a nexus between the project and the facility's need, and a development fee per standard development unit – commonly a single family home. The impact fee, borne by new development, may be the entire cost or a reduced amount as a result of grants or loans.

FISCAL IMPACT

There is no fiscal impact associated with this action.

RECOMMENDATION

Staff recommends City Council to adopt the City of Isleton Development Impact Fee Study and adopt Resolution 013-21.

ATTACHMENTS

- A. Final 2020 Development Impact Fee Study
- B. Resolution 013-21 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ISLETON, CALIFORNIA, ADOPTING THE "CITY OF ISLETON IMPACT FEE STUDY"

Prepared by: Diana O'Brien, Administrative Assistant
Reviewed by: Charles Bergson, City Manager
Submitted by: Yvonne Zepeda, City Clerk



2021 DEVELOPMENT IMPACT FEE STUDY

**ASSEMBLY BILL 1600
MITIGATION FEE ACT**



MAY 2021

CITY OF ISLETON

*Charles Bergson, P.E.
Acting City Engineer*



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EXECUTIVE SUMMARY

Introduction, Legal, Results, and Recommendations

Introduction

Impact fees are determined in direct relationship to the additional facilities needed to serve new development. With an increase in residential, industrial, commercial or other development, the complexity and size of general city services increases. These increases are reflected in the demand for additional operation and maintenance activities requiring new and/or expanded facilities and equipment.

A development impact fee is a monetary exaction other than a tax or special assessment that is charged by a local governmental agency to an applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project. (Gov. Code § 66000(b).) The legal requirements for enactment of development impact fee program are set forth in Government Code §§ 66000-66025 (the "Mitigation Fee Act"), the bulk of which were adopted as 1987's AB 1600 and thus are commonly referred to as "AB 1600 requirements." A development impact fee is not a tax or special assessment; by its definition, a fee is voluntary and must be reasonably related to the cost of the service provided by the local agency. If a development impact fee does not relate to the impact created by development or exceeds the reasonable cost of providing the public service, then the fee may be declared a special tax and must then be subject to a two-thirds voter approval. (Cal.Const., Art. XIII A, § 4.)

Adoption of impact fees requires documentation of the "nexus" or linkage between the fees being charged, the benefit of the facilities to mitigate new development impacts, and the proportional cost allocation. The purpose of this report is to establish this linkage. The Impact fees described in this report must be adopted by City Council.

This Development Impact Fee Report provides the City of Isleton ("the City") with the necessary technical documentation to support the adoption of a City Development Impact Fee Program to fund the following:

- Waste Water Treatment Plant (WWTP)
- Fire
- Parks
- Storm Water
- Municipal Facilities
- Streets

Purpose

The purpose of this study is to update the development impact fee program and establish the nexus between projected new development in the City of Isleton and the additional government capital

facilities required to serve new development. This report will serve as the basis for requiring development impact fees under AB 1600 legislation. Each local Agency imposing a fee must:

1. Identify the purpose of the fee
2. Identify how the fee will be used
3. Benefit Relationship - Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed
4. Impact Relationship - Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development upon which the fee is levied.
5. Proportionality

Legal Requirements for Development Impact Fee Reporting

California Government Code Section 66006 (b)

California Government Code Section 66006 (b) defines the specific reporting requirements for local agencies that impose AB 1600 Impact Fees on new development. Annually, for each separate fund established for the collection and expenditure of Impact Fees, the local agency shall, within 180 days after the last day of each fiscal year, make available to the public and information shown below for the most recent fiscal year.

California Government Code Section 66001 (d)

For all funds established for the collection and expenditure of Impact Fees, California Government Code Section 66001 (d) has additional requirements. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted.

Identify the purpose to which the fee is to be put Demonstrate a reasonable relationship between the fee and purpose for which it is charged. Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements

Additional Notes

The State of California Government Code Section 66002 states that local agencies that have developed a fee program may adopt a Capital Improvement Plan indicating the approximate location, size and timing of projects, plus an estimate for the cost of all facilities or improvements to be financed by fees. A formal CIP is recommended, at a minimum, as a five-year plan. The City annually produces a five-year CIP which helps to maintain and support the City's General Plan as well as identify situations where infrastructure is needed to accommodate the planned development.

EQUIVALENT DWELLING UNIT (EDU)

This report uses Equivalent Dwelling Unit as a measure of sewer impacts to the City. An Equivalent Dwelling Unit (EDU) is the typical volume and strength of wastewater generated by a single family home. One EDU is generally 210 gallons of wastewater per day with a strength fact of 1.0. All other uses or businesses (commercial or industrial) are multiple or fractions of an EDU (e.g. An apartment is typically 75% of one EDU).

The City of Isleton currently charges impact fees to fund the expansion of roadways, park and recreation, municipal, wastewater and fire facilities to serve new development. Current fees set in 2016.

It is recommended practice that agencies update impact fees annually for inflation in the cost of public facilities. It is recommended that to update at least every five years to incorporate changes in facility standards, costs and development projections.

Recommendations - Proposed Impact Fees, Summary

Land Use	WWTP	Fire	Parks	Storm Water	Municipal Facilities	Streets	Measure A	TOTAL
Equivalent Dwelling Unit (EDU)	6,200	3,750	1,750	1,563	1,875	1406	2,000	\$18,544

Fee Comparisons

The fee comparison is provided to give a general idea of fees charged for nearby cities. Even though each local agency in California, in order to adopt impact fees, must follow the same general principles established by State Law, as described in the introduction section of this report, fee comparisons, even among neighboring jurisdictions, tend to vary widely due to several factors:

- Methods used to calculate the impact fees
- Types of facilities that are covered by impact fees vary
- Cities adopt different standards, or levels of service, for facilities, and may use different ways to calculate those standards
- Cities may not have kept up with public improvements over the years, and, as a consequence, have created deficiencies between adopted or desired levels of service and the levels currently provided.

CITY	WWTP	FIRE	PARKS	STORM WATER	MUNICIPAL FACILITIES	STREETS	TOTALS	NOTES
Isleton	6,200	3,750	1,750	1,563	1,875	1,406	\$ 16,544	With Meas. A = \$18,544
Rio Vista	6,158	1,277	4,920	0	2,126	3,416	\$ 17,897	RVMC 13.08.900A_Sewer
Galt	8,177	N/A	8,009	6,837	4,016	8,345	\$ 35,384	*Storm Water per impervious acre
Dixon	22,640	1,780	8,190	282	N/A	N/A	\$ 32,892	
Ripon	4,238	N/A	14,552	2,708	1,188	N/A	\$ 22,686	
Orland	2,466	799	4,176.17	454.10	3,103.52	N/A	\$ 10,998	

I. IMPACT FEES – NEW FACILITIES

A. WASTEWATER TREATMENT PLANT (WWTP)

Facilities needed to meet residential and commercial growth

A.1 Basis of Cost

Description	Cost
Sludge Removal	\$200,000
Pump Replace, Wet Well	\$100,000
SCADA Upgrades	\$120,000
Sewer Master Plan	\$500,000
WWTP San Sewer Plant	\$9,000,000
Total	\$9,920,000

Source: City of Isleton Sewer Department

Description of Projects

Sludge Removal – Removal of the sewer sludge that is settling in solid in waste ponds. Sludge build-up reduces the capacity of the WWTP Sludge needs to be removed every five years and trucked to a certified waste site.

Pump Replacement – Replacement of treatment plant wells every seven years.

SCADA Upgrade – Supervisory Control and Data Acquisition is a control system that monitors and controls the WWTP. Typically used to control geographically dispersed assets that are not proximate to each other.

Sewer Master Plan – A plan to assess and plan for the adequate management of wastewater. Usually conducted every seven to 10 years.

A.2 Mitigation Fee Act Nexus Findings

Purpose of Fee

The purpose of the sewer system impact fee is to further protect the health and safety of the citizens of the city by providing for the construction of sewage and waste water facilities including new sewer drains, treatment plants and aeration ponds. As new development occurs there will be an additional burden placed on the existing sewer and waste water collection, treatment and disposal systems. Federal, state and city health requirements set minimum standards for effluent treatment which result in the demand for new sewer and waste water facilities. The purpose of this fee is to provide funding for the expansion of the wastewater trunk line collection and outfall systems to accommodate the needs of projected new growth and development in the community.

Use of Fee

The revenue generated from this fee will be used to fund trunk line facilities required to accommodate new growth as well as acquisition and construction of additional supporting capital equipment and facilities required by the City to provide wastewater treatment service for new development.

Benefit Relationship

The new residential, commercial, and industrial development which is projected to occur will generate significant additional wastewater flows which will need to be transmitted via pipelines of varying size and capacity to the Sewer Plant for treatment. The fee will be used to provide for those capacity improvements required by growth projections so existing levels of service can be maintained.

Impact Relationship

The purpose of the Sewer-Trunk Line Capacity Fee is to provide funding for the expansion of the City's wastewater trunk line collection and outfall to accommodate the needs of projected new growth and development in the community. Another purpose of this fee is to provide funding for trunk facilities required to accommodate new growth.

Proportionality

As part of this update, a Capital Improvement Plan was developed indicating which improvements are needed to correct current deficiencies related to existing uses and which improvements are required for new development.

A.3 Development Forecast and New Wastewater Demand

Future Population	2000
Current Population	890
DIFF	1,110
Equivalent Dwelling Unit, EDU	480
Use, EDU	500 EDU
Residential	500 EDU
Commercial	200 EDU
Manufacturer	400 EDU
TOTAL	1200 EDU

Source: City of Isleton Sewer Department

- Existing number of dwelling units – approximately 480.
- Forecast of new dwelling units – approximately 500.

A.4 Wastewater Cost

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 25%.

Total Cost	Offset	New Development Amount
\$9,920,000	\$2,480,000	\$7,440,000

Source: City Manager

Projected New GPD

1200 DU x 250 GPD	300,000
Existing GPD	200,000
Total GPD	500,000

A.5 Waste Water Fee Calculations

Total Amount	EDUs	Per Dwelling Unit
\$7,440,000	1200	\$6,200

Source: City Manager

A.6 Waste Water Fee Comparisons

Development Type	Rio Vista Beach	Galt	Dixon	Ripon	Orland	Proposed Isleton
Single Family (per du)	6,158	8,177	22,640	4,238	2,466	6,200

B. FIRE

Facilities needed to meet City residential and commercial growth

B.1 Basis of Cost

Description	Cost
Fire Station Facilities	\$3,000,000
Rolling Stock	\$1,500,000
Training Facility	\$500,000
Total	\$5,000,000

Source: City of Isleton Fire Department

Description of Projects

Fire Station Facilitation – New station to accommodate fire-fighting equipment, personnel and training. Existing facility is in temporary trailers that are over 25 years old.

Rolling Stock – Replacement of existing fire-fighting mobile equipment.

B.2 Mitigation Fee Act Nexus Findings

This section frames the Nexus Study findings in terms of the legislated requirements to demonstrate the legal justification of the fire impact fees. The justification of the fire impact fees on new development must provide information as set forth in Government Code § 66000. These requirements are discussed below.

Purpose of Fee

This Nexus Study must identify the purpose of the fee. The purpose of the fire impact fee is to fund the cost of fire protection and emergency response facilities, apparatus, and equipment attributable to new residential and nonresidential development in the department. The fire impact fees will ensure that new development will not burden existing development with the cost of facilities required to accommodate growth as it occurs within the Department.

Use of Fee Revenue

This Nexus Study must identify the use to which the fee is to be put. Fee revenue will be used to fund the cost of expanded fire facilities, apparatus and equipment to serve new development. Fee revenue may not be used to fund operational, maintenance or repair costs.

Benefit Relationship

This Nexus Study must determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. The fee will be collected as development occurs. To maintain its existing level of fire protection and emergency response services, fee revenue will be used to expand the Department's facilities, apparatus and equipment to meet the additional demand generated by the new residents and employees and new structural area created by new development projects.

Impact Relationship

This Nexus Study must determine how there is a reasonable relationship between the need for fire protection facilities, apparatus and equipment and the type of development project on which the fee is imposed.

New development projects will create additional need for the Department's fire protection and emergency response services and a corresponding need for expanded facilities, apparatus and equipment. The fee will be imposed on different types of development projects in proportion to the additional service population generated and structural area created by new development projects.

Proportionality

This Nexus Study must determine how there is a reasonable relationship between the amount of the fee and the cost of the fire protection facilities, apparatus and equipment attributable to the development on which the fee is imposed. The cost of fire protection facilities, apparatus and equipment attributable to a development project is based upon the level of existing development served by the Department's existing fire protection facilities, apparatus and equipment. The use of an existing facilities standard methodology to determine the fire impact fee achieves proportionality between existing development and new development. Moreover, these equivalent costs are applied to all land use categories in proportion to the need they create for expanded facilities. The use of a fire facilities demand factor to determine the fire impact fee schedule achieves proportionality across the types of development on which the fee is imposed.

This section contains general recommendations for the adoption and administration of the fire impact fee program based on the findings of this Nexus Study and for the interpretation and application of the fire impact fees recommended herein. The specific statutory requirements for

the adoption and implementation may be found in the Mitigation Fee Act (California Govt. Code § 66000 et seq.).

B.3 Development Forecast and New Fire Demand

Future Population	2000
Current Population	890
DIFF	1,110
Equivalent Dwelling Unit, EDU	480
Use, EDU	500 EDU
Residential	500 EDU
Commercial	200 EDU
Manufacturer	400 EDU
TOTAL	1200 EDU

Source: City of Isleton Sewer Department

B.4 Fire Cost

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 10%.

Total Cost	Offset	Total Amount
5,000,000	500,000	4,500,000

Source: City Manager

B.5 Fire Fee Calculations

Total Amount	EDUs	Per Dwelling Unit
4,500,000	1200	3,750

Source: City Manager

B.6 Fire Fee Comparisons

Development Type	Rio Vista	Galt	Dixon	Ripon	Orland	Proposed Isleton
Single Family (per du)	1,277	N/A	1,780	N/A	799	3,750

C. PARKS

Additional park facilities needed to meet residential and commercial growth

C.1 Basis of Cost

Description	Cost
New Park (2 Acres) at 800K/Acre – Sandiego.gov	\$1,600,000
Recreation Center 300 SF x 4000/SF	\$1,200,000
Total	\$2,800,000

Description of Projects

New Park – New station to accommodate fire-fighting equipment, personnel and training.

Recreation Center – Acquisition of land and facility for community recreation center, site to be determined. Estimated to be 4000 square feet.

C.2 Mitigation Fee Act Nexus Findings

Funding sources should equitably share the burden among all park and recreation facility users. Everyone who lives and works in and visits the City of Isleton benefits from amenities offered by the parks, beaches, and various recreational facilities. Therefore, funding used to implement the Master Plan should come from all users of parks and recreation facilities to the extent possible”.

Purpose of Fee

The purpose of the parks and recreation facilities impact fee is to provide a variety of parks, recreation facilities and park improvement projects such as tennis courts, swimming pools, soccer, ball fields and the like. As development and population increases, park and recreation facilities, inadequate to serve the city, could occur which have potential for adversely affecting the general well-being of city residents. In order to address this potential and to meet city recreation standards it is appropriate that new development pay for additional park facilities and recreation development attributable to development impacts.

Use of Fees Revenue

Fee revenue will be used for a broad range of parks and recreation capital facilities investments, including the acquisition of land for parks, the improvement of existing and new parkland, and development of new parks and recreation facilities.

Benefit Relationship

New development in the City of Isleton will increase the demand for and use of parks and recreation facilities. Fee revenue will be used to help fund new parks and recreation facilities in response to the increased demand.

Impact Relationship

Each new development project – residential and nonresidential – will generate incremental, new demand and use of the City’s parks and recreation facilities by new residents, workers, and/or visitors. New revenues to fund investments in additional parks and recreation capital improvements are necessary to maintain parks and recreation capital facilities service standards.

Proportionality

The maximum, supportable parks and recreation fee schedule is based on a parks and recreation capital facilities cost estimate derived by applying the proportionate increase in service population associated with new development to the existing service standard/value of parks and recreation capital facilities. As a result, the fee program cost estimates are directly proportional to the relative increase in new development.

C.3 Development Forecast and New Parks Demand

Future Population	2000
Current Population	890
DIFF	1,110
Equivalent Dwelling Unit, EDU	480
Use, EDU	500 EDU
Residential	500 EDU
Commercial	200 EDU
Manufacturer	400 EDU
TOTAL	1200 EDU

Source: City of Isleton Sewer Department

C.4 Parks Cost

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 25%.

Total Cost	Offset	Total Amount
\$2,800,000	\$700,000	\$2,100,000

Source: City Manager

C.5 Parks Fee Calculations

Total Amount	EDUs	Per Dwelling Unit
\$2,100,000	1200	\$1,750

Source: City Manager

C.6 Parks Fee Comparisons

Development Type	Rio Vista	Galt	Dixon	Ripon	Orland	Proposed Isleton
Single Family (per du)	4,920	8,009	8,190	14,552	4,176	1,750

D. STORM WATER

Facilities needed to meet residential and commercial growth

D.1 Basis of Cost

Description	Cost
Catch Basin Replacement	\$2,000,000
Storm Drain Collection System	\$500,000
Total	\$2,500,000

Source: City of Isleton Public Works Department

Description of Projects

Catch Basin Replacement – Replacement and addition of storm drain catch basins throughout the City.

Storm Drain Collection System – Provide and installation of sub surface storm drain system.

D.2 Mitigation Fee Act Nexus Findings

Purpose of Fee

The purpose of the drainage and storm water detention facilities impact fee is to finance the cost of drainage and storm water detention projects including mains, tributary systems, creek improvements and detention basins. New development increases the amount of impervious surfaces due to more roof area, paved streets, driveways and parking lots. Flooding potential is thereby increased particularly during periods of high intensity and/or sustained rainfall creating an unacceptable hazard to citizen welfare and safety. Drainage and storm water detention facilities will provide the improvements necessary to maintain adequate drainage, flood protection, and storm water detention throughout the city by reducing the impacts of new development.

Use of Fees Revenue

Expansion of existing and construction of new storm drain main lines to accommodate new development.

Benefit Relationship

The development of new residential, office, commercial and industrial land uses in Isleton will generate additional runoff and the associated need to storm drain facilities. The fees will be used to expand the storm drain system to accommodate new development.

Impact Relationship

The amount of storm water runoff generated by each land use has been estimated by applying the storm drain common use factor to the land uses stated in the General Plan. The total cost of the required storm drainage facilities were estimated by City staff and reflects the cost of additional capital equipment and facilities required by the City to safely convey floodwaters in periods of heavy rainfall.

A developer may be required as a condition of project approval to construct one or more or a portion of any of the drainage improvements covered by the fee. In such a case, the value of the constructed improvements may be credited against the drainage impact fee at the City's discretion.

Proportionality

The nexus study analyzes and distributes the drainage improvement costs on a city-wide basis. The rationale for spreading the costs to the entire City is similar to traffic improvements: All areas of the City benefit from major drainage improvements.

The total cost of the required storm drainage facilities was estimated by City staff and reflects the cost of additional capital equipment and facilities required by the City to safely convey floodwaters in periods of heavy rainfall.

D.3 Development Forecast and New Storm Water Demand

Future Population	2000
Current Population	890
DIFF	1,110
Equivalent Dwelling Unit, EDU	480
Use, EDU	500 EDU
Residential	500 EDU
Commercial	200 EDU
Manufacturer	400 EDU
TOTAL	1200 EDU

Source: City of Isleton Sewer Department

D.4 Storm Water Cost

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 25%.

Total Cost	Offset	Total Amount
\$2,500,000	\$625,000	\$1,875,000

Source: City Manager

D.5 Storm Water Fee Calculations

Total Amount	EDUs	Per Dwelling Unit
\$1,875,000	1200	\$1,563

Source: City Manager

D.6 Storm Water Fee Comparisons

Development Type	Rio Vista	Galt	Dixon	Ripon	Orland	Proposed Isleton
Single Family (per du)	0	6,837	282	2,708	454	1,563

E. MUNICIPAL FACILITIES

Facilities needed to both replace temporary City Hall, upgrade public works yard and upgrade police facility. Also to provide growth on new commercial and residential buildings.

E.1 Basis of Cost 2019

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 25%.

Description	Cost
Public Works Facility	\$2,000,000
Civic Center	\$1,000,000
Police Department	\$500,000
Total	\$3,500,000

Source: City of Isleton Public Works Department

Description of Projects

Civic Center – Planning and construction of new City Hall & community center complex.

Public Works Facility – Upgrade of public works administration and maintenance facilities.

Police Facility – Planning and upgrade of vacant police building.

E.2 Mitigation Fee Act Nexus Findings

Purpose of Fee

The City's policy and intent is to update the impact fees citywide on a yearly basis to ensure that all future development agreements and agreement amendments contain updated and adequate fees in order to fund the infrastructure needed to serve new growth. The purpose of the fees proposed by this report is to implement this policy by providing a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to fund the facilities needed to provide municipal services to new development.

Use of Fees Revenue

Fees proposed in this report, if enacted by the City, would be available to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City. Fees addressed in this report will be restricted to funding the following facility categories: municipal facilities – City Hall, Community Center, Police Department and Corporate Yard/Public Works Facility. Summary descriptions of the planned facilities, such as size and cost estimates is provided in the table above. More thorough descriptions of certain planned facilities, including their specific location, if known at this time, are included in master plans, capital improvement plans, traffic studies, or other City planning documents. The City may change the list of planned facilities to meet changing needs and circumstances of new development, as it deems necessary. The fees should be updated if these amendments result in a significant change in the fair share cost allocated to new development. Planned facilities to be funded by the fees are described in the “Use of Fee Revenues” section in each facility category chapter.

Benefit Relationship

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, and vehicles used to serve new development. Facilities funded by the fees are expected to provide a City-wide network of facilities accessible to the additional residents and workers associated with new development. Under the Act, fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new residential and non-residential development that will pay the fees.

Impact Relationship

The need for facilities is based on a facility standard that represents the demand generated by new development for those facilities. Facility demand is determined as follows: The demand for municipal facilities, fire facilities, and police facilities is based on residential population and the number of workers in the City and a cost standard calculated for each facility type; and ω The number of vehicular trips generated per use classification and a demand standard of LOS D or LOS E, depending on the street, determines roadway facilities demand. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Proportionality

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated new development growth the project will accommodate. Fees for a specific project are based on the project's generation of population, employment, or vehicle trips. Larger new development projects can result in a higher service population or a higher trip generation rate, resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees can ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

E.3 Development Forecast and Municipal Facilities Demand

Future Population	2000
Current Population	890
DIFF	1,110
Equivalent Dwelling Unit, EDU	480
Use, EDU	500 EDU
Residential	500 EDU
Commercial	200 EDU
Manufacturer	400 EDU
TOTAL	1200 EDU

Source: City of Isleton Sewer Department

E.5 Municipal Facilities Cost

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 25%.

Total Cost	Offset	Total Amount
3,000,000	750,000	\$2,250,000

Source: City Manager

E.6 Municipal Facilities Fee Calculations

Total Amount	EDUs	Per Dwelling Unit
2,250,000	1200	\$1,875

Source: City Manager

E.7 Municipal Facilities Fee Comparisons

Development Type	Rio Vista	Galt	Dixon	Ripon	Orland	Proposed Isleton
Single Family (per du)	2,126	4,016	N/A	1,188	3,103	1,875

F. STREETS

Facilities needed to meet residential and commercial growth

F.1 Basis of Cost

Description	Cost
New Street Facilities	\$2,250,000
Total	\$2,250,000

Source: City of Isleton Public Works Department

Description of Projects

New Streets – Planning, design and construction of new roads in the City. Roads will be primarily at location of new developments.

F.2 Mitigation Fee Act Nexus Findings

Purpose of Fee

This fee has two purposes:

1. To provide funding for the acquisition of new street maintenance facilities and equipment necessary to maintain new street as future growth and development occurs; and
2. STA Impact Fee

Use of Fees Revenue

The Street Impact Fee Program revenues from new development will be used to fund two major street components:

1. Regional Streets – larger street improvements designed to serve new development on a citywide basis
2. New Growth Streets – Street improvements required primarily for serving new development in the new development(s).

Benefit Relationship

Each new residential and non-residential development project in the City will add to the incremental need for roadway capacity, and each new project will benefit from the new roadway capacity. For new development to occur during the planning horizon of the City's current General Plan, major street improvements identified by the City of Isleton's Public Works Department will be necessary to maintain at least the current level of service by maintaining acceptable traffic flows.

Impact Relationship

Construction of the major street roadway and intersection improvements will serve new development in the City. Major street improvement costs to be funded by new development in the City area allocated to each benefiting land use using a cost allocation method that measures the relative benefit for each land use. The costs were allocated by using Vehicle Miles Traveled (VMT), which best reflects each land use's relative impact on the system by accounting for the number of daily trips, as well as length, purpose, and occupancy, to arrive at a total impact by each land use. The result is a fee for each acre of new development that reflects the relative traffic impact on the major street system.

Proportionality

The impact fee calculations are based on residential and non-residential growth projects for the City.

F.3 Development Forecast and Streets Demand

Future Population	2000
Current Population	890
DIFF	1,110
Equivalent Dwelling Unit, EDU	480
Use, EDU	500 EDU
Residential	500 EDU
Commercial	200 EDU
Manufacturer	400 EDU
TOTAL	1200 EDU

Source: City of Isleton Public Works Department

F.4 Streets Cost

Total Cost	Offset	Total Amount
2,250,000	562,500	\$1,687,500

Source: City Manager

F.5 Streets Fee Calculation

The basis of the fee is determined by the total cost of new facilities offset by an assumed grant amount plus efficiency credit for existing customers. This offset is estimated to be 25%.

Total Amount	EDUs	Per Dwelling Unit
1,687,500	1200	\$1,406

Source: City Manager

F.6 Fee Comparisons

Development Type	Rio Vista	Galt	Dixon	Ripon	Orland	Proposed Isleton
Single Family (per du)	3,416	8,345	N/A	N/A	N/A	1,406

II. OPERATION (DAY TO DAY) FEES

A. General Fees

The other component of the public facilities fee relates to other governmental services. These fees will be used for general services and equipment for all city departments, other than police and fire, and those costs of new development not accounted for through other development impact fees.

1. Administrative Fees
2. Building/Permits
3. Planning
4. Cannabis

LIST OF ATTACHMENTS

ATTACHMENT A – Fees for City of Isleton

ATTACHMENT B – Future Building Fee Schedule

ATTACHMENT C – General Fees, Staff Time

ATTACHMENT D – NOT USED

ATTACHMENT E – NOT USED

ATTACHMENT F – Resolution PC 2016-01 The City of Isleton Community Development Department Planning Fees PENDING

ATTACHMENT G – Ordinance 2014-01 Amendment to Ordinance No. 384 of the City Council of the City of Isleton Establishing Rules and Regulations for Operation of Waterfront Park *Not attached (\$25 & \$35)*

ATTACHMENT H – Ordinance 2015-05 Amendment to Ordinance No. 2010-04 Ordinance of the City Council of the City of Isleton Requiring a Special Event Permit *Not attached dependent on event*

ATTACHMENT I – Ordinance 2015-06 An Amendment to Ordinance 322 An Ordinance Providing for Annual Inspection of Property by Isleton Fire Department and Imposing Fees to Defray Inspection Costs *Not attached (cost recovery)*

ATTACHMENT J – Ordinance 2015-08 An Amendment to Ordinance No. 2013-03 An Ordinance Imposing an Operations Tax on Businesses in the City of Isleton for

Revenue Purposes, Repealing the Business License Tax Ordinance and Other Ordinances in Conflict Herewith *Not attached (Section 8.030; 0.1%)*

ATTACHMENT K – Ordinance 2015-09 Administrative Citation Ordinance of the City of Isleton *Not attached (cost recovery)*

ATTACHMENT A - FEES FOR CITY OF ISLETON

Ordinance No. 201: Boat Dock Fees 25' or less \$25.00 Greater than 25' \$35.00

Ordinance No 2015 Special Event Permit \$50.00 request initial set \$250.00 to prepare special event permit

Ordinance No. 201: Fire Inspection Fees under Calif. Fire Code and City Ordinance \$30.00

Resolution No. 201 Copy Fee .35 per page .50 per page oversized copies

Ordinance No. 201: Business Operations Tax \$80.00 annual license fee 0.001% annual gross revenue per year

Ordinance No. 201: Administrative Citation Ord. Penalt 1st \$50 2nd \$100 3rd \$500 4th \$1,000.00 if late fee doubled

Resolution No. 23-: 2020 Building Department Fee Schedule

Resolution No. 201 City of Isleton Community Dev. Dept. Planning Fees



City of Isleton

101 Second Street / P.O. Box 716 Isleton, Sacramento Co., California 95641
Tel: 916-777-7770 Fax: 916-777-7775 Info: yvonne.zcpeda@cityofisleton.com

GENERAL FEE FORM

STANDARD SIZE COPIES 8X11

- Black Copies.....S.35ea. x ___ \$ ___
- Colored Copies..... S.50ea. x ___ \$ ___
- FAX.....\$1.00ea. x ___ \$ ___

LEGAL SIZE COPIES 8.5X14

- Black Copies.....S.50ea. x ___ \$ ___
- Colored Copies.....S.65ea.x ___ \$ ___

STAFF TIME:

Staff time FREE less than 10 minutes

- Public Works 1/4hr \$10.52 1/2hr \$21.04 3/4hr \$31.56 1hr \$42.07

Total: \$ _____

- Administration 1/4hr \$ 9.76 1/2hr \$19.51 3/4hr \$29.27 1hr \$39.02

Total: \$ _____

- Building Dept. 1/4hr \$25.00 1/2hr \$50.00 3/4hr \$75.00 1hr \$100.00

Total: \$ _____

- Fire Dept. 1/4hr \$5.27 1/2hr \$10.54 3/4hr \$15.81 1hr \$21.08

Total: \$ _____

- City Clerk 1/4hr \$4.83 1/2hr \$9.66 3/4hr \$14.49 1hr \$19.31

Total: \$ _____

- City Planner 1/4hr. \$2.50 1/2hr. \$5.00 3/4hr. \$7.50 1hr. \$10.00

Total: \$ _____

(Staff time is calculated at our loaded rate)

GRAND TOTAL DUE: \$ _____

RESOLUTION 013-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ISLETON, CALIFORNIA, ADOPTING THE CITY OF ISLETON IMPACT FEE STUDY

WHEREAS, in 2018 the City Council of the City of Isleton directed establishing fees applicable to new development in the City to mitigate the impact of new development on public services and facilities Development Impact Fees; and

WHEREAS, the Acting City Engineer and City staff prepared the “City of Isleton Impact Fee Study” attached hereto as Exhibit “A”, which established the Development Impact Fees to include an analysis of the impacts of new development on City facilities.

WHEREAS, in compliance with the Mitigation Fee Act (Government Code section 66000 et seq.), the City Council held a public hearing on the proposed Impact Fees at its regular meeting on May 11, 2021

NOW, THEREFORE, the City Council of the City of Isleton does hereby resolve as follows:

Section 1. California Environmental Quality Act (CEQA) Findings. The City Council hereby finds that the adoption of this Resolution is not subject to CEQA review pursuant to CEQA Guideline 15378(b)(4), which provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project are not projects subject to CEQA review.

Section 2. Mitigation Fee Act Findings. As required by Government Code Section 66001(a), the City Council makes the following findings with respect to Development Impact Fees:

- A. The purpose of the Development Impact Fees is to prevent new development from reducing the quality and availability of public services provided to residents of the City by requiring new development to contribute to the cost of additional public facilities needed to meet the additional demands placed on public services by new development.
- B. The Development Impact Fees will be used to construct public facilities and pay for other capital assets needed to serve new development. The Development Impact Fee Study identifies the specific public facilities and other capital assets that will be funded by each category of Development Impact Fees.
- C. Based on the information and analysis presented in the Development Impact Fee Study, the City Council finds there is a reasonable relationship between the uses to which the Development Impact Fees will be put on the development projects on which the Development Impact Fees will be imposed. As specified in the Development Impact Fee Study, the Development Impacts Fees will be used to fund road improvements, waste water treatment facilities, fire facilities, parks, storm water facilities and municipal facilities. These uses will serve all development within the City. In addition, the Development Impact Fees will fund park improvements.
- D. Based on the information and analysis presented in the Development Impact Fee Study, the City Council finds there is a reasonable relationship between the need for the public facilities that will be funded by the Development Impact Fees and the type of development

projects on which the Impact Fees will be imposed. All new development are to contribute toward the cost of the public facilities and equipment needed to provide these facilities to the development.

Section 1. Adoption of Development Impact Fee Study. The Development Impact Fee Study attached as Exhibit "A" is hereby approved and adopted.

Section 2. Adoption of Development Impact Fees. The Development Impact Fee Schedule adopted by Resolution No. 013-021.

Section 3. Facilities to be funded by Development Impact Fees. As required by Government Code Section 66001(a)(2), the City Council determines that the Development Impact Fee Study identifies the public facilities that are to be financed by the impact fees.

APPROVED AND ADOPTED this 25th day of May, 2021.

I, the undersigned, hereby certify that the foregoing Resolution Number 013-21 was duly adopted by the City Council of City of Isleton following a roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR, Eric Pene

DEPUTY CITY CLERK, Yvonne Zepeda

City of Isleton

City Council
Staff Report

DATE: May 25, 2021

ITEM#: 7.D

CATEGORY: Old Business

Fiscal Year 2018-2019 AUDIT ACCEPTANCE

SUBJECT

City of Isleton Audit, Fiscal Year 2018-2019.

SUMMARY

Don Cole & Company, Certified Public Accountant, from Sacramento has completed the City's Fiscal Year 2018-2019 Audit. Staff has reviewed the Report and is recommending acceptance.

FISCAL IMPACT

There is no fiscal impact associated with this action.

RECOMMENDATION

It is recommended that the City Council accept the City of Isleton Financial Statements and Independent Auditor's Reports for the Fiscal Year 2018-2019.

ATTACHMENTS

- Auditor's Report for Fiscal Year 2018-2019.

Reviewed by: Charles Bergson, City Manager



Submitted and prepared by: Yvonne Zepeda, City Clerk _____

**CITY OF ISLETON
ISLETON, CALIFORNIA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

DRAFT

**CITY OF ISLETON
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
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**CITY OF ISLETON
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Isleton, California

Report on the Financial Statements

I have audited the accompanying financial statements of the City of Isleton, California which comprise the Statement of Net Position and Governmental Fund Balance Sheet, as of June 30, 2019, and the related Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Isleton, California as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated DATE, on my consideration of the City of Isleton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Isleton's internal control over financial reporting and compliance.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and the Required Supplementary Information as listed in the table of contents on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Isleton, California's basic financial statements. The fund financial statements and the accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Don Cole & Company
Sacramento, California

DATE

**CITY OF ISLETON
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2019**

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Isleton we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, and to identify any material changes in the approved operating and capital budgets.

Financial Highlights – Primary Government

- i. The City's net position at the end of the year was \$1,252,529, a decrease of \$170,996 due to current year operations. The portion of the City's net position that were unrestricted and available to meet ongoing obligations to citizens and creditors totaled a deficit of \$1,177,840.
- ii. The government net position decreased by \$124,511 due to operations and the business-type net position decreased by \$46,485 due to operations.
- i. Program revenues from governmental activities increased \$36,247 or 9.5%. Program revenues from business-type activities increased by \$17,190 or 3.3%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They are comprised of the *Statement of net position* and *Statement of activities and changes in net position*. The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening. This statement, unlike previous financial statements prior to implementing GASB 34, combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations. The *Statement of activities and changes in net position* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., interest expense due but unpaid). Both of the above government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and roads, community development and recreation and parks. The business-type activities of the City include the municipal utility - wastewater collection and treatment.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds and proprietary funds. The fund financial statements provide detail information about each of the City's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each *major fund* is presented individually, with all *nonmajor funds* summarized and presented in a single column.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such

information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City has ten governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's major funds – the General Fund and the Transportation Development Fund.

Proprietary Funds. The City maintains proprietary enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the wastewater collection and treatment.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* providing budgetary comparison schedules for the General Fund, and Transportation Development Fund.

Budgetary Highlights - Current Year Impacts. The City's budget was adopted and not amended during the year. This author does not have information to make statement on tax revenues for FY18 relative to budget, Charges For Services relative to budget, General government expenditures relative to budget, and the Public ways and facilities relative to budget.

Government-Wide Statements

**Statement of Net Position
6/30/2019**

	Government Activities		Business Type Activities		Total Primary Government	
	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18
Current and other assets	\$ 701,902	\$ 842,188	\$ 393,784	\$ 498,216	\$ 1,095,686	\$ 1,340,404
Capital assets	2,240,058	2,274,773	2,381,308	2,450,063	4,621,366	4,724,836
Total assets	<u>\$ 2,941,960</u>	<u>\$ 3,116,961</u>	<u>\$ 2,775,092</u>	<u>\$ 2,948,279</u>	<u>\$ 5,717,052</u>	<u>\$ 6,065,240</u>
Total deferred outflow of resources	<u>\$ 43,014</u>	<u>\$ 45,881</u>	<u>\$ 92,161</u>	<u>\$ 98,266</u>	<u>\$ 135,175</u>	<u>\$ 144,147</u>
Current and other liabilities	\$ 697,079	\$ 716,054	\$ 85,920	\$ 121,625	\$ 782,999	\$ 837,679
Liabilities due after one year	506,152	543,408	2,853,994	2,769,682	3,360,146	3,313,090
Total liabilities	<u>\$ 1,203,231</u>	<u>\$ 1,259,462</u>	<u>\$ 2,939,914</u>	<u>\$ 2,891,307</u>	<u>\$ 4,143,145</u>	<u>\$ 4,150,769</u>
Total deferred inflow of resources	<u>\$ 755,708</u>	<u>\$ 806,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755,708</u>	<u>\$ 806,089</u>
Net Position:						
Investment in capital assets net of related debt	\$ 2,221,372	\$ 2,274,773	(558,374)	(374,016)	1,662,998	1,900,757
Restricted	529,612	529,612	-	-	529,612	529,612
Unrestricted	<u>(1,724,949)</u>	<u>(1,707,094)</u>	485,713	529,254	<u>(1,239,236)</u>	<u>(1,177,840)</u>
Total net position	<u>\$ 1,026,035</u>	<u>\$ 1,097,291</u>	<u>\$ (72,661)</u>	<u>\$ 155,238</u>	<u>\$ 953,374</u>	<u>\$ 1,252,529</u>

**Statement of Activities
For the year ended June 30, 2019**

	<u>Expenses</u>		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>FY 18/19</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 17/18</u>
Governmental activities						
General government	\$ 439,218	\$ 422,102	\$ 304,067	\$ 287,743	\$ (135,151)	\$ (134,359)
Public safety	462,012	396,568	170,907	110,942	(291,105)	(285,626)
Parks & recreation	12,111	23,285	-	-	(12,111)	(23,285)
Public ways and facilities	490,040	281,408	68,197	17,922	(421,843)	(263,486)
Community development	293	-	-	-	(293)	-
Total Governmental activities	1,403,674	1,123,363	543,171	416,607	(860,503)	(706,756)
			General revenues:			
			Taxes		743,668	532,457
			Use of money		659	251
			Other		19,306	11,648
			Transfers		-	19,064
			Sale of equipment		-	-
			General revenues and transfers		763,633	563,420
			Special item – write-off of liability		-	18,825
			Changes in net position		(96,870)	(124,511)
			Net Position:			
			Beginning of the year, restated		1,122,905	1,221,802
			End of the year		\$ 1,026,035	\$ 1,097,291
Business-type activities						
Sewer	618,150	607,323	526,557	500,562	\$ (91,593)	\$ (106,761)
Sewer Capital Recovery	-	-	13	31,480	13	31,480
Total business-type activities	618,150	607,323	526,570	532,042	(91,580)	(75,281)
Total primary government	\$ 2,010,130	\$ 1,722,336	\$ 635,425	\$ 727,598		
			General revenues:			
			Use of money		14,652	10,197
			Other		12,478	37,663
			Transfers		-	(19,094)
			Special items		(163,449)	-
			General revenues, special items and transfers		(136,319)	28,796
			Changes in net position		(227,899)	(46,485)
			Net Position:			
			Beginning of the year		155,238	201,723
			End of the year		\$ (72,661)	\$ 155,238

Fund Financial Statements

Governmental Funds. The fund financial statements present financial data for the general, special revenue, capital projects and fiduciary funds. At the close of Fiscal Year 2018/2019, the City's governmental funds reported a combined deficit ending fund balance of \$408,123 – a decrease of \$149,648 (\$187,837 of which is due to operations) or 57.9%.

Business Type Funds. The City's proprietary funds, excluding internal service funds, provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the business-type net position decreased by \$46,485 due to operations.

Capital Assets and Debt Administration

Capital assets net of depreciation as of June 30,

	Governmental		Business-type		Total	
	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18
Capital assets, not being depreciated:						
Land	\$ 310,360	\$ 310,360	\$ 63,000	\$ 63,000	\$ 373,360	\$ 373,360
Total nondepreciable assets	<u>310,360</u>	<u>310,360</u>	<u>63,000</u>	<u>63,000</u>	<u>373,360</u>	<u>373,360</u>
Depreciable capital assets:						
Buildings and improvements	1,820,319	1,881,795	2,228,135	2,328,534	4,048,454	4,210,329
Equipment	<u>109,379</u>	<u>82,618</u>	<u>90,173</u>	<u>58,529</u>	<u>199,552</u>	<u>141,147</u>
Total depreciable assets	<u>1,929,698</u>	<u>1,964,413</u>	<u>2,318,308</u>	<u>2,387,063</u>	<u>4,248,006</u>	<u>4,351,476</u>
Total	<u>\$ 2,240,058</u>	<u>\$ 2,274,773</u>	<u>\$ 2,381,308</u>	<u>\$ 2,450,063</u>	<u>\$ 4,621,366</u>	<u>\$ 4,724,836</u>

Outstanding debt as of June 30,

	Governmental		Business-type		Total	
	FY 18/19	FY 17/18	FY 18/19	FY 17/18	FY 18/19	FY 17/18
Installments payable	\$ 556,637	\$ 608,115	\$ -	\$ -	\$ 556,637	\$ 608,115
Compensated absences	<u>20,845</u>	9,151	-	-	<u>20,845</u>	9,151
Leases	-	-	20,782	30,579	20,782	30,579
Certificates of participation	-	-	913,900	933,500	913,900	933,500
Series 2012 Bonds	-	-	-	1,860,000	-	1,860,000
Series 2019 Bonds	-	-	<u>2,005,000</u>	-	<u>2,005,000</u>	-
Total	<u>\$ 577,482</u>	<u>\$ 617,266</u>	<u>\$ 2,939,682</u>	<u>\$ 2,824,079</u>	<u>\$ 3,517,164</u>	<u>\$ 3,441,345</u>

Contacting the City

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City at 101 Second Street, Isleton, California 95641, telephone (916) 777-7771.

**CITY OF ISLETON
BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

DRAFT

**CITY OF ISLETON
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 567,800	\$ 129,822	\$ 697,622
Receivables:			
Accounts	56,999	89,107	146,106
Taxes	77,103	-	77,103
Due from governmental funds	-	22,030	22,030
Restricted cash	-	152,825	152,825
Capital assets	4,362,599	3,655,819	8,018,418
Accumulated depreciation	<u>(2,122,541)</u>	<u>(1,274,511)</u>	<u>(3,397,052)</u>
Total assets	<u>\$ 2,941,960</u>	<u>\$ 2,775,092</u>	<u>\$ 5,717,052</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss	\$ 43,014	\$ 92,161	\$ 135,175
Total deferred outflows of resources	<u>\$ 43,014</u>	<u>\$ 92,161</u>	<u>\$ 135,175</u>
LIABILITIES:			
Payables:			
Accounts	\$ 237,460	\$ 232	\$ 237,692
Salaries and benefits	-	-	-
Interest	-	-	-
Due to business-type funds	22,030	-	22,030
Deferred revenue	347,573	-	347,573
Long-term debt:			
Due within one year	90,016	85,688	175,704
Due after one year	506,152	2,853,994	3,360,146
Total liabilities	<u>\$ 1,203,231</u>	<u>\$ 2,939,914</u>	<u>\$ 4,143,145</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred gain	\$ 755,708	\$ -	\$ 755,708
Total deferred inflows of resources	<u>\$ 755,708</u>	<u>\$ -</u>	<u>\$ 755,708</u>
NET POSITION:			
Invested in capital assets, net of related debt	\$ 2,221,372	\$ (558,374)	\$ 1,662,998
Restricted for low/moderate housing	529,612	-	529,612
Unrestricted	<u>(1,724,949)</u>	<u>485,713</u>	<u>(1,239,236)</u>
Total net position	<u>\$ 1,026,035</u>	<u>\$ (72,661)</u>	<u>\$ 953,374</u>

See accompanying notes to basic financial statements

**CITY OF ISLETON
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2019**

Functions/Programs	Program Revenues		Net (Expenses) Revenue			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 439,218	\$ 39,203	\$ 264,864	\$ (135,151)	\$ -	\$ (135,151)
Public safety	462,012	1,455	169,452	(291,105)	-	(291,105)
Parks & recreation	12,111	-	-	(12,111)	-	(12,111)
Public ways and facilities	490,040	68,197	-	(421,843)	-	(421,843)
Community development	293	-	-	(293)	-	(293)
Total governmental activities	<u>\$ 1,403,674</u>	<u>\$ 108,855</u>	<u>\$ 434,316</u>	<u>(860,503)</u>	<u>-</u>	<u>(860,503)</u>
Business-type activities						
Sewer	\$ 618,150	\$ 526,570	\$ -	-	(91,580)	(91,580)
Total business-type activities	<u>\$ 618,150</u>	<u>\$ 526,570</u>	<u>\$ -</u>	<u>-</u>	<u>(91,580)</u>	<u>(91,580)</u>
General revenues:						
Taxes:						
Property				372,988		372,988
Sales and use				164,234		164,234
Measure B				171,317		171,317
Franchise				34,488		34,488
Transient occupancy				641		641
Other:						
Use of money				659	14,652	15,311
Transfers - internal activity				-	-	-
Miscellaneous revenue				19,306	12,478	31,784
Total general revenues and other				763,633	27,130	790,763
Special items - debt issuance costs				-	(163,449)	(163,449)
Change in net position				(96,870)	(227,899)	(324,769)
Net position, beginning of year				1,097,291	155,238	1,252,529
Prior period adjustment				25,614	-	25,614
Net position, beginning of year - restated				1,122,905	155,238	1,278,143
Net position, end of year				<u>\$ 1,026,035</u>	<u>\$ (72,661)</u>	<u>\$ 953,374</u>

See accompanying notes to basic financial statement

CITY OF ISLETON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major				Nonmajor		Total Governmental Funds
	General Fund	Sacramento Transportation	Supplemental Law Enforcement	Redevelopment Agency	Redevelopment Low Income	Total Other Funds	
ASSETS:							
Cash and investments	\$ 139,197	\$ 379,158	\$ -	\$ -	\$ 444	\$ 49,001	\$ 567,800
Receivables:							
Accounts	56,999	-	-	-	-	-	56,999
Taxes	77,103	-	-	-	-	-	77,103
Due from other funds	-	121,579	-	580,798	529,168	147,417	1,378,962
Restricted cash	-	-	-	-	-	-	-
Total assets	\$ 273,299	\$ 500,737	\$ -	\$ 580,798	\$ 529,612	\$ 196,418	\$ 2,080,864
LIABILITIES AND FUND EQUITY							
Liabilities:							
Payables:							
Accounts	\$ 236,705	\$ 565	\$ -	\$ -	\$ -	\$ 190	\$ 237,460
Salaries & benefits	-	-	-	-	-	-	-
Installments	556,637	-	-	-	-	-	556,637
Deferred revenue	-	347,573	-	-	-	-	347,573
Due to other funds	1,391,075	-	-	-	-	9,917	1,400,992
Total liabilities	2,184,417	348,138	-	-	-	10,107	2,542,662
Fund Balances:							
Restricted	-	-	-	-	529,612	-	529,612
Unassigned	(1,911,118)	152,599	-	580,798	-	186,311	(991,400)
Total fund balances	(1,911,118)	152,599	-	580,798	529,612	186,311	(461,798)
Total liabilities and fund balance	\$ 273,299	\$ 500,737	\$ -	\$ 580,798	\$ 529,612	\$ 196,418	\$ 2,080,864

See accompanying notes to basic financial statement

**CITY OF ISLETON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balances, governmental funds \$ (461,798)

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

Amounts reported for governmental activities associated with the funding of the Isleton Financing Authority's purchase of the City's sewer system are not short term financial resources or uses and therefore are not reported as assets/liabilities in the governmental funds.

Deferred outflows of resources	43,014	
Deferred inflows of resources	(755,708)	(712,694)

Amounts reported for governmental activities are not short term financial resources and therefore are not reported as assets in governmental funds.

Historical acquisition cost	4,362,599	
Accumulated depreciation	(2,122,541)	2,240,058

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Compensated absences payable	(20,845)	
Leases payable	(18,686)	(39,531)

Total net position – governmental funds **\$ 1,026,035**

See accompanying notes to basic financial statements

**CITY OF ISLETON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Sacramento Transportation	Major Supplemental Law Enforcement	Redevelopment Agency	Redevelopment Low Income	Nonmajor Total Other Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 383,765	\$ -	\$ -	\$ -	\$ -	\$ 111,806	\$ 495,571
Measure B	171,317	-	-	-	-	-	171,317
Licenses and permits	144,977	-	-	-	-	-	144,977
Fines and penalties	1,455	-	-	-	-	-	1,455
Use of money	650	-	-	-	-	9	659
Charges for services	21,697	-	-	-	-	17,506	39,203
Intergovernmental	115,571	149,293	169,452	-	-	-	434,316
Miscellaneous	19,306	-	-	-	-	-	19,306
Total revenues	<u>858,738</u>	<u>149,293</u>	<u>169,452</u>	-	-	<u>129,321</u>	<u>1,306,804</u>
EXPENDITURES							
General government	443,362	-	-	-	-	27,161	470,523
Public safety	276,390	-	169,784	-	-	-	446,174
Parks & recreation	10,168	-	-	-	-	-	10,168
Public ways and facilities	137,886	174,877	-	-	-	126,360	439,123
Community development	293	-	-	-	-	-	293
Principal payment	4,095	-	-	-	-	-	4,095
Interest payment	1,217	-	-	-	-	-	1,217
Capital outlay	37,281	-	-	-	-	-	37,281
Total expenditures	<u>910,692</u>	<u>174,877</u>	<u>169,784</u>	-	-	<u>153,521</u>	<u>1,408,874</u>
Excess of revenues over (under) expenditures	<u>(51,954)</u>	<u>(25,584)</u>	<u>(332)</u>	-	-	<u>(24,200)</u>	<u>(102,070)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	13,953	-	-	176,374	190,327
Transfers out	(190,327)	-	-	-	-	-	(190,327)
Proceeds from the issuance of debt	22,781	-	-	-	-	-	22,781
Total other financing sources(uses)	<u>(167,546)</u>	<u>(25,584)</u>	<u>13,953</u>	-	-	<u>176,374</u>	<u>22,781</u>
Net change in fund balance	<u>(219,500)</u>	<u>(25,584)</u>	<u>13,621</u>	-	-	<u>152,174</u>	<u>(79,289)</u>
Fund balance (deficit):							
Beginning of year	(1,717,232)	178,183	(13,621)	580,798	529,612	34,137	(408,123)
Prior period adjustment	25,614	-	-	-	-	-	25,614
Beginning of year, restated	<u>(1,691,618)</u>	<u>178,183</u>	<u>(13,621)</u>	<u>580,798</u>	<u>529,612</u>	<u>34,137</u>	<u>(382,509)</u>
Fund balance (deficit), end of the year	<u>\$(1,911,118)</u>	<u>\$ 152,599</u>	<u>\$ -</u>	<u>\$ 580,798</u>	<u>\$ 529,612</u>	<u>\$ 186,311</u>	<u>\$ (461,798)</u>

See accompanying notes to basic financial statements

**CITY OF ISLETON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019**

Total net change in fund balance, governmental funds \$ (79,289)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in government funds because:

Capital outlays are reported in government funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital asset additions	37,281	
Depreciation	(71,996)	(34,715)

In governmental funds, long-term debt is measured by the amounts paid during the period. In the government-wide statement of activities, long-term debt is measured by the change in the liability. The difference between long-term debt paid and long-term debt earned is:

Issuance of long-term debt	(22,781)	
Long-term debt principal payments	4,095	
Change in compensated absences	(11,694)	(30,380)

Gains and losses as well as certain costs associated with the Isleton Financing Authority's sale of the City's sewer system are not short term financial resources or uses and therefore are not reported as revenues/expenditures in the governmental funds.

Amortization of deferred expenses		47,514

Change in net position – governmental activities \$ (96,870)

See accompanying notes to basic financial statements

**CITY OF ISLETON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	<u>Major Funds</u>
	<u>Sewer Total</u>
ASSETS:	
Cash and investments	\$ 129,822
Accounts receivable	89,107
Due from other funds	22,030
Restricted cash	152,825
Capital assets	3,655,819
Accumulated depreciation	(1,274,511)
Total assets	<u>\$ 2,775,092</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred loss	\$ 92,161
Total deferred outflows of resources	<u>\$ 92,161</u>
LIABILITIES AND FUND EQUITY:	
Liabilities:	
Payables:	
Accounts	\$ 232
Interest	-
Due to other funds	-
Long-term debt:	
Certificate of participation	913,900
2019 Bonds	2,005,000
Leases	20,782
Total liabilities	<u>\$ 2,939,914</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred gain	\$ -
Total deferred inflows of resources	<u>\$ -</u>
Net Position:	
Unrestricted	\$ (72,661)
Total net position	<u>\$ (72,661)</u>

See accompanying notes to basic financial statements

**CITY OF ISLETON
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019**

	<u>Major Funds</u>
	<u>Sewer Total</u>
Operating revenues:	
Charges for service	\$ 526,570
Fines and forfeitures	7,911
Other	<u>4,567</u>
Total operating revenues	<u>539,048</u>
Operating expenses:	
Salaries and benefits	134,296
Services and supplies	10,440
Maintenance and operations	126,025
General and administration	67,542
Depreciation/amortization	<u>115,620</u>
Total operating expenses	<u>453,923</u>
Operating income (loss)	<u>82,125</u>
Non-operating revenues (expenses):	
Use of money	14,652
Intergovernmental	-
Transfers in/(out)	-
Interest expense	<u>(164,227)</u>
Total non-operating revenues (expense)	<u>(149,575)</u>
Special items – debt issuance costs	<u>(163,449)</u>
Changes in net position	(227,899)
Net position, beginning of year	<u>155,238</u>
Net position, end of year,	<u>\$ (72,661)</u>

See accompanying notes to basic financial statements

**CITY OF ISLETON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Major Funds</u>	<u>Total Other Funds</u>	<u>Total</u>
	<u>Sewer</u>		
Cash flows from operating activities			
Cash received from operating revenues	\$ 540,686	\$ 31,480	\$ 515,442
Cash paid to employees for services	(105,506)	-	(134,296)
Cash paid for operating expenses	<u>(164,454)</u>	<u>-</u>	<u>(222,966)</u>
Net cash provided by operating activities	<u>270,726</u>	<u>31,480</u>	<u>158,180</u>
Cash flows from non-capital financing activities			
Cash received from other funds	(8,636)	-	25,075
Transfer from/(to) other fund types	<u>7,164</u>	<u>(26,228)</u>	<u>(40,760)</u>
Net cash provided by non-capital financing activities	<u>(1,472)</u>	<u>(26,228)</u>	<u>(15,685)</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(74,478)		(40,760)
Payments on long-term debt	(8,221)	-	(1,889,397)
Issuance of long-term debt			2,005,000
Debt issuance costs	<u>(186,915)</u>	<u>-</u>	<u>(163,449)</u>
Interest and fiscal charges			<u>(212,264)</u>
Net cash provided (used) by capital and related financing activities	<u>(269,614)</u>	<u>-</u>	<u>(300,870)</u>
Cash flows from investing activities			
Use of money	<u>10,149</u>	<u>48</u>	<u>14,652</u>
Net cash provided by investing activities	<u>10,149</u>	<u>48</u>	<u>14,652</u>
Net increase (decrease) in cash and cash equivalents	9,789	5,300	(143,723)
Cash and cash equivalents – beginning of the year	<u>390,728</u>	<u>20,553</u>	<u>426,370</u>
Cash and cash equivalents – end of the year	<u>\$ 400,517</u>	<u>\$ 25,853</u>	<u>\$ 282,647</u>
Reconciliation of operating income to net cash Provided (used) by operating activities:			
Operating income	\$ 117,817	\$ 31,480	\$ 85,125
Adjustments to reconcile operating income to Net cash provided (used) by operating activities:			
Depreciation and amortization	133,682	-	115,620
(Increase) decrease in accounts receivable	2,461	-	(23,606)
Increase (decrease) in accounts payable	16,766	<u>-</u>	<u>(18,959)</u>
Net cash provided by operating activities	<u>\$ 270,726</u>	<u>\$ 31,480</u>	<u>\$ 158,180</u>

See accompanying notes to basic financial statements

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The accounting policies of the City conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The City operates under a Council Manager form of government and provides the following services: public safety, highways and streets, health and sanitation, culture-recreation, public improvements, planning and zoning, general administrative services, and sewer.

The government-wide financial statements include the City only (known as the primary government). There are no component or blended component units that are part of the City's operations.

C. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government, the City, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues and expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Presentation (continued)

The City reports the following major governmental funds:

- General fund
- Sacramento Transportation
- Supplemental Law Enforcement fund
- Redevelopment Agency fund
- Redevelopment Agency – Low Income Housing fund

The City reports the following major proprietary funds:

- Sewer fund

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

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

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

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In the current year the City is reporting all its sewer activity in the Sewer fund.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the City's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption.

These budgets are revised by the City's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the required supplementary information.

F. Fair Value Measurements

The City uses a framework for defining and measuring fair value, in accordance with generally accepted accounting principles, which maximizes the use of observable inputs and minimizes the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value; Level 1 uses quoted prices and active markets for identical assets or liabilities when determining fair market value; Level 2 uses non active quoted prices for similar assets and liabilities that can be corroborated with market data; and Level 3 uses unobservable information with little or no market data. The City reports assets and liabilities using Level 1 inputs.

G. Cash and Investments

Cash balances of the majority of City funds are pooled in order to maximize investment opportunities. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's overall cash balance.

Certain proceeds of enterprise funds, revenue bonds, certificates of participation, and loans, as well as certain resources set aside for their repayment, are classified as restricted cash and investments because their use is legally restricted. Restricted cash and investments are not available for general operational expenses.

For purposes of the statement of cash flows, the City considers all highly liquid investment instruments purchased with a maturity of ninety days or less to be cash and cash equivalents.

H. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Receivables (continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. User fee receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items) are defined by the City as an asset with a cost greater than \$1,000 and a useful life of more than one year.

Equipment reported in the financial statements is reported at actual historical cost. Structures and improvements, land, and infrastructure have been stated at actual cost when available or estimated historical cost. Estimated historical cost was arrived at by a variety of methods. Contributed capital assets are recorded at estimated fair market value at the date of donation. Sewer funds assets are recorded at their fair market value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets.

GASB No. 34 requires most governmental agencies to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Buildings and Improvements	20-50
Machinery & equipment	3-20
Infrastructure	20-75

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred expenses and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

K. Compensated Absences

The City's policy regarding vacation is to permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

L. Deferred Outflows/Inflows of Resources

The objective of Statement No. 65 "*Items Previously Reported as Assets and Liabilities*" is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*.

M. Net Position/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Position/Fund Balances (continued)

In the governmental fund financial statements, restricted and unassigned segregate portions of fund balance. Restricted fund balances are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Unassigned includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

As of June 30, 2019, restricted fund balance included:

- Redevelopment Low Income - to reflect the portion of assets which do not represent available, spendable resources.

N. Revenue Limit/Property Tax

The State of California's Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the county, cities, school districts, and other districts.

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates	November 1 (1 st installment) February 1 (2 nd installment)	July 1
Delinquent dates	December 10 (1 st installment) April 10 (2 nd installment)	August 31

O. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

P. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 2 CASH AND INVESTMENTS

Cash and investments consisted of the following at June 30, 2019:

Deposits	\$ 849,129
Local agency investment fund	1,318
Total Cash	<u>\$ 850,447</u>

Per the City's financial statements:

Primary government	\$ 697,622
Restricted cash	152,825
Total Cash	<u>\$ 850,447</u>

Deposits

The California Government Code requires California banks and savings and loan associations to collateralize a City's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of a City's deposits. California law also allows financial institutions to collateralize City deposits by pledging first trust deed mortgage notes having a value of 150 percent of a City's total deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$850,447 and the bank balance was \$1,047,864. The difference between the bank balance and the carrying amount represents outstanding checks, deposits in transit and undeposited funds.

Investments

California statutes authorize state agencies and Cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 - Financial Affairs.

The Government Code allows investments in the following instruments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration loans
- Certificate of Deposit placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial paper and medium term corporate notes
- Local Agency Investment Fund (State Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Reverse Repurchase Agreements

All of the City's investments are with the Local Agency Investment Fund which is regulated by the California Government Code under the oversight of the Treasurer of the State of California.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 3 CAPITAL ASSETS AND DEPRECIATION

Governmental capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 310,360	\$ -	\$ -	\$ 310,360
Total nondepreciable assets	<u>310,360</u>	<u>-</u>	<u>-</u>	<u>310,360</u>
Depreciable capital assets:				
Buildings and improvements	2,909,407	-	-	2,909,407
Equipment	<u>1,105,551</u>	<u>37,281</u>	<u>-</u>	<u>1,142,832</u>
Total depreciable assets	<u>4,014,958</u>	<u>37,281</u>	<u>-</u>	<u>4,052,239</u>
Less: accumulated depreciation:				
Buildings and improvements	(1,027,612)	(61,476)	-	(1,089,088)
Equipment	<u>(1,022,933)</u>	<u>(10,520)</u>	<u>-</u>	<u>(1,033,453)</u>
Total accumulated depreciation	<u>(2,050,545)</u>	<u>(71,996)</u>	<u>-</u>	<u>(2,122,541)</u>
Net depreciable assets	<u>1,964,413</u>	<u>(34,715)</u>	<u>-</u>	<u>1,929,698</u>
Net governmental capital assets	<u>\$ 2,274,773</u>	<u>\$ (34,715)</u>	<u>\$ -</u>	<u>\$ 2,240,058</u>

Proprietary fund type capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Total nondepreciable assets	<u>63,000</u>	<u>-</u>	<u>-</u>	<u>63,000</u>
Depreciable capital assets:				
Buildings and improvements	3,268,009	-	-	3,268,009
Equipment	<u>284,050</u>	<u>40,760</u>	<u>-</u>	<u>324,810</u>
Total depreciable assets	<u>3,552,059</u>	<u>40,760</u>	<u>-</u>	<u>3,592,819</u>
Less: accumulated depreciation:				
Buildings and improvements	(939,475)	(100,399)	-	(1,039,874)
Equipment	<u>(225,521)</u>	<u>(9,116)</u>	<u>-</u>	<u>(234,637)</u>
Total accumulated depreciation	<u>(1,164,996)</u>	<u>(109,515)</u>	<u>-</u>	<u>(1,274,511)</u>
Net depreciable assets	<u>2,387,063</u>	<u>(68,755)</u>	<u>-</u>	<u>2,318,308</u>
Net proprietary fund type capital assets	<u>\$ 2,450,063</u>	<u>\$ (68,755)</u>	<u>\$ -</u>	<u>\$ 2,381,308</u>

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 3 CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 9,926
Public safety	13,616
Public ways and facilities	46,511
Recreation and culture	<u>1,943</u>
Total depreciation expense – governmental functions	<u>\$ 71,996</u>

Depreciation/amortization expense was charged to business-type funds as follows:

Sewer depreciation	\$ 109,515
Sewer amortization	<u>6,105</u>
Total depreciation and amortization – business-type funds	<u>\$ 115,620</u>

Note 4 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

	<u>July 1, 2018</u>	<u>Amortization</u>	<u>June 30, 2019</u>
Deferred outflow of resources:			
Governmental activities	\$ 45,881	\$ (2,867)	\$ 43,014
Business-type activities	<u>98,266</u>	<u>(6,105)</u>	<u>92,161</u>
Total deferred expenses	<u>\$ 144,147</u>	<u>\$ (8,972)</u>	<u>\$ 135,175</u>
Deferred inflow of resources:			
Governmental	\$ 806,089	\$ (50,381)	\$ 755,708
Total deferred revenues	<u>\$ 806,089</u>	<u>\$ (50,381)</u>	<u>\$ 755,708</u>

Note 5 INSTALLMENTS PAYABLE

The City has elected to disclose the following accounts payable as installments payable:

<u>Vendor</u>	<u>Amount</u>
Sacramento County Treasurer (Reclamation District No. 407)	\$ 59,727
Employment Development Department	169,183
Sacramento County Sheriff's Department	262,500
Small Cities Organized Risk Effort	<u>65,227</u>
	<u>\$ 556,637</u>

Sacramento County Treasurer (Reclamation District No. 407) – In January 2019 the City entered into an agreement to pay its unpaid liabilities in installments. At the time of the agreement the unpaid liability was \$99,546.

Employment Development Department – In February 2019 the City entered into an agreement to pay its unpaid liabilities in installments. At the time of the agreement the unpaid liability was \$174,804 plus accrued interest, as applicable. The agreement was amended on September 2, 2020 increasing the balance and reducing the yearly payment to \$3,000.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 5 INSTALLMENTS PAYABLE (continued)

Sacramento County Sheriff's Department – In June 2019 the City Council adopted the Sacramento County Sheriff Quittance Plan. At December 2019 the unpaid liability was \$370,153.

Small Cities Organized Risk Effort – In December 2019 the City Council adopted a payment schedule for assessments outstanding. At the time of the agreement the unpaid assessments were \$81,533. The agreement was amended on February 5, 2020 reducing future payments to \$8,153 through 2027.

The annual installment payment requirements as of June 30, 2019 are as follows:

Year ending June 30,	Sacramento County Treasurer	Employment Development Department	Sacramento County Sheriff	Small Cities Organized Risk Effort	Total
2020	\$ 9,955	\$ 3,000	\$ 43,750	\$ 8,153	\$ 64,858
2021	9,955	3,000	43,750	8,153	64,858
2022	9,954	3,000	43,750	8,153	64,857
2023	9,954	3,000	43,750	8,153	64,857
2024	9,954	3,000	43,750	8,153	64,857
2025-2029	9,955	15,000	43,750	24,462	93,167
2030-2034	-	15,000	-	-	15,000
2035-2039	-	15,000	-	-	15,000
2040-2044	-	15,000	-	-	15,000
2045-2049	-	15,000	-	-	15,000
2050-2054	-	15,000	-	-	15,000
2055-2059	-	15,000	-	-	15,000
2060-2064	-	15,000	-	-	15,000
2065-2069	-	15,000	-	-	15,000
2070-2074	-	15,000	-	-	15,000
2075-2076	-	4,183	-	-	4,183
Total	<u>\$ 59,727</u>	<u>\$ 169,183</u>	<u>\$ 262,500</u>	<u>\$ 65,227</u>	<u>\$ 556,637</u>

Note 6 LONG-TERM DEBT

A. GOVERNMENTAL FUNDS

Truck Lease

The City entered into a leasing agreement with Community Leasing Partners for the purchase of a Ford F250 truck, dated August 9, 2018, in the amount of \$22,781, payable in annual installments of \$5,312, with an interest rate of 5.34% and maturity on February 20, 2023.

Compensated Absences

Accumulated employee vacation leave and earned sick leave represents a liability to the city contingent upon an employee's termination. A liability for these amounts is reported in the governmental funds. Accumulated employee vacation leave and sick leave at June 30, 2019 amounts to **\$20,845**.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 6 LONG-TERM DEBT (continued)

B. ENTERPRISE FUNDS

2004 Certificates of Participation

Public Property Financing Corporation of California Certificates of Participation, City of Isleton Sewer Project Series 2004, dated November 18, 2004, in the amount of \$1,113,500, payable in annual installments of \$1,000 to \$59,000, with an interest rate of 4.5% and maturity on May 1, 2044.

Series 2012 Wastewater Refunding Revenue Bonds

Isleton Public Financing Authority Series 2012 Wastewater Refunding Revenue Bonds, dated May 16, 2012, in the amount of \$1,950,000, payable in annual installments of \$139,893 to \$169,969, with an interest rate of 3.75% to 5.25% and maturity on September 1, 2042. The bonds were defeased in 2019.

Series 2019 Taxable Wastewater Revenue Refunding Bonds

Isleton Public Financing Authority Series 2019 Taxable Wastewater Revenue Refunding Bonds, dated April 1, 2019, in the amount of \$2,005,000, payable in annual installments of \$139,519 to \$149,544, with an interest rate of 6.5% to 7.75% and maturity on September 1, 2042.

Backhoe Lease

The City entered into a leasing agreement with Community First National Bank for the purchase of a backhoe, dated July 11, 2017, in the amount of \$40,000, payable in annual installments of \$11,017, with an interest rate of 3.99% and maturity on July 11, 2021.

C. CHANGES IN LONG-TERM DEBT

Debt paid during the year 2018-19 and the related balance at June 30, 2019, is presented as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>	<u>Due in One Year</u>
GOVERNMENTAL FUNDS					
Leases	\$ -	\$ 22,781	\$ (4,095)	\$ 18,686	\$ 4,313
Compensated absences	9,151	17,237	(5,543)	20,845	20,845
Total governmental funds	<u>\$ 9,151</u>	<u>\$ 40,018</u>	<u>\$ (9,638)</u>	<u>\$ 39,531</u>	<u>\$ 25,158</u>
ENTERPRISE FUNDS					
Certificates of Participation	\$ 933,500	\$ -	\$ (19,600)	\$ 913,900	\$ 20,500
Series 2012 Bonds	1,860,000	-	(1,860,000)	-	-
Series 2019 Bonds	-	2,005,000	-	2,005,000	55,000
Leases	30,579	-	(9,797)	20,782	10,188
Total enterprise funds	<u>\$ 2,824,079</u>	<u>\$ 2,005,000</u>	<u>\$ (1,889,397)</u>	<u>\$ 2,939,682</u>	<u>\$ 85,688</u>

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 6 LONG-TERM DEBT (continued)

D. FUTURE DEBT SERVICE REQUIREMENTS

Governmental Funds

The annual debt service requirements to maturity including principal and interest for the governmental truck lease as of June 30, 2019 are as follows:

Year ending June 30,	Interest	Principal	Total
2020	\$ 999	\$ 4,313	\$ 5,312
2021	768	4,544	5,312
2022	525	4,787	5,312
2023	<u>269</u>	<u>5,043</u>	<u>5,312</u>
Total	<u>\$ 2,561</u>	<u>\$ 18,687</u>	<u>\$ 21,248</u>

Enterprise Funds

The annual debt service requirements to maturity including principal and interest for the enterprise Certificate of Participation and Series 2019 Bonds as of June 30, 2019 are as follows:

Year ending June 30,	Certificate of Participation			Series 2019 Bonds		
	Interest	Principal	Total	Interest	Principal	Total
2020	\$ 41,125	\$ 20,500	\$ 61,625	\$ 87,069	\$ 55,000	\$ 142,069
2021	40,203	21,400	61,603	96,206	45,000	141,206
2022	39,240	22,400	61,640	94,519	45,000	139,519
2023	38,232	23,400	61,632	92,737	50,000	142,737
2024	37,179	24,500	61,679	90,863	50,000	140,863
2025-2029	168,363	139,800	308,163	415,719	310,000	725,719
2030-2034	133,942	174,200	308,142	326,937	405,000	731,937
2035-2039	91,049	217,100	308,149	209,869	515,000	724,869
2040-2044	<u>37,598</u>	<u>270,600</u>	<u>308,198</u>	<u>56,962</u>	<u>530,000</u>	<u>586,962</u>
Total	<u>\$ 626,931</u>	<u>\$ 913,900</u>	<u>\$ 1,540,831</u>	<u>\$ 1,470,881</u>	<u>\$ 2,005,000</u>	<u>\$ 3,475,881</u>

The annual debt service requirements to maturity including principal and interest for enterprise backhoe lease as of June 30, 2019 are as follows:

Year ending June 30,	Interest	Principal	Total
2020	\$ -	\$ -	\$ -
2021	829	10,188	11,017
2022	<u>423</u>	<u>10,594</u>	<u>11,017</u>
Total	<u>\$ 1,252</u>	<u>\$ 20,782</u>	<u>\$ 22,034</u>

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 7 OPERATING LEASE

Governmental Funds Operating Lease

The City entered into a leasing agreement for office equipment with Xerox Financial Services on January 16, 2018. The lease calls for 60 monthly payments of \$126.62 plus applicable sales and use taxes.

The annual lease requirements to maturity for the office equipment as of June 30, 2019 are as follows:

Year ending June 30	Amount
2019	1,391,075
2020	1,391,075
2021	1,391,075
2022	1,391,075
2023	1,391,075
2024	1,391,075
2025	1,391,075
2026	1,391,075
2027	1,391,075
2028	1,391,075
2029	1,391,075
2030	1,391,075

Note 8 DEFICIT FUND BALANCES

The following funds had deficits in fund balances or retained earnings at June 30, 2019:

Major governmental funds:	
General Fund	1,911,118
Other enterprise funds:	
Sewer Fund	72,661

Note 9 INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables (due from other funds) and payables (due to other funds), as appropriate, and are subject to elimination upon consolidation. Interfund receivable and payable balances were comprised of the following as of June 30, 2019:

	<u>Due from other funds</u>	<u>Due to other funds</u>
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 1,391,075
Sacramento Transportation	121,579	-
Supplemental Law Enforcement	-	-
Redevelopment Agency	580,798	-
Redevelopment – Low Income	<u>529,168</u>	<u>-</u>
Total major governmental funds	<u>1,231,545</u>	<u>1,391,075</u>
OTHER GOVERNMENTAL FUNDS		
Gas Tax	-	9,917
Local Transportation	78,021	-
Developers	-	-
Lighting and Landscaping	-	-
Assessment District	<u>69,396</u>	<u>-</u>
Total other governmental funds	<u>147,417</u>	<u>9,917</u>
Total governmental funds	<u>1,378,962</u>	<u>1,400,992</u>
MAJOR BUSINESS-TYPE FUNDS		
Sewer	<u>22,030</u>	<u>-</u>
Total major business-type funds	<u>22,030</u>	<u>-</u>
Total City	<u>\$ 1,400,992</u>	<u>\$ 1,400,992</u>

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 11 INTERFUND TRANSACTIONS (continued)

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges to appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Interfund transfers in and out were comprised of the following for the year ending June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 190,327
Supplemental Law Enforcement	<u>13,953</u>	<u>-</u>
Total major governmental funds	<u>13,953</u>	<u>190,327</u>
OTHER GOVERNMENTAL FUNDS		
Developers	<u>176,374</u>	<u>-</u>
Total other governmental funds	<u>176,374</u>	<u>-</u>
Total governmental funds and City	<u>190,327</u>	<u>190,327</u>

Note 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. Obligations and liabilities of these risk pools are the City's responsibility.

Small Cities Organized Risk Effort (SCORE) covers general liability up to \$500,000 per occurrence. The City has no deductible for general liability but is charged back through a retrospective adjustment up to \$25,000 per occurrence. The City has a deductible or uninsured liability of up to \$25,000 per claim for employer practices liability. Once the City deductible is met SCORE becomes responsible for payments of all claims up to the limit. The California Joint Powers Risk Management Authority (CJPRMA) provides coverage above SCORE to \$40,000,000 per occurrence with a sub-limit of \$6,000,000 for employment practices liability.

The City's contributions with each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the risk pool may be obtained from S.C.O.R.E., c/o Alliant Insurance Services, Inc., 1792 Tribute Road, Suite 450, Sacramento, CA 95815.

**CITY OF ISLETON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 11 COMMITMENTS AND CONTINGENCIES

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

In the natural course of events, the City can be named in lawsuits resulting in legal action against the City from normal operations. No amounts are provided in the accompanying financial statements for such contingencies.

Note 12 SPECIAL ITEMS

Special items are significant transactions within the control of management that are unusual in nature or infrequent in occurrence. In the current year the City refinanced the Sewer fund's Series 2012 Bonds with the Series 2019 Bonds. Costs associated with the refinancing are being reported as special items.

Note 13 PRIOR PERIOD ADJUSTMENT

In the prior year the liability due the Sacramento County Sheriff's Department, accounts payable plus installment payable, was overstated by \$25,614.

Note 14 SUBSEQUENT EVENTS

Subsequent to June 30, 2019 the City renegotiated the terms of certain installments payable. The results of those negotiations are reflected in the current year.

Other than mentioned above, management of the City has evaluated the events subsequent to June 30, 2019 for disclosure and has determined that as of **DATE** there are no material subsequent events that should be disclosed. If events requiring disclosure have occurred between the balance sheet date and the date the financial statements were available to be issued they would be disclosed here.

**CITY OF ISLETON
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

DRAFT

**CITY OF ISLETON
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 386,566	\$ 386,566	\$ 383,765	\$ (2,801)
Measure B	111,000	111,000	171,317	60,317
Licenses and permits	100,000	100,000	144,977	44,977
Fines and penalties	15,000	15,000	1,455	(13,545)
Use of money	-	-	650	650
Charges for services	92,020	92,020	21,697	(70,323)
Intergovernmental	-	-	115,571	115,571
Miscellaneous	75,351	75,351	19,306	(56,045)
Total revenues	<u>779,937</u>	<u>779,937</u>	<u>858,738</u>	<u>78,801</u>
EXPENDITURES				
General government	419,298	419,298	443,362	(24,064)
Public safety	243,048	243,048	276,390	(33,342)
Parks & recreation	10,000	10,000	10,168	(168)
Public ways and facilities	165,000	165,000	137,886	27,114
Community development	-	-	293	(293)
Debt service:				
Principal	-	-	4,095	(4,095)
Interest	-	-	1,217	(1,217)
Capital outlay	-	-	37,281	(37,281)
Total expenditures	<u>837,346</u>	<u>837,346</u>	<u>910,692</u>	<u>(73,346)</u>
Excess of revenues over (under) expenditures	<u>(57,409)</u>	<u>(57,409)</u>	<u>(51,954)</u>	<u>5,455</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(190,327)	(190,327)
Proceeds from the issuance of debt	-	-	22,781	22,781
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(167,546)</u>	<u>(167,546)</u>
Special items	-	-	-	-
Net change in fund balance	<u>\$ (57,409)</u>	<u>\$ (57,409)</u>	<u>\$ (219,500)</u>	<u>\$ (162,091)</u>

**CITY OF ISLETON
SUPPLEMENTARY INFORMATION SECTION
JUNE 30, 2019**

DRAFT

**CITY OF ISLETON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>Developers Deposits</u>	<u>Lighting and Landscaping Assessment District</u>	<u>Total</u>
ASSETS:					
Cash and investments	\$ 5,527	\$ 43,474	\$ -	\$ -	\$ 49,001
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Due from other funds	<u>-</u>	<u>78,021</u>	<u>-</u>	<u>69,396</u>	<u>147,417</u>
Total assets	<u>\$ 5,527</u>	<u>\$ 121,495</u>	<u>\$ -</u>	<u>\$ 69,396</u>	<u>\$ 196,418</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 190	\$ -	\$ -	\$ -	\$ 190
Deposits payable	-	-	-	-	-
Due to other funds	<u>9,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,917</u>
Total liabilities	<u>10,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,107</u>
Fund Balances:					
Unassigned	<u>(4,580)</u>	<u>121,495</u>	<u>-</u>	<u>69,396</u>	<u>186,311</u>
Total fund balances	<u>(4,580)</u>	<u>121,495</u>	<u>-</u>	<u>69,396</u>	<u>186,311</u>
Total liabilities and fund balances	<u>\$ 5,527</u>	<u>\$ 121,495</u>	<u>\$ -</u>	<u>\$ 69,396</u>	<u>\$ 196,418</u>

**CITY OF ISLETON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>Developers Deposits</u>	<u>Lighting and Landscaping Assessment District</u>	<u>Total</u>
REVENUES					
Taxes	\$ 36,725	\$ -	\$ -	\$ 75,081	\$ 111,806
Use of money	-	-	9	-	9
Charges for services	-	-	17,506	-	17,506
Intergovernmental	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>36,725</u>	<u>-</u>	<u>17,515</u>	<u>75,081</u>	<u>129,321</u>
EXPENDITURES					
General government	-	-	27,161	-	27,161
Public ways and facilities	48,107	71,801	-	6,452	126,360
Total expenditures	<u>48,107</u>	<u>71,801</u>	<u>27,161</u>	<u>6,452</u>	<u>153,521</u>
Excess of revenues over (under) expenditures	<u>(11,382)</u>	<u>(71,801)</u>	<u>(9,646)</u>	<u>68,629</u>	<u>(24,200)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	176,374	-	176,374
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>176,347</u>	<u>-</u>	<u>176,347</u>
Net change in fund balance	(11,382)	(71,801)	166,728	68,629	152,174
Fund balance (deficit), beginning of year	<u>6,802</u>	<u>193,296</u>	<u>(166,728)</u>	<u>767</u>	<u>34,137</u>
Fund balance, end of the year	<u>\$ (4,580)</u>	<u>\$ 121,495</u>	<u>\$ -</u>	<u>\$ 69,396</u>	<u>\$ 186,311</u>

CITY OF ISLETON
ISLETON, CALIFORNIA
JUNE 30, 2019

CITY COUNCIL

	<u>Position</u>	<u>Term Expires</u>
Eric Pene	Mayor	December, 2019
Pamela Bulahan	Vice Mayor	December, 2019
Dean Dockery	Member	December, 2019
Iva Walton	Member	December, 2019
Robert Janovitz	Member	December, 2019

CITY ADMINISTRATOR
Charles Bergson

CITY CLERK
Yvonne Zepeda

CITY TREASURER
Pamela Bulahan

**CITY OF ISLETON
OTHER REPORTS
JUNE 30, 2019**

DRAFT

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

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Isleton, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the fiduciary funds and the component units of City of Isleton, California ("City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated DATE.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be a material weakness as item number 18-03 through 18-04.

A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies as items number 18-01 through 18-02.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Isleton, California's financial statements are free of material misstatement, I performed tests its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and materially effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item numbers 18-05 through 18-06.

City of Isleton's Response to Findings

The City of Isleton, California's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Don Cole & Company
Sacramento, California

DATE

**CITY OF ISLETON
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED
JUNE 30, 2019**

DRAFT

**CITY OF ISLETON
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

My examination disclosed the following conditions we considered serious enough to bring to your attention:

19-01. BUDGET

Finding: In reviewing actual expenditures versus the budgeted expenditures of the General Fund it was noted that there are significant disparities between the actual amounts and the budget amounts. Revenues in the current year were 10.1% higher than budgeted and expenditures were 8.8% higher than budgeted. Good fiscal management requires the continued monitoring of actual expenditures versus budgeted amounts to better anticipate changing circumstances and make timely necessary adjustments to the budget and spending plans.

Recommendation: I recommended that a procedure be implemented wherein there is a periodic review of actual performance and budgeted performance. This will allow for needed adjustments to the budget and spending plan and provided improved control over city finances.

City response: The City Manager in 2018 found no documented budget nor was there a financial advisor upon entering this position. Given that the revenues and expenditure are essentially equally distant from the actual, this is indicative that management has control on expenditures and is adjusting the budget revenues and expenditures as data and financial pattern are established.

19-02. POLICIES AND PROCEDURES

Finding: It was noted that the City does not have written procedures for performing many of the current financial processes.

Recommendation: It is recommended that the City develop written policies and procedures for all current financial processes.

City response: The City has retained a new consulting finance advisor is this advisor is preparing written policies for all financial processes. These will be in place by 01 January 2021.

19-03. ACCURACY OF FINANCIAL REPORTING

Finding: Shortcomings in the accounting system are demonstrated by the following:

- a) Bank reconciliations are not being performed accurately and on a timely basis:
 - i. The City has a bank account that does not reconcile to the general ledger – amount immaterial.
 - ii. The LAIF accounts in the general fund and redevelopment-low income fund do not reconcile to the statements.
 - iii. Money received subsequent to year end are being record as current year cash.
- b) The general fund accounts receivable trial balance and aging included a customer balance of unknown origin labelled "Isleton Audit" in the amount of \$7,438.44.
- c) Accruals are not accounted for correctly:
 - i. Current year property taxes received subsequent to the fiscal year end were recorded as revenue but the receivable was recorded as cash.
 - ii. The City's current year reversal of prior year accruals were improperly recorded.
 - iii. The City didn't record all of its sales tax, Measure B sales tax and Measure C sales tax.

**CITY OF ISLETON
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

19-03. ACCURACY OF FINANCIAL REPORTING (continued)

- d) Installments payable are not being accounted for correctly:
 - i. Certain installment payable payments made were incorrectly recorded as a current year expenditure.
 - ii. Current year expenditures were incorrectly added to installments payable.
 - iii. Payables in excess of the City's agreements with the vendors were improperly recorded in installments payable.
- e) The City is not accounting for its policing activity properly:
 - i. The City recorded its Citizens' Option for Public Safety grant revenue and its Prop 172 Allocation revenue in the improper fund.
 - ii. The City did not record all its current year's Sacramento County Sheriff's Department expenditures.
 - iii. The expenditures recorded were in the improper fund.
- f) Certain Measure B sales taxes were not recorded in the proper account.
- g) The City's current accounting system is not suitable for the needs of the City.
- h) The City recorded its 2019/20 Recycling Grant in the current year.
- i) The City did not properly record its new governmental fund truck lease in accordance with modified accrual accounting:
 - a. The City recorded the lease as a liability in the General Fund.
 - b. The City recorded the truck as an asset in the General Fund.
 - c. The first payment of the lease was recorded as a reduction of an asset and a miscellaneous expense.
- j) The City did not properly record its new enterprise fund sewer pump purchases in accordance with accrual accounting when it recorded the purchase as an expense.
- k) The collection of tax roll receivables subsequent to year-end was recorded as revenue and cash.
- l) The City recorded an asset (accounts receivable) and a liability (deferred revenue) for an event that hadn't happened.
- m) The City recorded revenue and a receivable for an event that hadn't happened.
- n) The City eliminated a Local Agency Investment Fund account that still exists.

Recommendation: I recommend the City purchase an accounting system suitable for a multi-fund entity. I further recommend that bank reconciliations are performed accurately and on a timely basis. Further I recommend the level of supervision for the accounting and financial reporting functions for the City be evaluated to determine that personnel in these positions possess adequate knowledge and understanding of governmental financial reporting.

City response: During this time frame, Fiscal Year 2018-18 and the couple years leading up to this fiscal year, City accounting was handled by five personnel and including a consulting accountant. Beginning in 2019, the City retained a professional public accountant to oversee the finance function. This accountant has addressed all matters contained in this section and establish financial practices and procedures. The finding in 18-03 are presently being address and corrected. It is expected that this item will be completed by 01 January 2021.

**CITY OF ISLETON
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

19-04. ACCESS TO THE ACCOUNTING SYSTEM

Finding: Shortcomings in the internal control over access to the accounting system is demonstrated by the following:

- a) The City Manager has access to the accounting system.
- b) The Sewer receivables/billing clerk has access to the accounting system.
- c) The City Manager has asked the receivable/billing clerk to write checks.

Recommendation: I recommend the City limit access to its accounting system to authorized personnel only. A sound internal control structure would restrict the City Manager's and receivable/billing clerk's access to the accounting system.

City response: A) The City Manager access to accounting is for information only. B) The Sewer receivables/billing clerk has been removed from access to the accounting system. C) In December 2018 the City Manager discovered that the receivables/billing clerk and the public works director were writing City checks. The City Manager removed this authority from both in early January 2108 and restricted check writing to the City Manager, City Treasurer and one member of City Council.

19-05. MEASURE B COMPLIANCE

Finding: Section 12 Expenditure Plan, item C. of Measure B states "the Council shall appoint a committee consisting of no fewer than five individuals to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this ordinance." As of June 30, 2019, no committee has been appointed.

Recommendation: I recommend the Council appoint a committee as required by Section 12 Item C.

City response: After the passage of Measure B, the City solicited oversight committee members for Measure B funds for over two years and did not get applicants to empanel a committee. The City was able to empanel and activate the oversight committee in August 2019. This committee has met three times since forming.

19-06. USDA SEWER PROJECT EXPENDITURES

Finding: It was noted by the preceding auditors that amounts claimed for reimbursement on the USDA sewer project were not reconciled to fund 412 of the primary accounting records of the City. It was further noted in testing of disbursements for this project that \$85,703 was paid to the City General fund to reimburse for the previous year's expenses, however, no support or documentation was provided to substantiate that amount.

Recommendation: It is recommended that all grant accounting be reconciled to the primary accounting records of the City and that all amounts charged to this project be properly supported. In addition, I recommend that unless proper documentation is provided for the \$85,703 transferred to the General fund, that the amount be returned to the USDA sewer project fund.

City response: The City Manager has requested the records from the USDA to establish the proper expenditure of these funds. This request was made in 2019. The USDA representative advised in 2019 that should they not be able to access and provide the records, they will recommend that the City consider this expenditure paid and removed from City records. There has been multiple USDA representatives servicing Isleton over the past couple of years. Staff will continuing to pursue this inquiry to rectification.

**CITY OF ISLETON
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

18-01. BUDGET

Finding: In reviewing actual expenditures versus the budgeted expenditures of the General Fund it was noted that there are significant disparities between the actual amounts and the budget amounts. Revenues in the current year were 28.4% lower than budgeted and expenditures were 28.0% lower than budgeted. Good fiscal management requires the continued monitoring of actual expenditures versus budgeted amounts to better anticipate changing circumstances and make timely necessary adjustments to the budget and spending plans.

Recommendation: I recommended that a procedure be implemented wherein there is a periodic review of actual performance and budgeted performance. This will allow for needed adjustments to the budget and spending plan and provided improved control over city finances.

Status: Both General Fund revenues and expenditures were over budgeted by 10.1% and 8.8% respectively.

18-02. POLICIES AND PROCEDURES

Finding: It was noted that the City does not have written procedures for performing many of the current financial processes.

Recommendation: It is recommended that the City develop written policies and procedures for all current financial processes.

Status: Repeat in the current year.

18-03. ACCURACY OF FINANCIAL REPORTING

Finding: Shortcomings in the accounting system are demonstrated by the following:

- a) Bank reconciliations are not being performed accurately and on a timely basis:
 - i. The fire department equipment account shows an unreconciled deposit in transit of \$6,229.97 as well as an unreconciled outstanding check in the same amount.
 - ii. \$11,000 deposit was recorded both in the general fund main checking account and in the fire department equipment account.
 - iii. The measure A checking account shows \$3,130.56 as a deposit in transit for 11 months.
 - iv. The fire department equipment account does not reconcile - \$115 understated.
 - v. The sewer fund account does not reconcile - \$166 overstated.
 - vi. The sewer fund reserve account does not reconcile - \$1,770 understated.
 - vii. The LAIF accounts in the general fund and redevelopment-low income fund do not reconcile to the statements.
- b) QuickBooks was unable to produce an aging of the general fund's accounts receivable that agreed with the trial balance. The general fund trial balance shows the accounts receivable balance to be \$21,895.60. QuickBooks produced a general fund accounts receivable aging as of June 30, 2019 on 7/5/19 that totaled \$21,737.84, then the same aging on 7/15/19 totaled \$21,627.84 – the difference between the two agings was due to The Hair Loom balance of \$110 being dropped off the second aging.
- c) The general fund accounts receivable trial balance and aging included a customer balance of unknown origin labelled "Isleton Audit" in the amount of \$17,206.27.

**CITY OF ISLETON
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

- d) Accruals are not accounted for correctly:
 - iii. Current year property taxes received subsequent to the fiscal year end were not recorded as revenue and a receivable.
 - iv. End of the year expenditures were not accrued in the current year.
 - v. The City's current year reversal of prior year accruals were improperly recorded.
- e) Vendor invoices are not being recorded correctly resulting in various vendors with negative balances in the aging of accounts payable.
- f) Installments payable are not being accounted for correctly:
 - ii. Beginning installments payable balances didn't equal the prior year ending balances.
 - iii. Certain installment payable payments made were incorrectly recorded in accounts payable.
 - iv. Certain installment payable payments made were incorrectly recorded as a current year expenditure.
 - v. Adjustments made to installments payable were unwarranted.
 - vi. Current year expenditures were incorrectly added to installments payable.
- g) The Sewer fund's purchase of a backhoe was not accounted for correctly:
 - i. The down payment of the Sewer fund purchase of a backhoe was recorded as an expense.
 - ii. The total value of the Sewer fund backhoe was not recorded.
 - iii. The lease associated with the Sewer fund's purchase of a backhoe wasn't recorded.
 - iv. The first payment of the backhoe lease was recorded as an expense rather than as a reduction of the lease obligation.
- h) Payments made in accordance with the memorandum of understanding between the Sewer fund and the Local Transportation, Measure A funds for the purpose of renting the Sewer fund's backhoe were not accounted for correctly:
 - i. Payments received by the Sewer fund from the Local Transportation fund were improperly recorded by the Sewer fund as a miscellaneous revenue rather than as current year use of money revenue.
 - ii. Payments received by the Sewer fund from the Measure A fund were improperly recorded by the Sewer fund as a reduction of the asset account "due from other funds" rather than as current year use of money revenue.
 - iii. Payments made by the Measure A fund to the Sewer fund were improperly recorded by the Measure A fund as an increase of the asset account "due from other funds" rather than as current year expenditure.
- i) The City is not accounting for its policing activity properly:
 - i. The City did not record its Citizens' Option for Public Safety grant revenue or its Prop 172 Allocation revenue.
 - ii. The City did not record its current year's Sacramento County Sheriff's Department expenditures.

**CITY OF ISLETON
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

- j) Debt service on the enterprise funds' long-term debt is not being accounted for correctly:
 - i. The payment on the Sewer fund's Series 2012 Bonds were made by the USDA Sewer Project fund, therefore the Sewer fund's long-term debt was not reduced.
 - ii. The payment on the Sewer fund's Series 2012 Bonds were made by the USDA Sewer Project fund, therefore the Sewer fund's current year interest expense was not recorded.
 - iii. The payment on the Sewer fund's Series 2012 Bonds were made by the USDA Sewer Project fund resulting in the improper recording of the payment as an expense in the USDA Sewer Project fund.
 - iv. USDA Sewer Project interest expense on its Certificates of Participation were expensed to the improper account.
- k) Certain Measure B sales taxes were not recorded in the proper account.
- l) Unearned Measure A funds received were improperly recorded as current year revenue.
- m) Certain reoccurring costs are allocated in an inconsistent manner.
- n) Current year "transfers in" didn't equal current year "transfers out."
- o) Current year indirect cost allocations were out of balance.
- p) The City made an undocumented transfer of \$10,000 from the Sewer fund to the Supplemental Law Enforcement fund.
- q) The City is using the USDA Sewer Project fund (an element of the Sewer fund) as a debt service fund.
- r) The City's current accounting system is not suitable for the needs of the City.

Recommendation: I recommend the City purchase an accounting system suitable for a multi-fund entity. I further recommend that bank reconciliations are performed accurately and on a timely basis. Further I recommend the level of supervision for the accounting and financial reporting functions for the City be evaluated to determine that personnel in these positions possess adequate knowledge and understanding of governmental financial reporting.

Status:	a) i: resolved	e): resolved	l): resolved
	a) ii: resolved	f) i: resolved	m): resolved
	a) iii: resolved	f) ii: resolved	n): resolved
	a) iv: resolved	f) iii: repeat in the current year	o): resolved
	a) v: resolved	f) iv: resolved	p): not repeated in the current year
	a) vi: resolved	f) v: repeat in the current year	q): resolved
	b): resolved	g): resolved	r): repeat in the current year
	c): repeat in the current year	h): resolved	
	d) i: repeat in the current year	i): repeat in the current year	
	d) ii: resolved	j): resolved	
	d) iii: repeat in the current year	k): repeat in the current year	

**CITY OF ISLETON
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

18-04. ACCESS TO THE ACCOUNTING SYSTEM

Finding: Shortcomings in the internal control over access to the accounting system is demonstrated by the following:

- a) The City Manager has access to the accounting system.
- b) The Sewer receivables/billing clerk has access to the accounting system.
- c) The City Manager has asked the receivable/billing clerk to write checks.

Recommendation: I recommend the City limit access to its accounting system to authorized personnel only. A sound internal control structure would restrict the City Manager's and receivable/billing clerk's access to the accounting system.

Status: Repeat in the current year.

18-05. MEASURE B COMPLIANCE

Finding: Section 12 Expenditure Plan, item C. of Measure B states "the Council shall appoint a committee consisting of no fewer than five individuals to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this ordinance." As of June 30, 2019, no committee has been appointed.

Recommendation: I recommend the Council appoint a committee as required by Section 12 item C.

Status: Repeat in the current year.

18-06. USDA SEWER PROJECT EXPENDITURES

Finding: It was noted by the preceding auditors that amounts claimed for reimbursement on the USDA sewer project were not reconciled to fund 412 of the primary accounting records of the City. It was further noted in testing of disbursements for this project that \$85,703 was paid to the City General fund to reimburse for the previous year's expenses, however, no support or documentation was provided to substantiate that amount.

Recommendation: It is recommended that all grant accounting be reconciled to the primary accounting records of the City and that all amounts charged to this project be properly supported. In addition, I recommend that unless proper documentation is provided for the \$85,703 transferred to the General fund, that the amount be returned to the USDA sewer project fund.

Status: Repeat in the current year.

City of Isleton

City Council Staff Report

DATE: May 25, 2021

ITEM: 8.A

CATEGORY: New Business

CONSIDERATION OF OPTIONS TO FILL CITY COUNCIL VACANCY

RECOMMENDED ACTION

Staff respectfully recommends that the City Council review the options presented in this report, provide direction to staff, and take any necessary action.

DISCUSSION

On April 23, 2021, Councilmember Barbara Dockery passed away. This seat term was to serve to 2024. The purpose of this report is to present options to fill her Council seat.

As a general law city under State law, Government Code section 36512(b) provides that the Council has 60 days from the commencement of the vacancy to either appoint a replacement or call a special election for voters to select the replacement.

The vacancy was created on Friday, April 23, 2021. The Council has until Tuesday, June 22, 2021, to act on filling the vacancy.

Appointment

Neither State law nor the City's Municipal Code stipulate a specific process to select a replacement by appointment, so the Council has wide discretion over the selection process. The City Council could select a replacement to fill a Council vacancy after conducting an application process. The City could also designate a subcommittee to review applications and to identify finalists for consideration of an appointee by the full City Council. All interviews and meetings between a majority of the Council and potential appointees are subject to the Brown Act and must be in open session.

If the Council chooses to fill the vacancy by appointment, the appointee shall only hold the office until November 2, 2021, the date of the next general municipal election. Government Code section 36512(b)(2)(A) provides a term vacated in the first half of the term and 130 or more days prior to the next general election and filled by appointment shall only last until the next general municipal election and until the person elected to fill the vacancy has been qualified. Thus, appointment would be for a shortened term and the person subsequently elected would also serve a shortened term that expires in 2024.

Special Regular Election

If a special election is used to determine the replacement for the vacant seat, Government Code section 36512(b)(1) requires the election to be held on the next regular election date established by Elections Code section 1000 that is at least 114 days from the call of the special election. Here, the next regular election date is November 2, 2021. Staff confirmed this date with the Sacramento County Elections Office.

Special Mail-In Election

Since learning of this vacancy, staff conducted research to identify one other possible option for conducting a special election to fill the seat. Another part of the State Elections Code provides an option for cities of less than 100,000 in population to fill a Council vacancy by an all-mail ballot election. (See, Elec. Code, § 4004.) In this case, the election must occur on the last Tuesday in August, August 31, 2021. (See Elec. Code, § 1500.) Staff confirmed this date with the Sacramento County Elections Office.

It is uncertain if the timeframes for necessary actions by the Sacramento County Elections Office can be met to conduct a mail-in election on August 31, 2021.

The cost of conducting a special election, either by mail-in or regular balloting, would be fully borne by the City. A full cost estimate has not been requested from the Sacramento County Elections Office, but considering the City's share of the cost from the most immediate past election, staff estimates that a special election would cost between \$5,000 (mail-in) to \$10,000 (regular) depending on the selected option.

ANALYSIS

Below are the options for the City Council to fill this Council seat.

Option 1 – Conduct an application/appointment process as a full Council.

Under this option, the City would issue a call for applications. The Council would review the applications and then conduct interviews as a full Council. The Council would then either make an appointment or, if consensus on an appointee cannot be reached, call for a special election under either Option 3 or 4 below.

Staff can draft a short application form and public notices for this option. If this option is selected, staff recommends opening the application period as soon as possible and closing it at the beginning of the week of June 14, 2021 in order to give the Council sufficient time to review applications, hold interviews, and make an appointment (or call a special election).

A successful applicant would hold the seat until November 2, 2021, the next general municipal election. The person elected at that time would only hold the position until 2024.

Option 2 – Conduct an application/appointment process with the subcommittee recommending an appointee.

This option is the same as Option 1 except that instead of the full Council reviewing applications and conducting interviews, a Council subcommittee would review and interview applicants and arrive at a consensus recommendation for an appointee to be considered by the full Council. If the subcommittee cannot reach consensus on an appointee, the Council would then call for a special election under either Option 3 or 4 below.

A successful applicant would hold the seat until November 2, 2021, the next general municipal election. The person elected at the time would only hold the position until 2024.

Option 3 – Hold a special election by all-mail ballot on August 31, 2021.

This would provide for the selection of a replacement to fill the vacancy by an all-mail ballot election. This option was described earlier, and its viability is subject to verification by the Sacramento County Elections Office. Under this option, an all-mail ballot election would be conducted to select the replacement to fill the vacant seat.

Selecting this option for an election in August would require a resolution calling the election to be adopted. This would not preclude the application process described in Options 1 or 2 above – this election could be called at the Council meeting on June 22, 2021, which would still allow for an application/appointment process to be conducted. If the appointment process is unfruitful, the election would be open to any eligible candidate, not just those that applied for appointment, should that process take place first.

A successful candidate would hold the seat until 2024.

Option 4 – Hold a special election by regular balloting on November 2, 2021.

Under this option, the Council would call for a special election to be held by regular balloting (mail, drop box, and walk-in voting) at the next regular statewide election date. As with Option 3, this election could be called at a later Council meeting, allowing time for an application/appointment process, and would be open to any eligible candidate.

A successful candidate would hold the seat until 2024.

Option 5 – Take no action.

The relevant statute says the Council "shall" either appoint a replacement or call a special election. Thus, the Council has a mandatory duty to act, however, there is no clear penalty for taking no action.

A party could petition for a writ of mandate, thereby asking a court order the Council to take action to fill the vacancy. The reviewing court could take the position that the

Council failed to act within the Legislatively-mandated timeline so the seat remains vacant for the remainder of the term because the Legislature had the opportunity to provide a penalty and deliberately did not. (For comparison, if a special district board fails to fill a vacancy, the board of supervisors appoints a replacement.)

On the other hand, the court could also take the position that the Council is simply required to act and order the Council to do so. It is unlikely that the court would specifically order the Council appoint someone or specifically order the Council to call a special election.

FINANCIAL CONSIDERATIONS

As previously stated, the cost of conducting a special election is not known but based on past election information, staff estimates that a special election would cost between \$5,000 (mail-in) to \$10,000 (regular) depending on the selected option.

ENVIRONMENTAL ANALYSIS

This report is for informational purposes and does not trigger environmental review.

ALTERNATIVES

The Analysis section of this report lists the five alternative options available to the Council.

Prepared by Attorney O. Clark

Reviewed by City Manager Bergson





City of Isleton

101 Second Street

P.O. Box 716

Isleton, California 95641

Tel: 916-777-7770

May 21, 2021



PUBLIC NOTICE PARKING ENFORCEMENT *MAIN STREET & SECOND STREET*

The 2-Hour Parking Enforcement is being delayed.

The City will be establishing a preferential permit parking program for residents and businesses on commercial streets. At that time 2-hour limits will be enforced. This program is expected to start this fall.

Se está retrasando la aplicación de estacionamiento de 2 horas.

La Ciudad establecerá un programa de estacionamiento con permiso preferencial para residentes y negocios en calles comerciales. En ese momento se aplicarán los límites de 2 horas. Se espera que este programa comience este otoño.

The City of Isleton is an equal opportunity provider and employer.

s:\public notices\public notice parking enforcement 2 hour parking 05-18-21.doc

CITY OF ISLETON
 PARKING INFORCEMENT 05/03/21 TO 05/21/21

Day	# In State	In State Original Bail	# Out of State	Out of State Original Bail	# Written Total	Total Original Bail
03-Monday	5	\$0.00	0		5	\$0.00
07-Friday	20	\$1,500.00	2	\$288.50	22	\$1,788.50
14-Friday	26	\$2,464.00	0		26	\$2,464.00
21-Friday	32	\$1,236.50	1	\$115.50	33	\$1,352.00
Totals:	83	\$5,200.50	3	\$404.00	86	\$5,604.50

GREEN = Approved RED = Withdrawn

Cannabis Business Permit Master List

Date Submitted	Applicant(s)	Applicant's Name	Description	Premises Address	Permit Status
06/26/18	Bang Mingo	Yandow	Cultivation	100 H Street	PC Public Hearing 1/16/19
		Harris	Manufacturing		1st CC Meeting 1/29/19
			Retail /Delivery	301 H street	2nd CC Meeting 2/12/19
			Distribution		
06/26/18	Delta Agricultural Holdings LLC.	Maldonado		14719 State Hwy 160	Withdrawn
07/18/18	Apothek Ventures	Fletcher	Retail/delivery	61 Main Street	PC Meeting 1/16/19
			Cultivation		1st CC Meeting 1/29/29
			Distribution		2nd CC Meeting 1/22/19
					OPENED: 6/14/19
07/19/18	Timeless Palliative Care Collective, Inc.		Manufacturing	51 Main Street	CC Public Hearing 1/8/19
			Delivery-Only		2nd CC Meeting 1/22/19
			Distribution		DELIVERY OPERATION Started
08/23/18	River City Farms	Ozomaro	Cultivation	401 6th Street	PC Meeting 3/17/20
			Distribution		1st CC Meeting 3/24/20
					Pending Parcel Map
09/18/18	Delta Agricultural holdings, LLC	Maldonado	Manufacturing	402 Jackson Blvd.	PC 6/13/19
			distribution		1st CC 7/9
					2nd CC 7/23
09/20/18	Gallaty Consulting, Inc.	Gallaty	Manufacturing	49 Main Street	PC Public Hearing 12/27/18
			Delivery-only		1st CC meeting 1/29/19
			Distribution		2nd CC meeting 2/12/19
					LIMITED OPERATION STARTED
11/29/18	101 H Street Group LLC	Maldonado		101 H Street	Withdrawn
11/29/18	66 Main Group LLC	Maldonado	Retail Dispensary	66 Main Street	PC Public Hearing 2/05/19
					1st CC Meeting 2/12/19
					2nd CC meeting 2/26/19
					OPENED: 2/22/20
			Consumption Lounge		Amendment PC 3/17/20

Cannabis Business Permit Master List

12/20/18	WTO Essentials, Inc	Smith	Manufacturing	14719 Hwy 160	PC 6/13/19	
			Distribution		1st CC 7/9/19	
					Amended: CC 11/12/19	
					OPENED:	11/12/19
					Amendment pending	

2019 Applications

5/10/2019	CanDo Cannabis	Lamb	Delivery-only	60 Main Street	PC 7/25/19	
			Distribution		1st CC 8/13/19	
5/30/2019	Wook Bros, LLC	Maldonado	Manufacturing	45 Main Street	PC 9/3/19	
			Distribution		1st CC 9/24/19	
					2nd CC 10/8/19	
					Minor Revision PC 10/06/20	
8/15/2019	402 Jackson, LLC	Maldonado	Cultivation	402 Jackson	PC 10/1/19	
			Distribution		1st CC 10/8/19	
					2nd CC 10/22/19	
11/15/2019	LD Deliveries, LLC	Williams	Delivery only	54 Main Street	Tentative SPC 3/17/20	
			Distribution		1st CC 3/24/20	
					2nd CC 4/14/20	

2020 Applications

6/24/2020	Foo Flower LLC	Maldonado	Distribution	46 Main Street	PC 9/01/2020	
					1st CC 9/22/2020	
					2nd CC 10/13/2020	
					OPENED: 4/1/2021	

Updated 5-7-21

