CITY COUNCIL REGULAR MEETING

Clearlake City Hall Council Chambers
14050 Olympic Dr, Clearlake, CA
Thursday, July 15, 2021
Workshop 5:00 PM
Regular Meeting 6:00 PM

On March 12, 2020, Governor Newsom issued Executive Order N-25-20, which allows Council Members to attend City Council meetings telephonically. On June 11, 2021, Governor Newsom extended this Order through September 30, 2021. Please be advised that some, or all, of the Clearlake City Council Members may attend this meeting telephonically.

The City Council meetings are viewable in person in the Council Chambers, via livestreaming on the City's YouTube Channel (https://www.youtube.com/channel/UCTyifT_nKS-3woxEu1ilBXA) or "Lake County PEG TV Live Stream" at https://www.youtube.com/user/LakeCountyPegTV/featured and the public may participate through Zoom at the link listed below. The public can submit comments and questions in writing for City Council consideration by sending them to the Administrative Services Director/City Clerk at mswanson@clearlake.ca.us. To give the City Council adequate time to review your questions and comments, please submit your written comments prior to 4:00 p.m. on the day of the meeting.

AGENDA

MEETING PROCEDURES: *All items on agenda will be open for public comments before final action is taken. Citizens wishing to introduce written material into the record at the public meeting on any item are requested to provide a copy of the written material to the Administrative Services Director/City Clerk prior to the meeting date so that the material may be distributed to the City Council prior to the meeting. Speakers must restrict comments to the item as it appears on the agenda and stay within a three minutes time limit. The Mayor has the discretion of limiting the total discussion time for an item.*

AMERICANS WITH DISABILITY ACT (ADA) REQUESTS

If you need disability related modification, including auxiliary aids or services, to participate in this meeting, please contact Melissa Swanson, Administrative Services Director/City Clerk at the Clearlake City Hall, 14050 Olympic Drive, Clearlake, California 95422, phone (707) 994-8201, ext 106, or via email at mswanson@clearlake.ca.us at least 72 hours prior to the meeting, to allow time to provide for special accommodations.

AGENDA REPORTS

Staff reports for each agenda item are available for review at www.clearlake.ca.us. Any writings or documents pertaining to an open session item provided to a majority of the City Council less than 72 hours prior to the meeting, shall be made available for public inspection on the City's website at www.clearlake.ca.us.

Zoom Link: https://clearlakeca.zoom.us/j/89552720387

A. ROLL CALL

1. **5:00 PM** Burns Valley Development Project Workshop

B. PLEDGE OF ALLEGIANCE

C. INVOCATION/MOMENT OF SILENCE: *The City Council invites members of the clergy, as well as interested members of the public in the City of Clearlake, to voluntarily offer an invocation before the beginning of its meetings for the benefit and blessing of the City Council. This opportunity is voluntary and invocations are to be less than three minutes, offered in a solemn and respectful tone, and directed at the City Council. Invocational speakers who do not abide by these simple rules of respect and brevity shall be given a warning and/or not invited back to provide a subsequent invocation for a reasonable period of time, as determined appropriate by the City. This policy is not intended, and shall not be implemented or construed in any way, to affiliate the City Council with, nor express the City Council's preference for, any faith or religious denomination. Rather, this policy is intended to acknowledge and express the City Council's respect for the diversity of religious denominations and faith represented and practiced among the citizens of Clearlake. If a scheduled invocational speaker does not appear at the scheduled meeting, the Mayor will ask that the City Council observe a moment of silence in lieu of the invocation. More information about the City's invocation policy is available upon request by contacting the Administrative Services Director/City Clerk at (707) 994-8201x106 or via email at mswanson@clearlake.ca.us.*

D. ADOPTION OF THE AGENDA *(This is the time for agenda modifications.)*

E. PRESENTATIONS

2. Presentation of July's Adoptable Dogs

3. Presentation of the Regional Transportation Plan

4. Presentation by the Cyanobacteria Outreach Workgroup

F. PUBLIC COMMENT: *This is the time for any member of the public to address the City Council on any matter not on the agenda that is within the subject matter jurisdiction of the City.* ***The Brown Act, with limited exceptions, does not allow the Council or staff to discuss issues brought forth under Public Comment.*** *The Council cannot take action on non-agenda items. Concerns may be referred to staff or placed on the next available agenda. Please note that comments from the public will also be taken on each agenda item. Comments shall be limited to three (3) minutes per person.*

G. CONSENT AGENDA: *All items listed under the Consent Agenda are considered to be routine in nature and will be approved by one motion. There will be no separate discussion of these items unless a member of the Council requests otherwise, or if staff has requested a change under Adoption of the Agenda, in which case the item will be removed for separate consideration. Any item so removed will be taken up following the motion to approve the Consent Agenda.*

5. Warrants
Recommended Action: Receive and file

6. Award of Contract for the Design Services for Phase 1 of the Burns Valley Development Project.

Recommended Action: Authorize City Manager to enter into a contract with California Engineering Company for Design Services for Phase 1 of the Burns Valley Development Project.

7. Award of Contract for the Design Services for the Dam Road Extension and South Center Drive Project.
Recommended Action: Authorize City Manager to enter into a contract with California Engineering Company for Design Services for the Dam Road Extension and South Center Drive Project.

8. Award of Contract for the Design Services for the 2nd and Modoc Road Rehabilitation Project.
Recommended Action: Authorize City Manager to enter into a contract with California Engineering Company for Design Services for the 2nd and Modoc Road Rehabilitation Project.

9. Notification of Expiring Committee Appointments
Recommended Action: Receive and file

10. Continuation of Declaration of Local Emergency Issued on March 14, 2020 and Ratified by Council Action on March 19, 2020
Recommended Action: By motion keep declaration of emergency active and set next review in sixty days

11. Continuation of Declaration of Local Emergency Issued on October 9, 2017 and Ratified by Council Action October 12, 2017
Recommended Action: By motion keep declaration of emergency active and set next review in 30 days

12. Approval of the Sole Source Purchase of a Seat Wall from Universal Precast
Recommended Action: Adoption of Resolution 2021-36 and Approval of Sole Source Purchase of a Seat Wall from Universal Precast

13. License Agreement with Pacific Gas and Electric Company (PG&E) for Use of the Clearlake Community Senior Center as a Customer Resource Center
Recommended Action: Approve agreement and authorize City Manager to sign

14. Minutes of the June Meetings
Recommended Action: Receive and file

H. PUBLIC HEARING

15. Public Hearing to consider Resolution No.2021-38, A Resolution of the City of Clearlake, Approving Restricted Access to the Segment of Burns Valley Rd, between Arrowhead and Acacia, in the Effort to Reduce Illegal Dumping
Recommended Action: Hold Public Hearing and adopt Resolution

I. BUSINESS

16. Presentation and Acceptance of the Annual Financial Report for Fiscal Year 2018-19; Resolution No. 2021-35
Recommended Action: Adopt resolution

17. Award of contract for Demolition of Structures located at 14525 Lakeshore Drive Clearlake, CA 95422
Recommended Action: Authorize the City Manager to execute a contract with Chernoh Excavating Inc. in the amount of $55,000.00

18. Discussion Regarding the Sale of Property Located at 6356 Armijo Avenue, Clearlake to MLI Associates, LLC for development of a Hotel
Recommended Action: Authorize the City Manager to Execute the Purchase and Sale Agreement with MLI Associates, LLC for Sale of Property at 6356 Armijo Avenue, Clearlake.

19. Award of Construction Contract for the 2021 Measure V Pavement Rehabilitation Project
Recommended Action: Authorize City Manager to enter into contract with Granite Construction for construction of the 2021 Measure V Pavement Rehabilitation Project base bid and additive alternates for the total amount of $2,023,121.50 and authorize the City Manager to approve up to 10% for additional unforeseen contract amendments.

20. Adoption of the 1st Amendment to the FY 2021-22 Budget (Resolution 2021-33) Appropriating CalTrans Local Roadway Safety Plan Grant Funding and Measure V Project Funding; Resolution No. 2021-37
Recommended Action: Adopt resolution 2021-37

21. Consideration of a Memorandum of Understanding between the City of Clearlake and the Clearlake Miscellaneous Employees Association for the period July 1, 2021 to June 30, 2022
Recommended Action: Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Miscellaneous Employees Association and authorize the City Manager to sign.

22. Consideration of a Memorandum of Understanding between the City of Clearlake and the Clearlake Police Officers Association for the period July 1, 2021 to June 30, 2022
Recommended Action: Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Police Officers Association and authorize the City Manager to sign.

23. Consideration of a Memorandum of Understanding between the City of Clearlake and the Clearlake Middle Management Association for the period July 1, 2021 to June 30, 2023
Recommended Action: Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Middle Management Association and authorize the City Manager to sign.

24. Consideration of Updates to Management Classification and Benefits Plan and City Salary Schedule
Recommended Action: Adopt CPI Adjustment for Management Employees per the Management Benefit Plan

25. Consideration of Designation of Voting Delegates and Alternate(s) For the League of California Cities Annual Conference in September
Recommended Action: Motion to designate voting delegate and alternate(s)

J. CITY MANAGER AND COUNCILMEMBER REPORTS

K. FUTURE AGENDA ITEMS

L. CLOSED SESSION

26. Conference with Legal Counsel- Existing Litigation: Pursuant to Government Code Section 54956.9: Case No. CV-421149; Name of Case: City of Clearlake v. County of Lake, a political subdivision of the State of California; Board of Supervisors of the County of Lake, a public body of the County of Lake; Barbara C. Ringen, in her official capacity as the Treasurer-Tax Collector of the County of Lake; and Does 1 through 30, inclusive

27. Conference with Legal Counsel - Existing Litigation: Pursuant to Government Code 54956.9 - City of Clearlake vs. Amerisourcebergen Drug Corporation, et al. Case No. 1:20-cv-06212

M. ANNOUNCEMENT OF ACTION FROM CLOSED SESSION

N. ADJOURNMENT

POSTED: July 9, 2021

BY:

Melissa Swanson

Melissa Swanson, Administrative Services Director/City Clerk

Clearlake, CA

Payment Register

APPKT00629 - 6/15/21 JANE WANG AA

01 - Vendor Set 01

Bank: AP - Accounts Payable

Vendor Number	Vendor Name	Total Vendor Amount
VEN01160	JANE WANG	7,500.00

Payment Type	Payment Number	Payment Date	Payment Amount
Check		06/15/2021	7,500.00

Payable Number	Description	Payable Date	Due Date	Discount Amount	Payable Amount
5/3/21	SETTLEMENT AGREEMENT	06/15/2021	06/15/2021	0.00	7,500.00

Payment Summary

Bank Code	Type		Payable Count	Payment Count	Discount	Payment
AP	Check		1	1	0.00	7,500.00
		Packet Totals:	**1**	**1**	**0.00**	**7,500.00**

Cash Fund Summary

Fund	Name		Amount
999	Pooled Cash		-7,500.00
		Packet Totals:	**-7,500.00**

Clearlake, CA

Check Register

Packet: APPKT00637 - 6/17/21 AP Check Run AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
001897	AIRMEDCARE NETWORK	06/17/2021	Regular	0.00	44.00	10863
000101	AMERIGAS	06/17/2021	Regular	0.00	2,752.06	10864
000085	ARAMARK UNIFORM SERVICES	06/17/2021	Regular	0.00	49.31	10865
VEN01156	AVENGER FIBERGLASS MFG. CO,INC	06/17/2021	Regular	0.00	8,495.48	10866
000068	BOB'S JANITORIAL	06/17/2021	Regular	0.00	35.89	10867
2404	CALTRONICS	06/17/2021	Regular	0.00	561.88	10868
000451	CLEARLAKE LAVA	06/17/2021	Regular	0.00	438.71	10869
VEN01109	COMMAND COMMUNICATIONS	06/17/2021	Regular	0.00	43,379.10	10870
000160	DEPT OF JUSTICE	06/17/2021	Regular	0.00	455.00	10871
001328	DIGITAL LOGGERS, INC	06/17/2021	Regular	0.00	4,451.52	10872
001199	EUREKA OXYGEN CO	06/17/2021	Regular	0.00	37.86	10873
000241	GALL'S LLC	06/17/2021	Regular	0.00	373.48	10874
000121	HIGHLANDS WATER COMPANY	06/17/2021	Regular	0.00	2,379.91	10875
000123	IACP MEMBERSHIP POLICY CENTER	06/17/2021	Regular	0.00	190.00	10876
000008	INTERNAL REVENUE SERVICE	06/17/2021	Regular	0.00	129.07	10877
001760	LAKESHORE LIONS	06/17/2021	Regular	0.00	2,500.00	10878
VEN01165	M&C BLISS ENTERPRISES INC	06/17/2021	Regular	0.00	3,645.32	10879
001489	NAPA AUTO PARTS	06/17/2021	Regular	0.00	15.41	10880
001913	OCCU-MED LTD	06/17/2021	Regular	0.00	1,033.00	10881
002242	PARODI INVESTIGATIVE SOLUTIONS, L	06/17/2021	Regular	0.00	190.00	10882
001843	PG&E CFM	06/17/2021	Regular	0.00	4,629.38	10883
	Void	06/17/2021	Regular	0.00	0.00	10884
000130	PITNEY BOWES	06/17/2021	Regular	0.00	701.68	10885
000127	PORAC LEGAL DEFENSE FUND	06/17/2021	Regular	0.00	1,059.75	10886
002031	REDWOOD COAST FUELS	06/17/2021	Regular	0.00	2,941.41	10887
001432	SUN RIDGE SYSTEMS (RIMS)	06/17/2021	Regular	0.00	14,450.00	10888
001812	SUTTER HEALTH	06/17/2021	Regular	0.00	25.00	10889
002338	THE BLACKROCK GROUP	06/17/2021	Regular	0.00	4,386.05	10890
VEN01164	TOTAL EQUIPMENT & RENTAL OF CON	06/17/2021	Regular	0.00	8,890.50	10891

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	34	28	0.00	108,240.77
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	34	**29**	**0.00**	**108,240.77**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	6/2021	108,240.77
			108,240.77

Clearlake, CA

Check Register

Packet: APPKT00644 - 6/22/21 A & B Collision for PW Truck AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
001300	A & B COLLISION	06/22/2021	Regular	0.00	3,190.58	10892

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	1	1	0.00	3,190.58
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	1	**1**	**0.00**	**3,190.58**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	6/2021	3,190.58
			3,190.58

Clearlake, CA

Check Register

Packet: APPKT00645 - 6/24/21 AP Check Run AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
001138	ADVENTIST HEALTH	06/24/2021	Regular	0.00	790.00	10893
001423	ALLIANT INSURANCE SERVICES, IN	06/24/2021	Regular	0.00	1,368.00	10894
000085	ARAMARK UNIFORM SERVICES	06/24/2021	Regular	0.00	49.31	10895
001397	AT&T CALNET 3	06/24/2021	Regular	0.00	45.65	10896
001397	AT&T CALNET 3	06/24/2021	Regular	0.00	824.86	10897
001397	AT&T CALNET 3	06/24/2021	Regular	0.00	197.21	10898
000068	BOB'S JANITORIAL	06/24/2021	Regular	0.00	141.30	10899
002162	CALIFORNIA ENGINEERING	06/24/2021	Regular	0.00	61,646.43	10900
000024	CLEARLAKE POLICE ASSOCIATION	06/24/2021	Regular	0.00	1,562.50	10901
000073	EASTLAKE SANITARY LANDFILL	06/24/2021	Regular	0.00	105.10	10902
VEN01126	ECORP CONSULTING, INC	06/24/2021	Regular	0.00	18,109.98	10903
000096	GOLDEN STATE WATER COMPANY	06/24/2021	Regular	0.00	361.11	10904
002360	INTERWEST CONSULTING GROUP	06/24/2021	Regular	0.00	55.00	10905
000158	LAKE COUNTY SPECIAL DISTRICTS	06/24/2021	Regular	0.00	1,555.16	10906
VEN01048	Minnesota Life Insurance	06/24/2021	Regular	0.00	885.75	10907
001489	NAPA AUTO PARTS	06/24/2021	Regular	0.00	258.58	10908
000026	NATIONWIDE RETIREMENT SOLUTION	06/24/2021	Regular	0.00	1,131.86	10909
001392	OFFICE DEPOT	06/24/2021	Regular	0.00	94.58	10910
001843	PG&E CFM	06/24/2021	Regular	0.00	11,492.16	10911
VEN01110	SLK HOME SERVICES INC	06/24/2021	Regular	0.00	2,809.00	10912
001876	SYAR INDUSTRIES INC	06/24/2021	Regular	0.00	1,856.82	10913
000099	U.S. CELLULAR	06/24/2021	Regular	0.00	949.24	10914
2433	UNIVERSAL PRECAST CONCRETE	06/24/2021	Regular	0.00	48,677.81	10915
000708	VALIC LOCKBOX	06/24/2021	Regular	0.00	695.00	10916
000079	COLONIAL LIFE & ACCIDENT	06/23/2021	Bank Draft	0.00	3,902.36	DFT0000883

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	59	24	0.00	155,662.41
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	4	1	0.00	3,902.36
EFT's	0	0	0.00	0.00
	63	**25**	**0.00**	**159,564.77**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	6/2021	159,564.77
			159,564.77

Clearlake, CA

Check Register

Packet: APPKT00646 - 6/24/21 FD Relocation Bonus AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
VEN01166	KELCEY ANNE YOUNG	06/24/2021	Regular	0.00	5,000.00	10917

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	1	1	0.00	5,000.00
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	1	**1**	**0.00**	**5,000.00**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	6/2021	5,000.00
			5,000.00

Clearlake, CA

Check Register

Packet: APPKT00663 - 6/30/21 AP Check Run AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
VEN01085	ACC BUSINESS	06/30/2021	Regular	0.00	603.58	10918
VEN01168	ADAM J GIORDANO	06/30/2021	Regular	0.00	400.00	10919
VEN01155	AMERICA WILD, LLC	06/30/2021	Regular	0.00	8,784.00	10920
VEN01167	APCO INTERNATIONAL INC.	06/30/2021	Regular	0.00	1,625.66	10921
000085	ARAMARK UNIFORM SERVICES	06/30/2021	Regular	0.00	49.31	10922
001397	AT&T CALNET 3	06/30/2021	Regular	0.00	355.22	10923
VEN01156	AVENGER FIBERGLASS MFG. CO,INC	06/30/2021	Regular	0.00	8,495.48	10924
001418	B & G TIRES OF CLEARLAKE	06/30/2021	Regular	0.00	1,992.51	10925
000068	BOB'S JANITORIAL	06/30/2021	Regular	0.00	230.51	10926
VEN01169	BROOK JOINER WALSH aka BROOKLYN	06/30/2021	Regular	0.00	10,000.00	10927
001293	CDW GOVERNMENT	06/30/2021	Regular	0.00	4,433.37	10928
002124	CK FITNESS	06/30/2021	Regular	0.00	130.00	10929
000024	CLEARLAKE POLICE ASSOCIATION	06/30/2021	Regular	0.00	1,500.00	10930
VEN01162	DAVID R. SILVA	06/30/2021	Regular	0.00	2,320.00	10931
002327	DEBRA SALLY D.V.M.	06/30/2021	Regular	0.00	512.50	10932
001684	DENISE LOUSTALOT	06/30/2021	Regular	0.00	150.00	10933
000004	EDWARD A ROBEY JR	06/30/2021	Regular	0.00	150.00	10934
000752	ENERGY MIZER OF SONOMA VALLEY	06/30/2021	Regular	0.00	105.49	10935
000851	ENTERPRISE TOWING	06/30/2021	Regular	0.00	1,275.00	10936
000495	FRANK HAAS	06/30/2021	Regular	0.00	580.00	10937
000241	GALL'S LLC	06/30/2021	Regular	0.00	196.72	10938
VEN01136	HUMBOLDT STATE UNIVERSITY SPONS	06/30/2021	Regular	0.00	7,246.67	10939
000026	NATIONWIDE RETIREMENT SOLUTION	06/30/2021	Regular	0.00	1,106.86	10940
001392	OFFICE DEPOT	06/30/2021	Regular	0.00	105.41	10941
000027	OPERATING ENGINEERS PUBLIC EMP	06/30/2021	Regular	0.00	63,045.00	10942
002357	PARTY RENTAL LAKE EVENT DESIGN	06/30/2021	Regular	0.00	1,642.00	10943
001536	PRECISION WIRELESS SERVICES	06/30/2021	Regular	0.00	3,313.19	10944
002376	ROBERT DEWALT	06/30/2021	Regular	0.00	200.00	10945
VEN01171	SKIP'S MUSIC INC.	06/30/2021	Regular	0.00	310.00	10946
002375	THOMAS DEWALT	06/30/2021	Regular	0.00	800.00	10947
VEN01161	TIM J. MANAS	06/30/2021	Regular	0.00	3,297.00	10948
001934	TINA VIRAMONTES	06/30/2021	Regular	0.00	121.72	10949
001540	US BANK CORPORATE PMT. SYSTEM	06/30/2021	Regular	0.00	15,557.53	10950
	Void	06/30/2021	Regular	0.00	0.00	10951
	Void	06/30/2021	Regular	0.00	0.00	10952
	Void	06/30/2021	Regular	0.00	0.00	10953
	Void	06/30/2021	Regular	0.00	0.00	10954
000708	VALIC LOCKBOX	06/30/2021	Regular	0.00	695.00	10955
2417	VAN LANT & FANKHANEL, LLP	06/30/2021	Regular	0.00	16,150.00	10956
002264	WEX BANK	06/30/2021	Regular	0.00	9,599.61	10957

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	117	36	0.00	167,079.34
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	117	**40**	**0.00**	**167,079.34**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	6/2021	167,079.34
			167,079.34

Clearlake, CA

Check Register

Packet: APPKT00682 - 7/8/21 AP Check Run AA

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-Accounts Payable						
000591	ACTION SANITARY	07/08/2021	Regular	0.00	609.00	10960
002353	ALL IN ONE AUTO	07/08/2021	Regular	0.00	11,876.00	10961
000085	ARAMARK UNIFORM SERVICES	07/08/2021	Regular	0.00	49.31	10962
2404	CALTRONICS	07/08/2021	Regular	0.00	117.76	10963
001293	CDW GOVERNMENT	07/08/2021	Regular	0.00	363.44	10964
000218	CLEARLAKE VETERINARY CLINIC	07/08/2021	Regular	0.00	195.07	10965
001424	CLEARLAKE WASTE SOLUTIONS.	07/08/2021	Regular	0.00	11,241.00	10966
002083	COUNTY OF LAKE WATER RESOURCES	07/08/2021	Regular	0.00	302.00	10967
000447	CREATIVE FORMS & CONCEPTS	07/08/2021	Regular	0.00	379.86	10968
002217	CSAC EXCESS INS AUTHORITY	07/08/2021	Regular	0.00	1,445.40	10969
002392	DE LAGE LANDEN PUBLIC FINANCE	07/08/2021	Regular	0.00	829.68	10970
000774	DEEP VALLEY SECURITY	07/08/2021	Regular	0.00	181.75	10971
000851	ENTERPRISE TOWING	07/08/2021	Regular	0.00	10,650.00	10972
001732	GARY PRICE CONSULTING SERVICES	07/08/2021	Regular	0.00	5,445.00	10973
001336	GO FOR IT JANITORIAL	07/08/2021	Regular	0.00	1,195.00	10974
002070	GOVERNMENTJOBS.COM INC	07/08/2021	Regular	0.00	10,147.04	10975
000797	GRANITE CONSTRUCTION	07/08/2021	Regular	0.00	126,385.94	10976
000121	HIGHLANDS WATER COMPANY	07/08/2021	Regular	0.00	7,300.01	10977
001419	KELSEYVILLE AUTO SALVAGE	07/08/2021	Regular	0.00	4,135.00	10978
VEN01172	KIMBERLY MIINCH	07/08/2021	Regular	0.00	8,109.11	10979
002112	LAKE APC	07/08/2021	Regular	0.00	5,560.65	10980
001460	LEXIPOL LLC	07/08/2021	Regular	0.00	15,467.40	10981
000793	MEDIACOM	07/08/2021	Regular	0.00	5.25	10982
VEN01055	NORCAL KENTWORTH ANDERSON	07/08/2021	Regular	0.00	1,274.48	10983
001392	OFFICE DEPOT	07/08/2021	Regular	0.00	198.36	10984
VEN01098	PAVEMENT COATINGS CO.	07/08/2021	Regular	0.00	325,477.60	10985
002061	PLEXUS GLOBAL LLC	07/08/2021	Regular	0.00	51.95	10986
002260	PSYCHOLOGICAL RESOURCES INC	07/08/2021	Regular	0.00	530.00	10987
001538	REGIONAL GOVERNMENT SERVICES	07/08/2021	Regular	0.00	7,204.90	10988
VEN01174	STEVE ROBINSON	07/08/2021	Regular	0.00	75.00	10989
001934	TINA VIRAMONTES	07/08/2021	Regular	0.00	173.98	10990
001540	US BANK CORPORATE PMT. SYSTEM	07/08/2021	Regular	0.00	6,782.30	10991
	Void	07/08/2021	Regular	0.00	0.00	10992

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	74	32	0.00	563,759.24
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	74	**33**	**0.00**	**563,759.24**

Fund Summary

Fund	Name	Period	Amount
999	Pooled Cash	7/2021	563,759.24
			563,759.24

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject: Award of contract for Design Services for Phase 1 of the Burns Valley Development Project

Date: July 6, 2021

Reviewed & Approved:

From: Adeline Brown, Engineer Tech

Recommended Action: Authorize the City Manager to execute a contract with California Engineering Company for an amount not to exceed $120,704.00

ISSUE STATEMENT AND DISCUSSION:

The City has solicited a proposal to retain services for engineering and design work related to Phase I and II for the Burns Valley Development Project. This will include surveying, grading plans, and detention basin design work. On June 1, 2021, staff evaluated the proposal received from California Engineering Company. It was the consensus of staff that California Engineering Company provided a qualified, cost-effective proposal for performing the services within the budget and desired schedule. The cost of the proposal is as follows:

California Engineering Company $120,704.00

This proposal includes site topographic surveying and mapping, geotechnical investigations and civil engineering plans for the Burns Valley Development Project.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no policy implications with this recommendation. Funding for this project is available with local funding.

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

CIVIL ENGINEERING
LAND SURVEYING
FUNDING PROCUREMENT
CONSTRUCTION ADMINISTRATION
www.cecusa.net

Main Office
1110 Civic Center Blvd., Suite 404
Yuba City, CA 95993
(530) 751-0952

May 26, 2021

City of Clearlake
14050 Olympic Drive
Clearlake, Ca. 95422

Attention: Dale Goodman, Public Works Director

Subject: 19-933, Burns Valley Development Project

Dear Dale:

We are pleased to submit this proposal for Engineering and Surveying Services to the City of Clearlake for the Burns Valley Development Project. We have prepared our proposal herein with the following understanding and considerations:

1.) Preparation of initial and ongoing site planning
2.) We have personally conducted a numerous site visits
3.) We have completed the preliminary surveying, and assisted the City with tree removal contract
4.) We subcontracted the Biological Resources, Cultural Resources and Geotechnical Reports on behalf of the City.

We are intimately familiar with all aspects of the project, including future plans as it relates to the PW shop building and construction of the recreation center.

I have prepared the attached memo that outlines the work scope and attached budget estimate for your consideration.

Kind Regards,

David L. Swartz, PE, PLS, QSD, QSP
Chief Executive Officer

California Engineering Company, Inc. (CEC)
1110 Civic Center Blvd., Suite 404
Yuba City, CA 95993
(530) 751-0952
(530) 751-0953 Fax
Email: swartz@cecusa.net

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

CIVIL ENGINEERING
LAND SURVEYING
FUNDING PROCUREMENT
CONSTRUCTION ADMINISTRATION
www.cecusa.net

Main Office
1110 Civic Center Blvd., Suite 404
Yuba City, CA 95993
(530) 751-0952

CITY OF CLEARLAKE
Burns Valley Development Project
Work Scope and Cost Proposal

Original April 15th, 2021; Updated 5/24/2021

The work scope herein is based on work that is ongoing with the development of the site planning for the entire project. This work is for portions of Phase I and Phase II, in that the overall master grading plan will be developed for both phases in order to balance the earthwork requirements and eliminate the potential for additional costs of import or exporting material and to re-establish the detention basin. This work scope includes a 4 days of topographic surveying, and one day of boundary surveying and preparing and recording a record of survey map on the property as currently subdivided. Engineering work related to phase II will be limited to the master site planning in combination with the landscape architect, master grading plan, and detention basin design work. We have some time allowance for work related to Phase II in the detailed development of a site plan with City Staff and the land scape architect, Greg Melton. All other work will be specific to Phase I.

Phase I and Phase II are delineated on the attached figure.

Phase I work will be engineering services to fully develop the entryway road, parking area, coffee kiosk, intersection design, roadway, pedestrian, and grading plans for the Public Works area. This includes surface improvements and providing design services for wet utilities to serve the site and future public works shop, and includes coordinating and design sub-consultants when appropriate for dry utilities. Phase I work scope is still a bit dynamic, and as such we have an allowance built into this work scope for changes/modifications. Phase I work scope does not include any structural design work for a new shop, as typically the metal building manufacturers will provide the design and calculations for these types of buildings. We have include within this work scope assistance with bidding for a new PW metal shop building, and providing the structural design for the concrete foundation of the building. Once a building is selected, the City can contract directly with an electrical and mechanical engineer to complete the design of interior improvements.

Design work scope items and costs are outlined on the attached spreadsheet which we would also use as the contract billing spreadsheet. Note: Geotechnical Engineering work related to design was completed by NV5 in November of 2020. Biological Resources Assessment and Cultural Resources were completed for this project in March 2021 by ECORP and Greg White. Also Note: that while a biological resources preliminary study was completed, a follow-up focused study could be done along the creek area to define the actual limits of any biological resources.

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

Task Number	Work Scope Task	Totals
	20-717 Public Works Site Planning	
	Civil Construction Documents - Site Preparation - Phase I	
1	Civil Construction Documents	$35,803.50
2	Dry utilities coordination and Electrical Subconsultant	$19,866.00
3	Engineer's estimate	$4,432.50
4	Topographic and boundary (Includes Record of Survey Map)	$13,970.00
5	Well testing - to be contracted by the City - Coordinatin Only	$0.00
6	Bid documents/specifications	$5,910.00
7	Geotechncial Engineering - Previously completed	$0.00
8	LID requirements	$3,355.00
9	SWPPP	$7,412.00
10	Landscape architect - to be contracted by the City - Coordination Only	$0.00
11	QA/QC	$7,510.00
12	Design Change Allowances - May or May Not be necessary.	$3,866.00
	Subtotal Dollars	$102,125.00
	Phase II Site Preparation Work	
1	Phase II Master Rough Grading Plan and Earthwork Balance	$4,297.00
2	Phase II Site Planning and Layout (2 additional revisions)	$5,048.00
3	Phase II Coordination with Affordable Homes Project	$2,684.00
4	Drainage Study Entire Project and Detention Basin Design	$6,550.00
		$0.00
		$0.00
	Note: No Street work or any utility design work is included with Phase II other than	$0.00
	utility stubs to the property area.	$0.00
	Subtotal Dollars	$18,579.00
	Total Project Estimate	$120,704.00

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject: Award of contract for Design Services for the Dam Road Extension and South Center Drive Improvement Project

Date: July 6, 2021

Reviewed & Approved:

From: Adeline Brown, Engineer Tech

Recommended Action: Authorize the City Manager to execute a contract with California Engineering Company for an amount not to exceed $70,160.68

ISSUE STATEMENT AND DISCUSSION:

The City received a grant through the Caltrans Active Transportation Program application for the installation of curb, gutter, and sidewalk improvements in the City of Clearlake and solicited a proposal to retain services for surveying and design, for the City's Dam Road Extension and South Center Drive Improvement Project. On June 1, 2021, staff evaluated the proposal received from California Engineering Company. It was the consensus of staff that California Engineering Company provided a qualified, cost-effective proposal for performing the services within the budget and desired schedule. The cost of the proposal is as follows:

California Engineering Company $70,160.68

This proposal includes site topographic surveying and mapping, geotechnical investigations and civil engineering plans for the Dam Road Extension and South Center Drive Improvement Project.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no policy implications with this recommendation. Funding for this project is available using $997,000 of grant funding awarded by the California Transportation Commission.

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

CIVIL ENGINEERING
LAND SURVEYING
FUNDING PROCUREMENT
CONSTRUCTION ADMINISTRATION
www.cecusa.net

Main Office
1110 Civic Center Blvd.,
Suite 404
Yuba City, CA 95993
(530) 751-0952

May 28, 2021

City of Clearlake
14050 Olympic Drive
Clearlake, CA 95422

Attention: Dale Goodman, Public Works Director

Subject: 21-967 Clearlake Dam Road Extension & South Center Drive Improvement Project

Dear Dale:

We are pleased to submit this proposal for Engineering and Surveying Services to the City of Clearlake for the Active Transportation Program (ATP) Dam Road Extension & South Center Drive Improvement Project.

We have prepared our proposal with the understanding and considerations that we actively participated with Lake APC Staff in procuring this grant by providing exhibit documents and cost estimates, along with some of the grant language related to the pedestrian traffic. This project was a competitive grant the City Received from Cal Trans and is entirely funded by the ATP program. All costs outlined in our proposal are reimbursable to the City. We have walked the site numerous times and very familiar with the local conditions. Furthermore, our plans will be completed such that the improvements are coordinated with the upcoming transportation facility that is going to be built shortly after the cities project, by Lake County Transit.

Please see below for the scope of work:

1. Topographic surveying and mapping
2. Geotechnical Investigation
3. 100% Civil Engineered Plan Set
4. Contract Documents- Front End and Technical Specifications
5. Bid Support
6. Construction Administration – Please note, for purposes of this work we have assumed that Adeline Brown will be doing the daily inspections.

I have prepared the attached budget estimate for your consideration.

Kind Regards,

David L. Swartz, PE, PLS, QSD, QSP
Chief Executive Officer

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

Task Number	Work Scope Task-Budget Work Sheet Dam Road Extension South Center Drive 2021 City of Clearlake Rates	BUDGET
	Phase I	
1	Surveying Research/Mapping/Control Setup and Survey Calculations	$2,924.44
2	Setup Control for Surveying Office Calculations	$1,754.66
3	Field Surveing - Establish Control for Project	$1,462.22
4	Field Surveying - Topographic and Boundary	$7,018.66
5	Geotechnical Investigation- Subconsultant	$5,814.62
6	Drainage Study	$1,759.14
7	Specific Recommendations for Rehab of Areas	$962.82
8	Base mapping for project from survey data- incl. boundary and ROW	$4,386.66
9	Environmental Assessment/CEQA/Findings/Filings - By City Staff	$0.00
10	Phase I Engineers Cost Estimate	$1,492.47
11	QA/QC	$1,365.12
	Subtotal Dollars	$28,940.81
	Phase II - 65%	
1	Civil Engineering Plans 65%	$4,148.10
2	Drainage Design Improvements	$2,422.26
3	Contract Documents (Front End/ Technical)	$3,985.22
4	Engineers Estimate Cost 65%	$1,864.84
5	Review	$836.80
6	QA/QC	$1,392.31
	Subtotal Dollars	$14,649.52
	Phase III - 100%	
1	Civil Engineering Plans 100%	$4,340.66
2	Drainage Design Improvements	$1,181.45
3	Contract Documents (Front End/ Technical)	$1,977.77
4	Engineers Estimate Cost 100%	$925.90
5	Review	$879.57
6	QA/QC	$2,036.54
		$0.00
	Subtotal Dollars	$11,341.89
	Phase IV	
1	Bidding Project - RFI's/ Prebid Meeting/Addendums/Bid Opening/Analysis	$2,916.11
2	Construction Administration - Incl weekly site visits and weekly meetings	$8,035.26
3	Construction Observation - daily BY CITY STAFF	$0.00
4	Contractor RFI's/clairifications/CCO's	$2,645.92
5	Final Inspection/Punchlist	$1,631.17
	Subtotal Dollars	$15,228.46
	Totals Both Engineeering and Some Construction Administration	$70,160.68

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject: Award of contract for Design Services for the Second and Modoc Pavement Rehabilitation Project

Date: July 6, 2021

Reviewed & Approved:

From: Adeline Brown, Engineer Tech

Recommended Action: Authorize the City Manager to execute a contract with California Engineering Company for an amount not to exceed $55,723.66 for the 2nd and Modoc Road Rehabilitation Project.

ISSUE STATEMENT AND DISCUSSION:

The City received SB1 funding through the Local Partnership Program and solicited a proposal to retain services for surveying and design, for the City's Second and Modoc Pavement Rehabilitation Project. On June 1, 2021, staff evaluated the proposal received from California Engineering Company. It was the consensus of staff that California Engineering Company provided a qualified, cost-effective proposal for performing the services within the budget and desired schedule. The cost of the proposal is as follows:

California Engineering Company $55,723.66

This proposal includes site topographic surveying and mapping, geotechnical investigations and civil engineering plans for Second and Modoc Pavement Rehabilitation Project.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no policy implications with this recommendation. Funding for this project is available using $200,000 of SB1 funding and supplemented by Measure V Funds.

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

CIVIL ENGINEERING
LAND SURVEYING
FUNDING PROCUREMENT
CONSTRUCTION ADMINISTRATION
www.cecusa.net

Main Office
1110 Civic Center Blvd.,
Suite 404
Yuba City, CA 95993
(530) 751-0952

June 1, 2021

City of Clearlake
14050 Olympic Drive
Clearlake, CA 95422

Attention: Dale Goodman, Public Works Director

Subject: 21-966 Clearlake LPP- 2nd/Modoc Roadway Improvement Project

Dear Dale:

We are pleased to submit this proposal for Engineering and Surveying Services to the City of Clearlake for the Local Partnership Program (LPP) 2nd/Modoc Roadway Improvement Project.

We have prepared our proposal with the understanding and considerations that we completed a project site walk provided support to Adeline for the STIP Allocation Request for approximately @200K for the City to submit to Caltrans for funding. Additionally this project funding is being supplemented with the Measure V funds (budgeted $406K), thus leveraging the STIP funds. The engineering work herein was budgeted through the STIP process, so all Measure V project funds will be dedicated to construction on this project.

Please see below for the scope of work:

1. Topographic surveying and mapping
2. Geotechnical Investigation
3. 100% Civil Engineered Plan Set
4. Contract Documents- Front End and Technical Specifications
5. Bid Support
6. Construction Administration – Note: we have assumed daily inspection to be done by Adeline at this time.

I have prepared the attached budget estimate for your consideration.

Kind Regards,

David L. Swartz, PE, PLS, QSD, QSP
Chief Executive Officer

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996

Task Number	Work Scope Task-Budget Work Sheet	
	LPP- 2nd/ Modoc	BUDGET
	2021City of Clearlake Rates	
	Phase I	
1	Surveying Research/Mapping/Control Setup and Survey Calculations	$2,193.33
2	Setup Control for Surveying Office Calculations	$1,462.22
3	Field Surveing - Establish Control for Project	$1,462.22
4	Field Surveying - Topographic and Boundary	$5,848.88
5	Geotechnical Investigation- Subconsultant	$4,017.48
6	Drainage Study	$1,759.14
7	Specific Recommendations for Rehab of Areas	$962.82
8	Base mapping for project from survey data- incl. boundary and ROW	$4,386.66
9	Environmental Assessment/CEQA/Findings/Filings - By City Staff	$0.00
10	Phase I Engineers Cost Estimate	$1,492.47
11	QA/QC	$1,154.26
	Subtotal Dollars	$24,739.48
	Phase II - 65%	
1	Civil Engineering Plans 65%	$3,351.78
2	Drainage Design Improvements	$2,581.52
3	Contract Documents (Front End/ Technical)	$2,074.05
4	Engineers Estimate Cost 65%	$1,785.20
5	Review	$729.42
6	QA/QC	$1,177.56
	Subtotal Dollars	$11,699.55
	Phase III - 100%	
1	Civil Engineering Plans 100%	$3,351.78
2	Drainage Design Improvements	$1,785.20
3	Contract Documents (Front End/ Technical)	$2,074.05
4	Engineers Estimate Cost 100%	$829.62
5	Review	$590.72
6	QA/QC	$536.86
		$0.00
	Subtotal Dollars	$9,168.24
	Phase IV	
1	Bidding Project - RFI's/ Prebid Meeting/Addendums/Bid Opening/Analysis	$2,434.70
2	Construction Administration - Incl weekly site visits and weekly meetings	$4,073.08
3	Construction Observation - daily BY CITY STAFF	$0.00
4	Contractor RFI's/clairifications/CCO's	$1,897.84
5	Final Inspection/Punchlist	$1,710.78
	Subtotal Dollars	$10,116.40
	Totals Both Engineeering and Some Construction Administration	$55,723.66

CITY OF CLEARLAKE
MAYOR'S APPOINTMENTS

ABANDONED VEHICLE AUTHORITY

Lake County Building Department
Code Enforcement Division
255 No. Forbes St.
Lakeport, CA 95453
263-2309

Russ Perdock, Member
David Claffey, Alternate

MEETS: Third Wednesday of the month at 1 PM; alternating Clearlake/Lakeport

SEWER DISTRICT 1-6 ADVISORY BOARD

Lake County Special Districts
Attn: Administrator
230 No. Main St.
Lakeport, CA 95453
263-0119

Dirk Slooten, Member

As needed

RESOURCE MGMT COMMITTEE

Lake County Water Resources Department
Director
255 No. Forbes St.
Lakeport, CA 95453
263-2341

Joyce Overton, Member
David Claffey, Alternate

As needed

INTEGRATED WASTE MANAGEMENT TASK FORCE/SOLID WASTE DIVERSION COMMITTEE & CLEARLAKE SOLID WASTE COMMITTEE

Lake County Public Services
Director
333 – Second Street
Lakeport, CA 95453
262-1760

Russ Perdock, Member
David Claffey, Alternate

As needed

VECTOR CONTROL BOARD OF TRUSTEES (4 year term – expires 2023)

Jamesina J. Scott, Director

P.O. Box 310
Lakeport, CA 95453

Curt Giambruno

2nd Wed. of the mo.
1:30 p.m.

One member is chosen by each incorporated City, and three members are chosen by the Board of Supervisors, for a total of five members.

P.E.G. BOARD

14050 Olympic Drive
Clearlake, CA 95422

David Claffey, Member
Russ Perdock, Alternate

2nd Mon of the mo. at 6:00 p.m. alternating in Clearlake/Lakeport

TRAFFIC SAFETY COMMITTEE

Resolution 2019-46

Meets Quarterly/As Needed

Joyce Overton, Member
Russ Perdock, Alternate
City Engineer, Member
Public Works Director or designee
Clearlake Police Department representative
Lake County Fire Protection District representative
Sheryl Almon, Public Member

LEAGUE OF CALIFORNIA CITIES, REDWOOD EMPIRE DIVISION

Division Business Meeting and Legislative Committee — Joyce Overton, Member; Russ Cremer, Alternate

AREA PLANNING COUNCIL (APC)/TRANSIT AUTHORITY

Lisa Davey-Bates, Executive Director
367 N. State Street, Suite 204
Ukiah, CA 95482
234-3314

City Representative
Russ Perdock, Member
Russ Cremer, Member
Dirk Slooten, Alternate

Meets 2nd Wed of mo.
9:00 a.m alternating in Lower Lake and Lakeport

LAKE COUNTY CLEAN WATER PROGRAM ADVISORY COUNCIL
(NPDES-National Pollutant Discharge Elimination System)

Lake County Water Resources Department
Director
255 No. Forbes St.
Lakeport, CA 95453
263-2341

Public Works Department Representative, Member
TBD, Alternate

Meets as needed

LAKE COUNTY WATERSHED PROTECTION DISTRICT MANAGEMENT COUNCIL
(NPDES-National Pollutant Discharge Elimination System)

Lake County Water Resources Department
Director
255 No. Forbes St.
Lakeport, CA 95453
263-2341

Joyce Overton (2021 Calendar Year)

Meets as needed

CLEARLAKE PLANNING COMMISSION

(4 Year Staggered Terms Expiring in Odd Numbered Years)

Meets the 2nd and 4th Tues of the mo. at 6:00 p.m.

Name	Appointed	Term Expiration
Fawn Williams	11/03/20	03/11/25
Kathryn Davis	06/19/18	03/11/25
Robert Coker	08/21/18	03/11/25
Lisa Wilson	02/19/19	03/11/23
Erin McCarrick	05/05/20	03/11/23

ZONING CODE UPDATE/DESIGN REVIEW MANUAL STEERING COMMITTEE

Meets as needed
Wednesdays at 6:00 p.m.

Dirk Slooten, Councilmember
Planning Commissioner Appointee
Planning Commissioner Appointee
Dave Hughes, community member
Bob Mingori, community member
Chuck Leonard, community member

MEASURE V CITIZEN OVERSIGHT COMMITTEE
Resolution Nos. 2017-07; 2021-18 Meets annually in October

Ray Silva	Appointed by David Claffey	2020-2024
Conrad Colbrandt	Appointed by Russ Perdock	2020-2024
Jim Scholz	Appointed by Joyce Overton	2020-2024
Sheryl Almon, Member	Appointed by Russ Cremer	2018-2022
Bruno Sabatier, Member	Appointed by Dirk Slooten	2018-2022

CLEARLAKE MARKETING COMMITTEE

Meets the 3rd Wed of the mo. at 2:00 p.m.

David Claffey, Councilmember
Joyce Overton, Councilmember
Susan Bloomquist, Community Member
Clear Lake Chamber of Commerce Representative
Stephanie Codling, Community Member

APPOINTED BY MAYORS' SELECTION COMMITTEE:

(The following are recommended appointments from the Mayor to the Mayors' Selection Committee that will make the final appointments)

Lake Local Agency Formation Commission (4 Yr Term: 1/1/19 – 1/1/23)
NOTE: APPOINTED BY MAYORS' SELECTION COMMITTEE

John Benoit, Executive Director
P.O. Box 2694
Granite Bay, CA 95746
707-592-7528
(916) 797-7631 FAX
johnbenoit@surewest.net
jbenoit@icloud.com

Dirk Slooten, Member
Russ Perdock, Alternate

Meets 3rd Wed. at 9:00 a.m. alternating in Clearlake/Lakeport

LAKE COUNTY AIRPORT LAND USE COMMISSION

Lake County Planning Department
255 No. Forbes St.
Lakeport, CA 95453
263-2221

Russ Cremer, Member
Dirk Slooten, Alternate

Meets as needed

MAYORS' SELECTION COMMITTEE

Chairman of the Board of Supervisors
City of Clearlake Mayor
City of Lakeport Mayor
Staff: Carol Huchingson, County Administrator
County of Lake
255 No. Forbes St
Lakeport, CA. 95453

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Subject:	Notification of Expiring Committee Appointments	**Date:** July 9, 2021
From:	Melissa Swanson, Administrative Services Director/City Clerk	**Reviewed & Approved:**

Recommended Action: Receive and file

ISSUE STATEMENT AND DISCUSSION:

The annual listing of Mayor's Appointments is attached for your Council review per the Council Norms and Procedures.

FINANCIAL AND/OR POLICY IMPLICATIONS:
None.

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

Subject: Continuation of Declaration of Local Emergency Issued on March 14, 2020 and Ratified by Council Action March 19, 2020

Reviewed & Approved:

From: Melissa Swanson, Administrative Services Director/City Clerk

Recommended Action: By motion keep declaration of emergency active and set next review in sixty days

ISSUE STATEMENT AND DISCUSSION:

On March 13, 2020 City Manager Flora, as the Director of Emergency Services for the City of Clearlake, declared in the attached Proclamation by the Director of Emergency Services Declaring a Local Emergency due to the state and federal declaration of the COVID-19/Coronavirus pandemic:

"That conditions of disaster or extreme peril to the safety of the persons and property have within the City that are likely to be beyond the control of the services, personnel, equipment, and facilities of the City"

According to California Government Code Section 8630:

(a) A local emergency may be proclaimed only by the governing body of a city, county, or city and county, or by an official designated by ordinance adopted by that governing body.

(b) Whenever a local emergency is proclaimed by an official designated by ordinance, the local emergency shall not remain in effect for a period in excess of seven days unless it has been ratified by the governing body.

(c) The governing body shall review the need for continuing the local emergency at least once every 30 days until the governing body terminates the local emergency.

(d) The governing body shall proclaim the termination of the local emergency at the earliest possible date that conditions warrant.

On March 19th, 2020, the Council ratified the Proclamation of the Local Emergency by adoption of Resolution No. 2020-10. The Council must continue the Proclamation every 60 days or terminate the local emergency.

It is recommended that the City Council again continue the Proclamation of Emergency ratified in Resolution No. 2020-10 and review the status of the Proclamation again within 60 days.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There is potential for recovery of costs by the City due to the declared state of emergency.

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

Subject:	Continuation of Declaration of Local Emergency Issued on October 9, 2017 and Ratified by Council Action October 12, 2017	**Reviewed & Approved:**
From:	Melissa Swanson, Administrative Services Director/City Clerk	
Recommended Action:	By motion keep declaration of emergency active and set next review in 30 days	

ISSUE STATEMENT AND DISCUSSION:

On October 9th, 2017, former City Manager Folsom, as the Director of Emergency Services for the City of Clearlake, declared in a Proclamation by the Director of Emergency Services Declaring a Local Emergency:

> "That conditions of extreme peril to the safety of the persons and property have arisen within the City of Clearlake caused by the wildfire on October 9th, 2017."

According to California Government Code Section 8630:

> (a) A local emergency may be proclaimed only by the governing body of a city, county, or city and county, or by an official designated by ordinance adopted by that governing body.
>
> (b) Whenever a local emergency is proclaimed by an official designated by ordinance, the local emergency shall not remain in effect for a period in excess of seven days unless it has been ratified by the governing body.
>
> (c) The governing body shall review the need for continuing the local emergency at least once every 30 days until the governing body terminates the local emergency.
>
> (d) The governing body shall proclaim the termination of the local emergency at the earliest possible date that conditions warrant.

On October 12th the Council ratified the Proclamation of the Local Emergency by adoption of Resolution No. 2017-78. The Council must continue the Proclamation every 30 days or terminate the local emergency.

It is recommended that the City Council again continue the Proclamation of Emergency ratified in Resolution No. 2017-78 and review the status of the Proclamation again within 30 days.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There is potential for recovery of costs by the City due to the declared state of emergency.

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Approval of the Sole Source Purchase of a Seat Wall from Universal Precast	**Date:** July 6, 2021
From:	Adeline Brown, Engineer Tech	**Reviewed & Approved:**

Recommended Action: Adoption of Resolution 2021-36 and Approval of Sole Source Purchase of a Seat Wall from Universal Precast

ISSUE STATEMENT AND DISCUSSION:

In April 2021, the City Council authorized the award of contract for the Austin Park Bus Stop Renovation & Promenade Improvement Project. As a part of the project, a seat wall was to be purchased separately. As there were limited options of vendors to choose from to design and cast in a timely manner and still be cost effective, Universal Precast was chosen to manufacture the product.

Staff is requesting the City Council ratify and authorize the purchase of a 330-foot seat wall from Universal Precast as a sole source purchase in the amount of $90,546.00.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no policy implications with this recommendation.

RESOLUTION NO. 2021-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE RATIFYING AND AUTHORIZING THE SOLE SOURCE PURCHASE OF A SEAT WALL FROM UNIVERSAL PRECAST

WHEREAS, on April 1, 2021, the City Council awarded a contract for the Austin Park Bus Stop Renovation & Promenade Improvement Project and

WHEREAS, staff has purchased items as a part of the project and is requesting City Council amend the purchase authority for these items and ratify the City Manager's purchase of same due to changes in both purchases following approval.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Clearlake amends the purchasing direction for a seat wall by increasing the purchase authority amount to not to exceed $90,546.00 and ratifies and authorizes the City Manager's entry into a purchase agreement with Universal Precast for said item; and

BE IT FURTHER RESOLVED that the City Council of the City of Clearlake hereby waives the competitive formal bidding process pursuant to Clearlake Municipal Code Section 3-4.5 for the purchase of the seat wall for a sole source purchase.

PASSED AND ADOPTED by the City Council of the City of Clearlake, County of Lake, State of California, on this 15th day of July 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:_____ _____
City Clerk Mayor

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Subject:	License Agreement with Pacific Gas and Electric Company (PG&E) for Use of the Clearlake Community Senior Center as a Customer Resource Center	**Date:** July 9, 2021 **Reviewed & Approved:**
From:	Melissa Swanson, Administrative Services Director/City Clerk	

Recommended Action: Approve agreement and authorize City Manager to sign

ISSUE STATEMENT AND DISCUSSION:

As your Council is aware, for the past several years, PG&E has instituted a program called Public Safety Power Shutoffs (PSPS) in response to severe weather events when fire threats are high. This includes a Red Flag Warning by the National Weather Service combined with humidity of 20% or below, and sustained wind speeds above 25 MPH and/or wind gusts above 45 MPH. During a PSPS, PG&E deenergizes power lines in the affected areas, sometimes for hours to possibly days.

To lessen the impact of a PSPS, PG&E has developed Customer Resource Centers (CRC) throughout their service areas to provide services for those affected by the loss of electricity in their home. CRCs provide restrooms, air-conditioning or heating, seating, ice, bottled water and other essentials during a PSPS.

In the past, the Clearlake Community Senior Center has served as a CRC during PSPS events. The previous agreement with PG&E for use of the Community Senior Center was a short-term agreement and has expired. PG&E and the City desire to enter into a longer-term agreement with defined terms and license area. Some details in this agreement include:

- Five year term
- Indoor and outdoor license area (see Exhibit A of License Agreement)
- Priority use of the Community Senior Center during a PSPS

The License Agreement allows for continued use of the facility by “concurrently scheduled community programs and events.” This includes the Highlands Senior Service Center providing

senior meals and Meals on Wheels, and the Shower Trailer Program by Adventist Health Clear Lake. These programs are guaranteed continuous operations during a PSPS event.

FINANCIAL AND/OR POLICY IMPLICATIONS:

The proposed license fee of $2500 per day for indoor space and $2000 per day for outdoor space will offset staff costs to clean and provide janitorial supplies per Section 9(b) of the agreement.

LICENSE AGREEMENT
(PUBLIC SAFETY POWER SHUTOFF)

This License Agreement ("**License Agreement**") is made and entered into this _____ day of _____, 2021 (the "**Effective Date**") by THE CITY OF CLEARLAKE, a governmental entity of the state of California, hereinafter called "**LICENSOR**," and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called "**PG&E**." PG&E and LICENSOR are sometimes hereinafter each singularly referred to as "PARTY" and collectively as "PARTIES".

R E C I T A L S:

A. LICENSOR leases the certain real property commonly known as Clearlake Community Senior Center, located at 3245 Bowers Avenue, Assessor's Parcel Number 039-36-302, hereinafter called the "**Property**," located in the City of Clearlake, County of Lake, State of California. The Property includes a parking lot ("**Parking Lot**") containing approximately 20+ parking spaces.

B. PG&E desires to partner with LICENSOR in connection with a Public Safety Power Shutoff Event ("**PSPS Event**"). For purposes of this License Agreement, a "**PSPS Event**" means the existence of one or more environmental conditions creating extreme fire danger that results in the shutoff of power for public safety. Examples of PSPS Events include but are not limited to red flag warnings issued by the United States National Weather Service, low humidity levels, high winds, and dry vegetation.

C. The PARTIES desire to memorialize this mutual understanding and agreement for making the Property available to PG&E in connection with a PSPS Event.

NOW, THEREFORE, for good and valuable consideration, LICENSOR and PG&E agree as follows:

1. Grant of License. Subject to the terms and conditions set forth in this License Agreement, LICENSOR grants PG&E, and its employees, contractors, agents, and representatives ("**PG&E's Representatives**") and PG&E's customers the right to use the License Area(s), described in **EXHIBIT A** attached hereto (the "**Indoor License Area**" and "**Outdoor License Area**"**)** and certain interior areas of the Property in connection with a PSPS Event, together with rights of ingress and egress to and from the License Area(s), and the right to use certain exterior areas of the Property as set forth below. All of the activities of PG&E and PG&E's Representatives pursuant to this License Agreement are referred to herein as "**PG&E's Activities**."

2. Use of License Area and Interior Common Areas of the Property. During Use Days (as defined in Section 5 below), PG&E and PG&E's Representatives and customers shall have the exclusive right to use the License Area, specifically the Multi-Purpose Room, as a customer resource center. If the Indoor License Area has been previously reserved for a special event, and the Outdoor License Area is available, PG&E may elect to use Outdoor License Area as a customer resource center. PG&E shall not operate an Indoor Customer Resource Center and Outdoor Customer Resource Center simultaneously. Services to be provided in the License Area

may include, among other things, providing PG&E customers with water and snacks and the ability to charge phones and get up-to-date information on outages. Previously scheduled community programs or events may occur in other rooms not part of the License Area during PSPS Events. PG&E shall not impede or restrict LICENSOR's or its invitee's use of routes of ingress and egress and shall conduct its activities to avoid conflicts and congestion with other concurrent events and uses at the Property.

(a) Indoor Customer Resource Center, Multi-Purpose Room. PG&E and PG&E's Representatives shall have the right to set up tables and chairs in the License Area. In addition to the exclusive use of the Indoor License Area, PG&E and PG&E's Representatives and customers shall have the nonexclusive right, during Use Days, to use lobbies, hallways, stairways, elevators, restrooms, and other interior common areas of the Property. PG&E and PG&E's Representatives shall also have the right to install temporary directional signage in the common areas of the Property.

(b) Outdoor Customer Resource Center, Parking Lot Area. PG&E and PG&E's Representatives shall have the right to set up tents with tables and seating, portable toilets, portable back-up generators, and install temporary fencing; park mobile vehicle units and other vehicles. PG&E and PG&E's Representatives shall also have the right to install temporary signage to direct customers to the License Area.

3. Staging Area; Parking.

(a) Staging Area. During Use Days, PG&E and PG&E's Representatives shall have the exclusive right to use the exterior area of the Property shown on **EXHIBIT A** (the "**Staging Area**") to support the operation of an indoor customer resource center in the case of a PSPS Event. PG&E and PG&E's Representatives shall have the right to set up tents, install trailers, portable toilets, fencing, and temporary signage, park mobile vehicle units and other vehicles, and deliver and stage equipment, supplies and materials in the Staging Area.

(b) Parking. PG&E and PG&E's Representatives and customers shall have the non-exclusive right to park vehicles in portions of the Parking Lot shown on **EXHIBIT A** during Use Days.

(c) Personnel. During Use Days PG&E shall have the exclusive right to access the License Area, up to twenty-four (24) hours per day. Hours for use to PG&E customers shall be from 8:00 am to 10:00 pm. On Use Days, the License Area shall be fully staffed by PG&E and its representatives, at PG&E's sole cost and expense. PG&E shall provide uniformed unarmed security at its cost and expense to ensure the protection of its equipment, the safety of the public and to prevent any damage to the Property.

4. Generator. LICENSOR hereby grants PG&E the right to use the existing generator owned by LICENSOR and installed at the Property (the "Licensor Owned Generator") during Use Days. Except to the extent caused by the negligence or willful misconduct of PG&E or PG&E's Representatives, LICENSOR releases PG&E and PG&E's Representatives from, and LICENSOR agrees to indemnify, defend, and hold PG&E and PG&E Representatives harmless from and against, any and all Claims (as defined in Section 10 below) relating directly or

indirectly to the Licensor Owned Generator, including, but not limited to, any failure or malfunction thereof. Except during Use Days, LICENSOR shall operate the Licensor-Owned Generator, and LICENSOR shall at all times remain responsible for maintaining and repairing the Licensor-Owned Generator in compliance with all applicable laws, including, but not limited to, maintaining any necessary permits. LICENSOR agrees that PG&E may operate the Licensor Owned Generator during Use Days, without payment of any additional fees or charges by PG&E.

5. Term. This License Agreement shall be for a term of five (5) years, commencing on _____ (the "**Commencement Date**"), and expiring on _____ (the "**Termination Date**"). Notwithstanding the term of this License Agreement, PG&E anticipates that it will use the License Area and the Staging Area on an occasional basis, if at all, for periods of approximately two (2) to ten (10) days at a time. The days (including any partial days) during which any of PG&E's Activities are occurring in or on the License Area or the Staging Area are referred to herein as "**Use Days**." PG&E shall not impede or restrict LICENSOR's or its invitee's use of routes of ingress and egress and shall conduct its activities to avoid conflicts and congestion with other concurrent events and uses at the Property.

6. License Fee.

(a) Indoor Customer Resource Center, Multi-Purpose Room. PG&E shall pay a license fee ("**Indoor License Fee**") of Two Thousand Five Hundred Dollars ($2,500.00) per day for each Use Day.

(b) Outdoor Customer Resource Center, Parking Lot. PG&E shall pay a license fee ("**Outdoor License Fee**") of Two Thousand Dollars ($2,000.00) per day for each Use Day.

~~7.~~ Termination. Either party may have the option to terminate this License Agreement on December 31 of each year of the term by providing the other party with thirty (30) days' prior written notice of said wish to terminate. Said notice shall be sent via certified mail, return receipt requested, to the location specified in Exhibit B of this License Agreement by December 1, and shall be deemed accepted upon delivery.

8. Priority Scheduling. PG&E shall give LICENSOR at least twenty-four (24) hours' prior notice (the "**PSPS Notice**") of the dates and times and which License Area that PG&E desires to access and use at the Property in connection with a PSPS Event. Within four (4) hours after receipt of a PSPS Notice, LICENSOR shall confirm receipt of the PSPS Notice. . PG&E's use of the Property in connection with a PSPS Event shall take priority over other uses and events, excepting concurrently scheduled community programs and events. If another use or event is scheduled at the Property that would conflict with PG&E's use of the Property during the dates and times specified in the PSPS Notice, LICENSOR shall cancel such event and indemnify and defend PG&E from any and all Claims related to such cancellation. LICENSOR acknowledges that PG&E may give LICENSOR multiple PSPS Notices during any calendar year.

9. Use of License Area and Staging Area.

(a) As Is. To LICENSOR'S current actual knowledge, the Property complies with all laws, including the Americans with Disabilities Act and other accessibility laws. PG&E accepts the License Area(s) and the Staging Area "AS-IS," "WHERE-IS" and "WITH ALL-FAULTS," subject to all applicable zoning, municipal, county and state laws, ordinances, and regulations governing and regulating the use of the License Area(s) and the Staging Area. PG&E may request LICENSOR to perform alterations, repairs, or improvements to the License Area(s) and the Staging Area, but PG&E understands and agrees that LICENSOR shall not be obligated to make any such alterations, repairs or improvements at any time. Except in the event of an emergency, PG&E shall not make any alterations, repairs or improvements to the Property without the prior written consent of LICENSOR, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Use. PG&E shall exercise reasonable care in the conduct of PG&E's Activities in the License Area and the Staging Area. Without limiting the generality of the preceding sentence, PG&E shall maintain the License Area and the Staging Area in reasonably neat and orderly condition during Use Days; provided, however, that LICENSOR, as part of the License Fee and without additional compensation, shall provide all necessary janitorial services to the License Area and common areas during Use Days, including, but not limited to, removing trash and stocking restrooms with supplies. PG&E shall not use the License Area or the Staging Area or permit anything to be done in or about the License Area(s) or the Staging Area during Use Days that will in any way conflict with any law, statute, zoning restriction, ordinance or governmental rule or regulation or requirement relating to the use or occupancy of the License Area or the Staging Area. During Use Days, PG&E shall not allow the License Area or the Staging Area to be used for any unlawful or objectionable purpose, nor shall PG&E cause, maintain or permit any nuisance in, on or about the License Area or the Staging Area.

(c) Mechanic's Liens. PG&E shall keep the Property free and clear of all mechanic's liens arising, or alleged to arise, in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by PG&E or at PG&E's request or for PG&E's benefit. If any mechanic's liens are placed on the Property in connection with PG&E's use or PG&E's Activities, PG&E shall diligently pursue all necessary actions to remove such liens from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute.

(d) Restoration. Upon PG&E's ceasing to use the License Area and the Staging Area in connection with a particular PSPS Event, PG&E shall remove all personal property of PG&E from the License Area, remove all vehicles, personal property, debris and waste material of PG&E and PG&E's Representatives from the Staging Area, and repair and restore the License Area and the Staging Area as nearly as reasonably possible to the condition that existed prior to PG&E's entry hereunder.

(e) Water Discharge. PG&E’s activities may require potable water-filled equipment, such as barrels or water barriers to weigh down tents or other equipment, or to delineate outside areas on the Property. All potable water-filled equipment shall be cleaned prior to use and filled with water from a potable water source only. Any water discharged from the

water-filled equipment shall be discharged to onsite unpaved land (i.e., soil) only. PG&E and PG&E's representatives shall ensure best management practices are implemented including but not limited to ensuring water is observed for any potential sediments, trash or other contaminants; the discharge area selected is 100 feet from a water body; and the discharge is done to avoid ponding and erosion. If the water needs to be discharged to a storm drain, PG&E will obtain local stormwater agency approval. This License Agreement authorizes the discharge of potable water from water-filled equipment on to the Property as described above. PG&E shall notify LICENSOR if water discharge is necessary.

10. Notices. All notices under this License Agreement shall be sent by email to the addresses set forth in **EXHIBIT B**. In addition, LICENSOR will provide PG&E with telephone or cellphone numbers of staff in calling order to contact in an emergency as set forth in **EXHIBIT B**. **EXHIBIT B** shall be updated as needed to reflect current names and contact information.

11. Indemnity. Except to the extent caused by the negligence or willful misconduct of LICENSOR, its officers, agents, or employees, PG&E shall indemnify, defend and hold harmless LICENSOR and its governing body, officers, agents, and employees from and against all claims, losses, actions, demands, damages, costs, expenses (including, but not limited to, reasonable attorneys' fees and court costs) (collectively, "Claims") that are caused by PG&E's Activities, or the entry on, occupancy or use of, the Property by PG&E or PG&E's Representatives under this License Agreement, including, but not limited to, Claims relating to (i) injury to or death of persons, including, but not limited to, employees of LICENSOR or PG&E; (ii) injury to the property of LICENSOR, and (iii) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances by PG&E or PG&E's Representatives. In no event, however, shall PG&E be liable for loss of profits or other revenue, loss of goodwill, or loss of use. The indemnification obligations of PG&E under this Section 11 shall survive the expiration or earlier termination of this License Agreement.

12. Insurance. PG&E shall at all times during the Term of this License Agreement, self-insure for PG&E's Activities pursuant to this License Agreement in accordance with **EXHIBIT C**.

13. Alterations to Property. LICENSOR hereby grants PG&E and PG&E's Representatives the right to perform, at PG&E's expense. PG&E or PG&E's Representatives will coordinate the scheduling of the performance of such alterations with LICENSOR.

14. Miscellaneous.

(a) Governing Law. This License Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

(b) Attorneys' Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, and including any appeal thereof, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees and expenses related to such action, in addition to all other recovery or relief.

(c) No Waiver. Any waiver with respect to any provision of this License Agreement shall not be effective unless in writing and signed by the party against whom it is asserted. The waiver of any provision of this License Agreement by a party shall not be construed as a waiver of a subsequent breach or failure of the same term or condition or as a waiver of any other provision of this License Agreement.

(d) Counterparts. This License Agreement may be executed in identical counterpart copies, each of which shall be an original, but all of which taken together shall constitute one and the same agreement.

(e) Authority. Each party to this License Agreement warrants to the other that it has the right and authority to enter into and to perform its obligations under this License Agreement, without the consent of any third party, and that the person signing below is authorized to bind such party.

(f) Interpretation. This License Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement.

(g) Exhibits. The following exhibits are attached hereto and incorporated herein by this reference:

EXHIBIT A – License Areas
– Staging and Parking Lot Area
– Restricted Access Area
EXHIBIT B – Notices
EXHIBIT C – Statement of Self-Insurance Program

(h) Electronic Signatures. This License Agreement may be executed by electronic signatures (*e.g.*, using DocuSign or e-SignLive) or signatures transmitted in portable document format ("pdf"), and copies of this License Agreement executed and delivered by means of electronic or pdf signatures shall have the same force and effect as copies hereof executed and delivered with original manually executed signatures. The parties may rely upon electronic and pdf signatures as if such signatures were manually executed originals and agree that an electronic or pdf signature page may be introduced into evidence in any proceeding arising out of or related to this License Agreement as if it were an original manually executed signature page.

(i) Successors and Assigns. This License Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of each party.

(j) Entire Agreement. This License Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This License Agreement may not be amended, except by a written agreement executed by both parties.

DRAFT

IN WITNESS WHEREOF, the parties have executed this License Agreement as of the date set forth below each signature, effective upon the Effective Date first written above.

"PG&E"	**"LICENSOR"**
PACIFIC GAS AND ELECTRIC COMPANY, a California corporation	CITY OF CLEARKLAKE a governmental entity
By: _____	By: _____
Name: Chris Medders	Name: Alan Flora
Its: Manager, Land Acquisition	Its: City Manager
Date: _____	Date: _____

DRAFT

EXHIBIT A

Indoor Customer Resource Center



Outdoor Customer Resource Center



EXHIBIT B

NOTICES

TO LICENSOR:

Any notice to Licensor, including the notice to be given pursuant to Section 7 & 8 of the License Agreement, shall be sent to Clearlake City Manager, Alan Flora at the following:

Email address: aflora@clearlake.ca.us Phone Number: 707-994-8201 x 120

Mailing Address: 14050 Olympic Drive, Clearlake CA 95422

In addition, in the event of an emergency, PG&E shall contact the following persons in the order set forth below:

Andrew White, Chief of Police Phone: _____

Melissa Swanson, Administrative Services Phone: _____

Donald Wymer, Public Works Superintendent Phone: _____

Weekends and After Hours: _____

TO PG&E:

Any notice to PG&E, including the notice pursuant to Section 8of the License Agreement shall be sent to Jessica Melton at the following email address: Jessica.Melton@pge.com, cc'ing CRCHelp@pge.com.

Any termination notice pursuant to Section 7 of the License Agreement shall be sent to Chris Medders at the following mailing address:

Land Management
1850 Gateway Blvd, 7th Floor
Concord, CA 94520

EXHIBIT C

Pacific Gas and Electric Company®

EORM & Insurance Department
245 Market Street / N4S
4th Floor
San Francisco, CA 94105

STATEMENT OF SELF-INSURANCE PROGRAM

April 1, 2021

Issued to: Whom it May Concern

Re: Insurance requirements for Pacific Gas and Electric Company (PG&E) to use property for the purposes of establishing and operating a Community Resource Center in the case of a Public Safety Power Shutoff Event (PSPS).

This letter certifies PG&E is insured under a major risk management program with large self-insured retentions. The program provides coverage for the insurance types and limits reflected in the agreement which includes:

Commercial General Liability: $5,000,000 each occurrence / $10,000,000 aggregate
Employer's Liability: $1,000,000 each accident
Business Auto Liability: $1,000,000 each accident

Further, PG&E has qualified as a self-insurer under the laws of the State of California with respect to Workers' Compensation. Our identification number for this purpose is 2-0012-01-099.

*Please note a certificate of insurance is not applicable when an entity is self-insured, such as PG&E.

Stephen J Cairns

Stephen Cairns
Vice President and Chief Audit Officer

Pacific Gas and Electric Company®

SI Certification Letter
File: PGE-246.01

CITY COUNCIL REGULAR MEETING

Clearlake City Hall Council Chambers
14050 Olympic Dr, Clearlake, CA
Thursday, June 03, 2021
Regular Meeting 6:00 PM

MINUTES

ROLL CALL

PRESENT
Mayor Dirk Slooten
Vice Mayor Russ Perdock
Council Member David Claffey
Council Member Russ Cremer
Council Member Joyce Overton

PLEDGE OF ALLEGIANCE

INVOCATION/MOMENT OF SILENCE:

ADOPTION OF THE AGENDA *(This is the time for agenda modifications.)*

There were no modifications to the agenda.

PRESENTATIONS

1. Presentation of a Proclamation Commending Sergeant Rodd Joseph on His Retirement
2. Presentation by Housing and Community Development on the RecoverCA Owner-Occupied Rehabilitation and Reconstruction Program
3. Presentation of a Proclamation Declaring June 2021 as LGBTQ+ Pride Month

PUBLIC COMMENT:

A speaker spoke regarding blight at the old waterpark property. He suggested ideas for additional businesses in the city.

CONSENT AGENDA:

Motion made by Council Member Cremer, Seconded by Council Member Claffey.
Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

4. Award of Contract for Environmental Services for the Dam Road Roundabout Project.
   Recommended Action: Authorize City Manager to enter into a contract with ECORP for the Dam Road Roundabout Project in the amount of $63,175.968 and authorize the City Manager to approve up to 10% for additional unforeseen contract amendments

5. Continuation of Declaration of Local Emergency Issued on March 14, 2020 and Ratified by Council Action on March 19, 2020
   Recommended Action: By motion keep declaration of emergency active and set next review in sixty days

6. Continuation of Declaration of Local Emergency Issued on October 9, 2017 and Ratified by Council Action October 12, 2017
   Recommended Action: By motion keep declaration of emergency active and set next review in 30 days

7. Consideration of Resolution No. 2021-28, a Resolution of the City of Clearlake, approving a temporary road closure for the Community Block Party.
   Recommended Action: By motion, adopt resolution

8. Minutes of the May Meetings
   Recommended Action: Receive and file

9. Warrants
   Recommended Action: Receive and file

PUBLIC HEARING

10. Consideration of Development Agreement, DA 2021-02 for Akwaaba, INC., to allow the expansion of their existing cannabis operation to include a Microbusiness; Ordinance No. 254-2021
    Recommended Action: Hold first reading of Ordinance No. 254-2021, read it by title only, waive further reading and set second reading and adoption for the June 17, 2021 meeting

    City Manager Flora gave the staff report.

    Mayor Slooten opened the Public Hearing at 6:46 pm. There were no comments.

    Motion made by Council Member Cremer, Seconded by Council Member Overton.
    Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

11. Consideration of Development Agreement (DA 2021-03) Green Growth Solutions, LLC., for a Commercial Cannabis Operation; Ordinance No. 255-2021
    Recommended Action: Hold First Reading of Ordinance No. 255-2021, Read by Title Only, Waive Further Reading and Set Second Reading and Adoption for June 17th, 2021.

City Manager Flora gave the staff report.

Mayor Slooten opened the Public Hearing at 6:50 p.m.

City Clerk Swanson read statements from Judith Barczech against the project.

Applicant spoke regarding issues brought to the Council by the public.

Denise Loustalot spoke against approval of the development agreement.

Dave Hughes spoke against approval of the development agreement.

Mark Cooper spoke against approval of the development agreement.

Vicki Crystal spoke against approval of the development agreement.

Dave Hughes spoke a second time against approval of the development agreement.

Pete Loustalot spoke against the approval of the development agreement. He asked that there was a way to streamline the process.

Mayor Slooten closed the Public Hearing at 7:15 p.m.

Motion made by Council Member Overton, Seconded by Council Member Claffey.
Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

Motion made by Council Member Overton, Seconded by Council Member Claffey.
Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

BUSINESS

12. Consideration of rejection of bids for demolition of structures located at 14525 Lakeshore Drive Clearlake, CA 95422
Recommended Action: Reject all bids for the demolition of all structures at 14525 Lakeshore Drive

Lt. Hobbs gave the staff report.

Motion made by Council Member Overton, Seconded by Vice Mayor Perdock.
Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

CITY MANAGER AND COUNCILMEMBER REPORTS

FUTURE AGENDA ITEMS

CLOSED SESSION

(13) Conference with Labor Negotiators: Agency Designated Representatives: City Manager Alan Flora and Administrative Services Director/City Clerk Melissa Swanson; Employee Organization: Clearlake Municipal Employees Association, Clearlake Police Officers Association, Clearlake Middle Management Association

(14) Conference with Legal Counsel- Existing Litigation: Pursuant to Government Code Section 54956.9: Case No. CV-421149; Name of Case: City of Clearlake v. County of Lake, a political subdivision of the State of California; Board of Supervisors of the County of Lake, a public body of the County of Lake; Barbara C. Ringen, in her official capacity as the Treasurer-Tax Collector of the County of Lake; and Does 1 through 30, inclusive

ANNOUNCEMENT OF ACTION FROM CLOSED SESSION

There was no action taken in closed session.

ADJOURNMENT

The meeting was adjourned at 8:20 p.m.

BY:

Melissa Swanson

Melissa Swanson, Administrative Services Director/City Clerk

CITY COUNCIL REGULAR MEETING

Clearlake City Hall Council Chambers
14050 Olympic Dr, Clearlake, CA
Thursday, June 17, 2021
Regular Meeting 6:00 PM

MINUTES

ROLL CALL

PRESENT

Mayor Dirk Slooten
Council Member David Claffey
Council Member Russ Cremer
Council Member Joyce Overton

ABSENT
Vice Mayor Russ Perdock

FISCAL YEAR 2021-2022 BUDGET PREPARATION WORKSHOP

Workshop called to order at 5:00 p.m. No action was taken by Council.

PLEDGE OF ALLEGIANCE

INVOCATION/MOMENT OF SILENCE

ADOPTION OF THE AGENDA *(This is the time for agenda modifications.)*

City Manager Flora announced that Item #13 will be postponed until the July 15th meeting.

Motion made by Council Member Cremer, Seconded by Council Member Overton.
Voting Yea: Mayor Slooten, Council Member Claffey, Council Member Cremer, Council Member Overton

PRESENTATIONS

1. Presentation of June's Adoptable Dogs

PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

Motion made by Council Member Cremer, Seconded by Council Member Claffey.
Voting Yea: Mayor Slooten, Council Member Claffey, Council Member Cremer, Council Member Overton

2. Consideration of Resolution 2021 - 30 to adopt a list of approved projects for submission to California Transportation Committee (CTC) for funding pursuant to SB1.
   Recommended Action: By motion Adopt Resolution 2021 – 30, a Resolution of the City Council of the City of Clearlake Adopting a project list for submission to the California Transportation Committee for funding under the provisions of SB1.

3. Consideration of Development Agreement, DA 2021-02 for Akwaaba, INC., to allow the expansion of their existing cannabis operation to include a Microbusiness; Ordinance No. 254-2021
   Recommended Action: Hold second reading of Ordinance No. 254-2021, read it by title only, waive further reading and adopt ordinance

4. Consideration of Development Agreement (DA 2021-03) Green Growth Solutions, LLC., for a Commercial Cannabis Operation; Ordinance No. 255-2021
   Recommended Action: Hold Second Reading of Ordinance No. 255-2021, Read by Title Only, Waive Further Reading and Adopt

5. Minutes of the May 12, 2021 Lake County Vector Control District Board Meeting
   Recommended Action: Receive and file

6. Continuation of Declaration of Local Emergency Issued on March 14, 2020 and Ratified by Council Action on March 19, 2020
   Recommended Action: By motion keep declaration of emergency active and set next review in sixty days

7. Continuation of Declaration of Local Emergency Issued on October 9, 2017 and Ratified by Council Action October 12, 2017
   Recommended Action: By motion keep declaration of emergency active and set next review in 30 days

8. Warrants
   Recommended Action: Receive and file

9. Consideration of Resolution 2021-29, A Resolution of the City of Clearlake, Approving a Temporary Road Closure for the Annual 4th of July Parade on July 3, 2021.
   Recommendation: By motion, adopt resolution.

PUBLIC HEARING

10. Adoption of the Appropriations Limit (Gann Limit) for FY 2021-22 and designating the formula to be used for Calculation of Same

Recommended Action: Adopt Resolution No. 2021-32 of the City Council of The City of Clearlake Adopting the Appropriations Limit for FY 2021-22 and designating the formula to be used for Calculation of Same

City Manager Flora gave the staff report.

Mayor Slooten opened the public hearing at 6:43 p.m.

There was no public comment.

Motion made by Council Member Claffey, Seconded by Council Member Overton.
Voting Yea: Mayor Slooten, Council Member Claffey, Council Member Cremer, Council Member Overton

11. Adoption of the City of Clearlake's Budget for FY 2021-22
Recommended Action: Adopt Resolution No. 2021-33 adopting the FY 2021-22 City of Clearlake Budget

City Manager Flora gave the staff report.

Mayor Slooten opened the public hearing at 6:45 p.m.

Elizabeth Larson asked a question on the budget.

There were no further comments.

Motion made by Council Member Cremer, Seconded by Council Member Claffey.
Voting Yea: Mayor Slooten, Council Member Claffey, Council Member Cremer, Council Member Overton

12. Adoption of Fee Schedule for FY 2021-22
Recommended Action: Adopt Resolution 2021-34 Approving the Fee Schedule for FY 2021-22

City Manager Flora gave the staff report.

Mayor Slooten opened the public hearing at 6:52 p.m.

There were no comments on this item.

Motion made by Council Member Overton, Seconded by Council Member Cremer.
Voting Yea: Mayor Slooten, Council Member Claffey, Council Member Cremer, Council Member Overton

BUSINESS

13. Presentation and Acceptance of the Annual Comprehensive Annual Report (ACFR) for the Fiscal Year 2018-19; Resolution No. 2021-35

    This item was deleted from the agenda.

CITY MANAGER AND COUNCILMEMBER REPORTS

FUTURE AGENDA ITEMS

CLOSED SESSION

(14) Conference with Labor Negotiators: Agency Designated Representatives: City Manager Alan Flora and Administrative Services Director/City Clerk Melissa Swanson; Employee Organization: Clearlake Municipal Employees Association, Clearlake Police Officers Association, Clearlake Middle Management Association

ANNOUNCEMENT OF ACTION FROM CLOSED SESSION

There was no action taken in closed session.

ADJOURNMENT

The meeting was adjourned at 7:45 p.m.

BY:

Melissa Swanson

Melissa Swanson, Administrative Services Director/City Clerk

CITY COUNCIL SPECIAL MEETING

Clearlake City Hall Council Chambers
14050 Olympic Dr, Clearlake, CA
Thursday, June 24, 2021
Special Meeting 10:30 AM

MINUTES

ROLL CALL

PRESENT
Mayor Dirk Slooten
Vice Mayor Russ Perdock
Council Member David Claffey
Council Member Russ Cremer
Council Member Joyce Overton

PLEDGE OF ALLEGIANCE

BUSINESS

1. Adoption of the First Amendment to the Agreement Between the City of Clearlake, City of Lakeport, and County of Lake for Operation of a Local Public, Educational, Governmental (PEG) Cable Television Channel
   Recommended Action: Adopt Amendment and authorize Mayor to sign

   Motion made by Council Member Cremer, Seconded by Council Member Overton.
   Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

2. Consideration of an Employment Services Agreement with Kelcey Young for Director of Finance
   Recommended Action: Approve Agreement and authorize the City Manager to sign

   Motion made by Council Member Cremer, Seconded by Vice Mayor Perdock.
   Voting Yea: Mayor Slooten, Vice Mayor Perdock, Council Member Claffey, Council Member Cremer, Council Member Overton

CLOSED SESSION

(3) Conference with Labor Negotiators: Agency Designated Representatives: City Manager Alan Flora and Administrative Services Director/City Clerk Melissa Swanson; Employee Organization: Clearlake Municipal Employees Association, Clearlake Police Officers Association, Clearlake Middle Management Association

(4) CONFERENCE WITH LEGAL COUNSEL: EXISTING LITIGATION: Pursuant to Government Code Section 54956.9: Case No. 3:19-ca-05370-EMC Name of Case: Jane Wang v. City of Clearlake, et al.

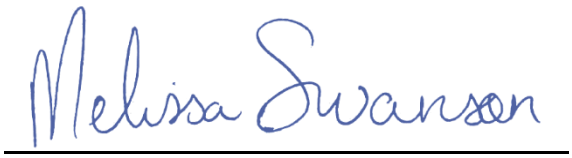
ANNOUNCEMENT OF ACTION FROM CLOSED SESSION

There was no action taken in closed session.

ADJOURNMENT

The meeting was adjourned at 11:15 a.m.

BY:



Melissa Swanson, Administrative Services Director/City Clerk

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15th, 2021

Subject:	Consideration of Resolution No. 2021-38, A Resolution of the City of Clearlake, Approving Restricted Access to the Segment of Burns Valley Rd, between Arrowhead and Acacia, in the Effort to Reduce Illegal Dumping.	**Date: 6/8/2021** **Reviewed & Approved:**
From:	Dale Goodman – Public Works Director	

Recommended Action: Motion to adopt Resolution No. 2021-38

ISSUE STATEMENT AND DISCUSSION:

The last several years Public Works, Code Enforcement and public volunteers have cleaned up and removed tons of trash, debris and hazardous waste from homeless camps and illegal dumping in the City's rights-of-way. It costs the City thousands of dollars in time and equipment to clean up these areas. On 7/16/20, Council authorized the closing roads in the area northwest of Pomo School, as a way to help reduce the trash, debris and hazardous waste dumped in the area. We are now recommending the closure of the dirt segment of Burns Valley Road, that runs along the east side of the Konocti School District property, east of Pomo School, between Arrowhead and Acacia. This road closure will not restrict access to any current homeowners, only access to vacant land, owned by the School District.

The Scope of work to be done in the location by Public Works:

- Furnish and install metal gates at the north and south ends of Burns Valley Road, as indicated on the attached map.
- Place k-rails adjacent to the gates, as necessary to further limit access.
- Install Road Closed, No Dumping, No Trespassing and or No Camping signs.
- Notify public, Police Department and Fire Department of road closure.

This action required a legal notice in the local newspaper as well as notices to potentially impacted property owners. Notices, as well as a letter from the City, describing the intent were sent consistent with state law.

FINANCIAL AND/OR POLICY IMPLICATIONS:

Public Works has purchased two (2) 16' forestry gates, two of which will be installed at the locations designated on the map, at a cost of approximately $1,061.00 each.

RECOMMENDED ACTION

That the Council Adopt the attached Road Closure Resolution, for the health and welfare of the public and protection of the environment.

ATTACHMENTS:

A. Map showing road segment to be closed, and location of gates.
B. Resolution for closure of the road segment.

RESOLUTION NO. 2020-38
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE AUTHORIZING THE ONGOING CLOSURE OF A SEGMENT OF BURNS VALLEY ROAD, TO REDUCE ILLEGAL DUMPING AND TO PROTECT THE ENVIRONMENT, AND THE PUBLIC HEALTH AND WELFARE

WHEREAS, the City Manager has requested permission from the City Council for the closure the dirt segment of Burns Valley Road, from Arrowhead to Acacia, for an ongoing period, and

WHEREAS, the City Council of the City of Clearlake deems such closure necessary for the health and welfare of the public and the protection of the environment,

NOW, THEREFORE, the City Council of the City of Clearlake hereby authorizes the ongoing road closure of the dirt segment of Burns Valley Road, between Arrowhead and Acacia.

PASSED AND ADOPTED on July 15, 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____
Mayor, City of Clearlake

ATTEST:

_____
City Clerk, City of Clearlake

Fallen Leaf Ln
Arrowhead Rd
Acacia St
Sonoma Ave
Boxwood St
Google Earth
© 2021 Google

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Subject:	Presentation and Acceptance of the Annual Financial Report for Fiscal Year 2018-19; Resolution No. 2021-35	**Date:** July 7, 2021
From:	Andrew White, Chief of Police/Interim Finance Director	**Reviewed & Approved:**

Recommended Action: Adopt resolution.

BACKGROUND:

Each year the city hires an independent audit firm to complete an audit of the city's books and records. For the fiscal year 2018-19, the city engaged a new auditing firm, Van Lant & Fankhanel, LLP, to complete the audit. The audit is complete and attached.

It should be noted this audit was significantly delayed for a variety of reasons including changeover of personnel in the Finance Department, carryover issues from prior fiscal years along with complications associated with transitioning to a new enterprise resource planning (ERP) financial software system.

ISSUE STATEMENT AND DISCUSSION:

The auditor identified four (4) material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. The findings along with the City's responses are detailed in Exhibit B.

The auditor identified four (4) significant weaknesses. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The findings along with the City's responses are detailed in Exhibit B.

The theme surrounding the weaknesses identified related to personnel, policies and procedures and software systems/integrations.

Personnel: In the past year, significant steps have been taken to correct this. An interim Finance Director has served for over a year while multiple recruitments for a permanent replacement were undertaken. This has provided stability and continuity and a permanent replacement is slated to start later this month. Where possible, incompatible duties have been separated such as in bank reconciliation and second party validations of work have been implemented to increase accuracy and compliance in all areas, including payroll and general ledger transactions. The City has also engaged contract personnel through Regional Government Services to provide supplemental staffing and professional support. That said, the department currently only has one full-time account clerk position filled and under the current structure, this position likely needs to be re-classified based on the incumbent performing multiple higher-level duties. Even with the second position filled, segregation of duties continues to be a challenge. It is expected that new Finance Director will further evaluate staffing needs for long term stability and effectiveness of the department.

Software Systems & Integrations: Several of the findings relate to issues exacerbated or as a direct result of the antiquated accounting system that was replaced with the new ERP system in late FY 2019-20. The new ERP project was a major project that was done without any dedicated staffing in the Finance Department. We are now live with integrated cashiering, payroll, timekeeping, accounts payable and receivable, fixed assets and budgeting. We have additionally leveraged new integrations to streamline processes and improve accuracy, including integrated credit card transaction processing and electronic interchange of data with CalPERS. To improve staff efficiency, we have also implemented electronic check processing and remote cash capture with the bank. The department also recently completed an integration to tie in the ERP system with the OpenGov transparency and budgeting platform, enabling a nightly refresh of all data between the systems. By way of example of new efficiencies introduced, processing payroll has reduced from an almost weeklong process to a day and a half or less.

Policies and Procedures: Significant progress has been made in the development of updated polices and procedures, including through our finance consultant and technical assistance through a program run by the US Department of Housing and Urban Development. It is expected the permanent Finance Director will bring this to a conclusion. This process will also ensure that practices are codified in concrete polices and procedures as opposed to being held solely in institutional knowledge of key employees.

The selection of a new auditor who brought a fresh view of the city records provided an opportunity for a deep dive into the City records. The Finance Department conducted months of research and corrective entries to resolve issues that had lingered in the financial records for

years prior. While this delayed completion of the audit, it ensured all known issues were corrected and sets the City up with a solid foundation from a financial accounting perspective moving forward.

FINANCIAL AND/OR POLICY IMPLICATIONS:

None.

RESOLUTION NO. 2021-35
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE ACCEPTING THE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR 2018-19

WHEREAS, each year the City hires an independent audit firm to complete an audit of the City's books and records; and

WHEREAS, the City's citizens and others rely on the audited financial statements, and other related information published by the City to monitor the City's financial health; and

WHEREAS, the Auditor has prepared an Annual Financial Report, which includes the Basic Financial Statements as defined in Governmental Accounting Standards, as well as Supplemental Information, along with a report on internal controls and compliance identifying any significant deficiencies, material weaknesses and/or any other suggestions they feel might be of benefit to the city; and

WHEREAS, the Auditor was engaged to perform agreed upon procedures to verify the City's Gann Limit calculations and has issued a related report thereto; and

WHEREAS, the reports prepared by the Auditor are attached as Exhibits A-C.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Clearlake accepts the Annual Financial Report for the Fiscal Year 2018-19, incorporated by reference as Exhibits A-C.

PASSED AND ADOPTED by the City Council of the City of Clearlake, County of Lake, State of California, on this 15th day of July 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:_____ _____
City Clerk Mayor

CITY OF CLEARLAKE, CALIFORNIA

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2019

Prepared by
Administrative Services Department

City of Clearlake
Annual Financial Report
Year Ended June 30, 2019

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City of Clearlake
Annual Financial Report
Year Ended June 30, 2019

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FINANCIAL SECTION

Van Lant & Fankhanel, LLP
Certified Public Accountants

Independent Auditor's Report

The Honorable City Council
City of Clearlake, California
Clearlake, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Clearlake, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Clearlake's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Van Lant & Fankhanel, LLP
29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2021, on our consideration of the City of Clearlake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.



May 31, 2021

BASIC FINANCIAL STATEMENTS

City of Clearlake
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and Investments	$ 8,693,669
Receivables:	
Accounts	600,167
Interest	41,748
Taxes Receivable	1,413,681
Notes Receivable	7,965,962
Land Held for Resale	113,154
Capital Assets:	
Land	7,361,000
Construction in Process	588,953
Other Capital Assets, Net	13,637,291
Total Assets	40,415,625
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Items	2,480,437
LIABILITIES	
Accounts Payable	799,729
Accrued Payroll Liabilities	18,933
Deposits	72,126
Noncurrent Liabilities:	
Due Within One Year	233,300
Due in More Than One Year	8,157,780
Total Liabilities	9,281,868
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Items	403,254
NET POSITION	
Net Investment in Capital Assets	21,587,244
Restricted for:	
PEG	198,429
Housing	11,502,015
Public Safety	198,810
Streets and Highways	685,685
Capital Projects	6,900,991
Unrestricted	(7,862,234)
Total Net Position	$ 33,210,940

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activites
Governmental Activities:					
General Government	$ 1,553,119	$ 195,714	$ 45,864	$ -	$ (1,311,541)
Public Safety	4,664,082	83,677	274,318	-	(4,306,087)
Public Works	1,610,345	177,150	-	4,037,393	2,604,198
Housing	149,143	232,689	189	-	83,735
Parks and Recreation	1,603,339	57,478	-	-	(1,545,861)
Interest and Fiscal Charges	22,473	-	-	-	(22,473)
Total Governmental Activities	9,602,501	746,708	320,371	4,037,393	(4,498,029)
General Revenues:					
Taxes:					
Sales and Use Taxes					3,061,154
Property Taxes					2,055,581
Franchise Fees					678,564
Transient Occupance Tax					395,238
Business Licenses					54,311
Investment Income					7,706
Miscellaneous Revenues					175,206
Total General Revenues and Transfers					6,427,760
Change in Net Position					1,929,731
Net Position - Beginning of Year					34,264,086
Restatement of Net Position					(2,982,877)
Net Position - End of Year					$ 33,210,940

The accompanying notes are an integral part of this statement.

City of Clearlake
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Special Revenue: Police Measure P	Special Revenue: CDBG Code Enforcement	Special Revenue: HOME RLF
ASSETS				
Cash and Investments	$ 270,863	$ -	$ 499,864	$ 150,733
Receivables:				
Accounts	12,440	-	-	-
Interest	41,748	-	-	-
Taxes	858,381	184,704	-	-
Notes	3,544	-	1,534,665	5,129,466
Due from Other Funds	-	-	-	-
Land Held for Resale	-	-	113,154	-
Total Assets	$ 1,186,976	$ 184,704	$ 2,147,683	$ 5,280,199
LIABILITIES				
Accounts Payable	$ 216,746	$ -	$ 291	$ -
Accrued Payroll Liabilities	18,933	-	-	-
Deposits	68,276	-	-	-
Due to Other Funds	-	186,320	-	-
Total Liabilities	303,955	186,320	291	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Interest Receivable	-	-	300	-
Unavailable Revenues - Grants Receivable	-	-	-	-
Total Deferred Inflows of Resources	-	-	300	-
FUND BALANCES (DEFICITS)				
Nonspendable	3,544	-	-	-
Restricted	-	-	2,147,092	5,280,199
Committed	118,748	-	-	-
Unassigned	760,729	(1,616)	-	-
Total Fund Balances (Deficits)	883,021	(1,616)	2,147,092	5,280,199
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 1,186,976	$ 184,704	$ 2,147,683	$ 5,280,199

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Project				Total Nonmajor Governmental Funds	Totals
Recycle Fund	Series A Infrastructure Bonds	Series B Infrastructure Bonds	Roads Measure V	Grants		
$ -	$ 3,519,673	$ 3,076,484	$ 78,574	$ 171,840	$ 925,638	$ 8,693,669
172,808	-	-	-	362,825	52,094	600,167
-	-	-	-	-	-	41,748
-	-	-	370,596	-	-	1,413,681
-	-	-	-	-	1,298,287	7,965,962
-	304,834	-	-	-	-	304,834
-	-	-	-	-	-	113,154
$ 172,808	$ 3,824,507	$ 3,076,484	$ 449,170	$ 534,665	$ 2,276,019	$ 19,133,215
$ 3,820	$ -	$ -	$ 7,339	$ 551,209	$ 20,324	$ 799,729
-	-	-	-	-	-	18,933
-	-	-	-	-	3,850	72,126
117,049	-	-	-	-	1,465	304,834
120,869	-	-	7,339	551,209	25,639	1,195,622
-	-	-	-	-	8,530	8,830
172,808	-	-	-	362,825	-	535,633
172,808	-	-	-	362,825	8,530	544,463
-	-	-	-	-	-	3,544
-	3,824,507	3,076,484	441,831	-	2,243,530	17,013,643
-	-	-	-	-	-	118,748
(120,869)	-	-	-	(379,369)	(1,680)	257,195
(120,869)	3,824,507	3,076,484	441,831	(379,369)	2,241,850	17,393,130
$ 172,808	$ 3,824,507	$ 3,076,484	$ 449,170	$ 534,665	$ 2,276,019	$ 19,133,215

The accompanying notes are an integral part of this statement.

City of Clearlake
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Fund Balances of Governmental Funds		$ 17,393,130
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Land	$ 7,361,000	
Construction in Progress	588,953	
Buildings and Improvements	3,683,536	
Vehicles and Equipment	3,024,160	
Infrastructure	14,140,922	
Less: Accumulated Depreciation	(7,211,327)	21,587,244
In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		544,463
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences		(238,155)
Net Pension Liability		(7,060,885)
Claims Payable		(38,100)
Energy Efficiency Loan Payable		(762,085)
Lease Payable		(291,855)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.		
Deferred Outflows Related to Pensions		2,480,437
Deferred Inflows Related to Pensions		(403,254)
Net Position of Governmental Activities		$ 33,210,940

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Special Revenue: Police Measure P	Special Revenue: CDBG Code Enforcement	Special Revenue: HOME RLF
REVENUES				
Taxes and Assessments	$ 5,165,288	$ 1,087,201	$ -	$ -
Fines and Forfeitures	46,250	-	-	-
Licenses and Permits	85,073	-	-	-
Use of Money and Property	4,954	2	127	-
Intergovernmental	217,388	-	-	-
Charges for Services	319,243	-	87,995	49,908
Other Revenues	122,569	-	-	-
Total Revenues	5,960,765	1,087,203	88,122	49,908
EXPENDITURES				
Current:				
General Government	1,225,278	-	4,763	3,501
Public Safety	3,614,925	1,081,125	109,021	33
Public Works and Streets	260,702	-	-	-
Housing	303,582	-	-	18,013
Parks and Recreation	149,143	-	-	-
Capital Outlay	442,837	6,310	5,679	-
Debt Service:				
Principal	35,447	-	-	-
Interest	22,473	-	-	-
Total Expenditures	6,054,387	1,087,435	119,463	21,547
Excess (Deficiency) of Revenues Over Expenditures	(93,622)	(232)	(31,341)	28,361
OTHER FINANCING SOURCES (USES)				
Transfers In	434,886	-	-	-
Transfers Out	(61,677)	(92,857)	-	-
Total Other Financing Sources (Uses)	373,209	(92,857)	-	-
Net Change in Fund Balances	279,587	(93,089)	(31,341)	28,361
Fund Balances, Beginning	1,395,899	173,773	347,666	288,001
Prior Period Adjustments	(792,465)	(82,300)	1,830,767	4,963,837
Fund Balances, Ending	$ 883,021	$ (1,616)	$ 2,147,092	$ 5,280,199

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Project				Total Nonmajor Governmental Funds	Totals
Recycle Fund	Series A Infrastructure Bonds	Series B Infrastructure Bonds	Roads Measure V	Grants		
$ -	$ -	$ -	$ 2,179,556	$ -	$ 309,054	$ 8,741,099
-	-	-	-	-	-	46,250
-	-	-	-	-	-	85,073
25	84,697	143,438	3	-	343	233,589
5,000	-	-	-	470,178	503,868	1,196,434
-	-	-	-	-	111,787	568,933
-	-	-	-	-	215	122,784
5,025	84,697	143,438	2,179,559	470,178	925,267	10,994,162
189,087	2,000	-	-	3,662	79,311	1,507,602
-	-	-	-	-	3,590	4,808,694
-	-	-	802,370	25	540,242	1,603,339
-	-	-	-	-	27,202	348,797
-	-	-	-	-	-	149,143
-	-	8,850	549,486	3,480,895	116,081	4,610,138
-	-	-	-	-	-	35,447
-	-	-	-	-	-	22,473
189,087	2,000	8,850	1,351,856	3,484,582	766,426	13,085,633
(184,062)	82,697	134,588	827,703	(3,014,404)	158,841	(96,834)
-	-	-	-	3,406,340	-	3,841,226
(123,720)	(1,836,506)	-	(1,508,157)	-	(218,309)	(3,841,226)
(123,720)	(1,836,506)	-	(1,508,157)	3,406,340	(218,309)	-
(307,782)	(1,753,809)	134,588	(680,454)	391,936	(59,468)	(2,091,471)
210,910	5,578,316	2,941,896	1,266,685	(771,305)	862,634	12,294,475
(23,997)	-	-	(144,400)	-	1,438,684	7,190,126
$ (120,869)	$ 3,824,507	$ 3,076,484	$ 441,831	$ (379,369)	$ 2,241,850	$ 17,393,130

The accompanying notes are an integral part of this statement.

City of Clearlake
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	$	(2,091,471)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as an expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Expenditures		3,731,316
Depreciation Expense		(555,718)
Loss on Disposal of Capital Assets		(18,214)
Certain receivables are offset by unavailable revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year unavaible revenue exceeded current year unavailable revenue.		538,070
The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):		
Net Pension Liability		216,988
Claims Payable		25,463
Compensated Absences		79,944
Energy Efficiency Loan		35,447
Amounts for deferred inflows and deferred outflows related to the City's net pension and total OPEB liabilites are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension and total OPEB liabilities.		
Deferred Outflows Related to Pensions		203,046
Deferred Inflows Related to Pensions		(235,140)
Change in Net Position of Governmental Activities	$	1,929,731

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	LAFCO Agency Fund	Successor Agency Private-purpose Trust Fund
ASSETS		
Cash and Investments	$ 155,541	$ 361,886
Restricted Cash and Investments	-	1,012,911
Loans Receivable	-	5,746
Deposits	-	10,000
Land Held for Resale	-	2,083,877
Total Assets	$ 155,541	3,474,420
LIABILITIES		
Accounts Payable	525	10,000
Due to Other Agencies	155,016	-
Interest Payable	-	105,283
Long-Term Debt, Due within One Year	-	545,000
Long-Term Debt, Due in more Than One Year	-	11,760,636
Total Liabilities	$ 155,541	12,420,919
NET POSITION		
Net Position (Deficit) Held in Trust for Successor Agency		$ (8,946,499)

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Investment Income	$ 10,231
Taxes and Assessments	1,399,147
Total Additions	1,409,378
DEDUCTIONS	
Administrative Costs	136,843
Interest Expense	383,180
Total Deductions	520,023
Change in Net Position	889,355
Net Position - Beginning of Year	(9,835,854)
Net Position - End of Year	$ (8,946,499)

The accompanying notes are an integral part of this statement.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clearlake, California (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A) Reporting Entity

The City of Clearlake is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable.

Blended Component Units – The Clearlake Public Financing Authority is a separate legal entity created for the purpose of improving the economic conditions of the City, making public improvements and providing financing for these purposes. This entity is governed by the City Council of the City of Clearlake, and is therefore reported as if it was part of the City. The Authority is reported as part of the City's special revenue, capital projects and debt service funds. The component unit redevelopment agency was dissolved effective February 1, 2012 and all residual asset and liabilities are reported in the Successor Agency private purpose fiduciary funds.

B) Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for all funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period.

The City uses an availability period of 60 days. Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent the net current assets.

Recognition of governmental fund type revenues represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by nonspendable fund balance.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

C) Fund Classifications

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Police Measure P Fund* accounts for the use of a special sales tax measure approved for funding public safety activities.

The *CDBG Code Enforcement Fund* is used to support several areas of the Code Enforcement operations in areas of the City that meet CDBG program requirements.

The *HOME RLF Fund* accounts for revolving loan funds used for activities pertaining to multi-family, first-time homebuyer, rehabilitation and other affordable housing loan and grant programs.

The *Recycle Fund* accounts for and reports financial resources for the recycle franchise fees.

The *Series A Infrastructure Bond Proceeds Fund* accounts for Series A Bond proceeds used to finance various road and infrastructure projects consistent with the original bond issuance.

The *Series B Infrastructure Bond Proceeds Fund* accounts for Series B proceeds used to complete various road and infrastructure projects consistent with the original bond issuance.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The *Roads Measure V Fund* accounts for and reports financial resources related to the 1% transaction and use tax for improving and maintaining roads within the City. The tax sunsets in 20 years and an Oversight Committee has been established to review prior year expenditures

The *Grants Fund* accounts for and reports financial resources for the majority of all capital projects conducted by the City of Clearlake. The projects are funded by grant revenue deposited in Fund 240 or transfers from other funds within the City budget.

Additionally, the City reports the following fund types:

The *Private-purpose Trust Fund* accounts for the balances and transactions of the Successor Agency to the Clearlake Redevelopment Agency.

The *Agency Fund* accounts for monies held for the Lake Local Agency Formation Commission (LAFCO).

D) Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

E) Due from Other Governments

The amounts recorded as due from other governments, include sales taxes, property taxes, and grant revenues, collected or provided by Federal, State, County and City governments and remain unremitted to the City as of June 30, 2019.

F) Fund Balance

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the City Manager, or his designee.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

G) Fund Equity

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

H) Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1, each year. Taxes are levied on July 1, and are payable in two installments no later than December 10, and April 10, of each year. Lake County bills and collects the property taxes and remits them to the City in installments during the year. Under the provisions of NCGA Interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. Property Valuations are established by the Lake County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII-A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, an increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Compensated Absences

In accordance with GASB Statement No 16, a liability is recorded for unused balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Upon separation, 100% of accrued vacation leave (up to a maximum of 400 hours) and accrued comp time is paid and, depending on longevity, sick leave is paid out up to 50% of the accrued amount. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

J) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets received prior to the implementation of GASB 72 are valued at their estimated fair market value at the date of the contribution. Contributed capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. The City capitalizes assets with an original cost greater than $5,000 and with a useful lifespan longer than three years.

Capital assets include public domain (infrastructure) assets consisting of certain improvements including roads, streets, sidewalks, medians and storm drains. Depreciation has been provided using the straight line method over the estimated useful life of the asset in the government-wide financial statements. No depreciation is recorded in the year of acquisition or in the year of disposition.

The following schedule summarizes capital asset useful lives:

Building and improvements	5 - 50 years
Roadway improvements	50 years
Sidewalks, curbs, and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 - 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years
Machinery and equipment	3 - 5 years
Vehicles	3 years

K) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows of resources related to pension liabilities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which qualify for reporting in this category.

M) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

N) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 87 – Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 90 – Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 91 - Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Q) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Clearlake's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	8,693,669
Statement of Fiduciary Net Postion:		
Cash and Investments		517,427
Cash and Investments with Fiscal Agents		1,012,911
Total Cash and Investments	$	10,224,007

Cash and Investments consist of the following:

Cash on Hand	$	580
Deposits with Financial Institutions		2,677,313
Investments		7,546,114
Total Cash and Investments	$	10,224,007

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
Supranationals	Yes	5 years	30%	None
JPA Pools (other investment pools)	No	N/A	None	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Repurchase Agreements	270 days	30%	None
Investment Contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	N/A	50 million	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	1 to 2 Years	2 to 5 Years	Total
Local Agency Investment Fund	$ 6,533,203	$ -	$ -	$ 6,533,203
Held by Bond Trustee:				
Money Market Mutual Funds	1,012,911	-	-	1,012,911
Total Pooled Investments	$ 7,546,114	$ -	$ -	$ 7,546,114

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization.

The Local Agency Investment Fund is not required to be rated. Money Market Mutual funds held by bond trustees are rated AAA.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2019, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2019, none of the City's investments were held by the broker-dealer (counterparty) that was used by the City to purchase the securities.

For investments identified herein as held by bond trustee, the bond trustee selects the investments under terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS - Continued

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Local Agency Investment Fund and money market mutual funds are not subject to the fair value hierarchy; therefore, the City has no investments that are subject to recurring fair value measurements.

Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2019 are as follows:

Due To (Receivable)	Due From (Payable)	Amount
Series A Infrastructure Bonds	Police Measure P	$ 186,320
	Recycle Fund	117,049
	Non-major Governmental Funds	1,465
Total		$ 304,834

Transfers consisted of the following at June 30, 2019:

	TRANSFERS IN		
TRANSFERS OUT	General Fund	Grants	Total
General Fund	$ -	$ 61,677	$ 61,677
Measure P Police	92,857	-	92,857
Recycle Fund	123,720	-	123,720
Series A Infrastructure Bond Proceeds	-	1,836,506	1,836,506
Roads Measure V	-	1,508,157	1,508,157
Non-Major Funds	218,309	-	218,309
Total	$ 434,886	$ 3,406,340	$ 3,841,226

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

4) LOANS AND NOTES RECEIVABLE

Through the City's various housing rehabilitation funds, first-time home buyer's funds, and business/economic development loan funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. The balance of the loans receivable includes the accrued interest earned and deferred until future periods and an allowance for doubtful accounts of $4,726,570.

Loans and notes receivable for the year ended June 30, 2019, consisted of the following:

Fund	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
CDBG Code Enforcement	$ 2,198,361	$ (363,189)	$ 30,730	$ 331,237	$ 1,534,665
HOME RLF	8,314,488	(3,363,976)	204,466	25,512	5,129,466
Nonmajor Governmental Funds	980,008	459,690	16,660	158,071	1,298,287
Total	$ 11,492,857	$ (3,267,475)	$ 251,856	$ 514,820	$ 7,962,418

*The beginning balance of loans receivables were adjusted to reflect the actual as of July 1, 2018, including an adjustment for allowance for doubtful accounts. See Note 12 Prior Period Adjustments for more information.

5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Nondepreciable Capital Assets					
Land	$ 7,011,000	$ 350,000	$ -	$ -	$ 7,361,000
Construction in Progress	437,462	624,888	2,780,968	3,254,365	588,953
Total Capital Assets Not Depreciated, Net	7,448,462	974,888	2,780,968	3,254,365	7,949,953
Depreciable Capital Assets					
Buildings and Improvements	2,375,277	500,000	808,259	-	3,683,536
Equipment	806,034	291,855	368,561	-	1,466,450
Vehicles	1,911,424	-	-	353,714	1,557,710
Infrastructure	9,888,788	1,224,241	3,027,893	-	14,140,922
Total Cost of Depreciable Capital Assets	14,981,523	2,016,096	4,204,713	353,714	20,848,618
Less Accumulated Depreciation:					
Buildings and Improvements	1,445,320	79,176	100,931	-	1,625,427
Equipment	668,033	23,062	14,028	-	705,123
Vehicles	1,311,704	118,294	84,942	335,500	1,179,440
Infrastructure	3,015,894	329,626	355,817	-	3,701,337
Total Accumulated Depreciation	6,440,951	550,158	555,718	335,500	7,211,327
Net Depreciable Capital Assets	8,540,572	1,465,938	3,648,995	18,214	13,637,291
Total Capital Assets, Net	$ 15,989,034	$ 2,440,826	$ 6,429,963	$ 3,272,579	$ 21,587,244

Depreciation expense was charged in the following function of the Statement of Activities:

General Government	$ 100,616
Public Safety	72,376
Public Works and Streets	382,726
Total Depreciation Expense	$ 555,718

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

6) CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability activity, all of which are funded by the General Fund for the year ended June 30, 2019:

Governmental Activities:	Beginning Balance		Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 318,099		$ -	$ 79,944	$ 238,155	$ 100,000
Net Pension Liability	7,277,873		-	216,988	7,060,885	-
Claims Payable	63,563		-	25,463	38,100	25,000
Loans from direct borrowings:						
Energy Efficiency Loan	797,532	*	-	35,447	762,085	40,131
Capital Lease Payable	291,855	*	-	-	291,855	68,169
Total	$ 8,748,922		$ -	$ 357,842	$ 8,391,080	$ 233,300

*Adjustment to beginning debt balances for loan and lease agreements entered into in prior years.

Compensated absences and the net pension liability are typically liquidated by the General Fund.

Energy Efficiency Lease Agreement (direct borrowing)

In April, the City entered into a lease-purchase agreement for the acquisition and installation of certain energy conservation equipment including lighting and solar with an aggregate principal borrowing of $808,519. The proceeds are to be used to pay for the energy efficiency and conservation improvements as specified in the agreement. The payments bear interest at 3.50% and are due and payable annually on November 15th and each year, maturing on November 15, 2032. The General Fund will generally be responsible for making the debt service payments annually.

The annual debt service requirements for the lease agreement as of June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	$ 40,131	$ 33,374	$ 73,505
2021	43,115	31,561	74,676
2022	46,238	29,615	75,852
2023	47,590	27,528	75,117
2024	48,209	25,422	73,631
2025 - 2029	283,764	92,285	376,049
2030 - 2033	253,039	22,990	276,029
Totals	$ 762,085	$ 262,776	$ 1,024,861

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

6) CHANGES IN LONG-TERM LIABILITIES - Continued

Capital Lease Payable

The City, at various occasions, enters into lease agreements that qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The capitalized costs and accumulated depreciation on assets acquired through capital leases are $291,855 and $29,186.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2020	$ 82,497
2021	82,497
2022	82,497
2023	82,497
Totals	$ 329,988
Less: Interest	(38,133)
Present Value	$ 291,855

Fiduciary Fund Long-term Debt

The following is a summary of the Successor Agency Private-purpose Trust Fund long-term debt:

Tax Allocation Bonds:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Series 2017	$ 13,275,000	$ -	$ 650,000	$ 12,625,000	$ 545,000
Bond Discount	(338,150)	-	(18,786)	(319,364)	(18,786)
Total	$ 12,936,850	$ -	$ 631,214	$ 12,305,636	$ 526,214

In December 2017, the Clearlake Successor Agency sold $13,275,000 in 2017 Taxable Tax Allocation Refunding Bonds to refund the previously outstanding 2006A and 2006B Series bonds, at a discount of $338,150. Interest on the 2017 Bonds is payable on April 1 and October 1 of each year. Principal payments are made on October 1 of each year, with the final payment due on October 1, 2036. Interest rates range from 1.75% to 4%. Future debt service requirements are as follows:

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

6) CHANGES IN LONG-TERM LIABILITIES

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	$ 545,000	$ 416,022	$ 961,022
2021	555,000	405,363	960,363
2022	560,000	393,163	953,163
2023	575,000	378,966	953,966
2024	600,000	363,544	963,544
2025	610,000	347,281	957,281
2026	630,000	329,444	959,444
2027	645,000	309,916	954,916
2028	665,000	289,031	954,031
2029	690,000	265,288	955,288
2030	715,000	238,944	953,944
2031	745,000	211,569	956,569
2032	770,000	183,163	953,163
2033	800,000	153,725	953,725
2034	830,000	123,163	953,163
2035	865,000	90,300	955,300
2036	895,000	55,100	950,100
2037	930,000	18,600	948,600
Totals	$ 12,625,000	$ 4,572,578	$ 17,197,578

7) PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Clearlake sponsors 2 rate plans (both are miscellaneous.) Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2017 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

7) PENSION PLAN – Continued

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.892% + $133,207	6.842% + $314

	Safety Police	Safety Police PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2% to 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	19.416% + $698,820	12.141% + $4,611

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was $836,952 in fiscal year 2019. The City's contributions to the Plan for the year ended June 30, 2019 were $1,020,255.

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

As of June 30, 2019, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan of $7,060,885.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

7) PENSION PLAN – Continued

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

Proportion - June 30, 2017	0.07339%
Proportion - June 30, 2018	0.07327%
Change - Increase (Decrease)	-0.00012%

For the year ended June 30, 2019, the City recognized pension expense of $1,296,919. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,020,255	$ -
Differences between actual and expected experience	183,530	25,028
Changes in assumptions	722,734	121,178
Change in employer's proportion	56,587	151,585
Differences between employer's contributions and employer's proportionate share of contributions	452,968	105,463
Net differences between projected and actual earnings on plan investments	44,363	-
Total	$ 2,480,437	$ 403,254

$1,020,255 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2020	$ 761,756
2021	549,223
2022	(201,247)
2023	(52,804)
2024	-
Thereafter	-

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

7) PENSION PLAN – Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

(1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

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

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows.

Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.
(2) An expected inflation of 2.92% used for this period.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

7) PENSION PLAN – Continued

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.15%
Net Pension Liability	$	10,734,622
Current Discount Rate		7.15%
Net Pension Liability	$	7,060,885
1% Increase		8.15%
Net Pension Liability	$	4,043,687

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2019, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2019.

8) SUMMARY DISCLOSURE OF SELF-INSURANCE CONTINGENCIES

The City of Clearlake ("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 for which the City obtains insurance coverage. The City maintains self-insurance programs for workers' compensation, general and auto liability. Claims are processed by an independent third-party claims administrator.

The City is a member of the Public Agency Risk Sharing Authority of California- PARSAC ("Authority"), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation, and property claims. Under the program, the City has a $50,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to $1 million. The Authority has additional coverage of $49 million in excess of its $1 million retention limit through affiliated risk management authorities.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

8) SUMMARY DISCLOSURE OF SELF-INSURANCE CONTINGENCIES - Continued

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The Authority covers workers' compensation claims up to its self-insurance limit of $500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to the Authority and may share in any surplus revenues or may be required to pay additional assessments based upon the Authority's operating results. Financial statements of the Public Agency Risk Sharing Authority of California (PARSAC) may be obtained from its administrative office located at 1525 Response Road, Suite One, Sacramento, California, 95815; www.parsac.org or by calling (916) 927-7727.

Included in the accrued claims liability is an estimated liability for claims filed, as calculated by the City's third party claims administrator, but not paid, in the amount of $38,100 for workers' compensation.

Fiscal Year	Claims Payable Beginning of Year	Additions	Deletions	Claims Payable End of Year
6/30/19	$ 63,563	$ -	$ (25,463)	$ 38,100
6/30/18	122,934	-	(59,371)	63,563

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability covered from coverage in the prior year.

9) COMMITMENTS AND CONTINGENCIES

The City has received State and Federal funds that are subject to review and audit by the grantor agencies. Such audits could generate expenditure disallowances under terms of the grants; however, it is believed that any such reimbursements will not be significant.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

10) FUND BALANCE

	General Fund	Police Measure P	CDBG Code Enforcement	HOME RLF	Recycle Fund	Series A Infrastructure Bonds
Nonspendable:						
Notes Receivable	$ 3,544	$ -	$ -	$ -	$ -	$ -
Restricted for:						
Capital Projects	-	-	-	-	-	3,824,507
Housing	-	-	2,147,092	5,280,199	-	-
Public Works/Street Projects	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
PEG	-	-	-	-	-	-
LAFCO	-	-	-	-	-	-
Committed to:						
Unemployment Insurance	118,748	-	-	-	-	-
Unassigned	760,729	(1,616)	-	-	(120,869)	-
Total Fund Balances	$ 883,021	$ (1,616)	$ 2,147,092	$ 5,280,199	$ (120,869)	$ 3,824,507

	Series B Infrastructure Bonds	Roads Measure V	Grants	Non-major Governmental Funds	Total
Nonspendable:					
Notes Receivable	$ -	$ -	$ -	$ -	$ 3,544
Restricted for:					
Capital Projects	3,076,484	-	-	-	6,900,991
Housing	-	-	-	1,519,939	8,947,230
Public Works/Street Projects	-	441,831	-	326,352	768,183
Public Safety	-	-	-	198,810	198,810
PEG	-	-	-	198,429	198,429
Committed to:					
Unemployment Insurance	-	-	-	-	118,748
Unassigned	-	-	(379,369)	(1,680)	257,195
Total Fund Balances	$ 3,076,484	$ 441,831	$ (379,369)	$ 2,241,850	$ 17,393,130

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

11) ACCUMULATED FUND DEFICITS

At June 30, 2019, the following funds had deficit fund balances:

Major Funds:	
Police Measure P	$ (1,616)
Recycle Fund	(120,689)
Grants	(379,369)
Non-major Funds	
Park Development	(1,680)

These deficits will be eliminated through the collection of unavailable revenues and future revenues.

12) PRIOR PERIOD ADJUSTMENTS

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

The prior period adjustments in the Statement of Changes in Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds were as follows:

	General Fund	Police Measure P	CDBG Code Enforcement	HOME RLF	Recycle Fund	Total Nonmajor Roads Measure V	Governmental Funds
Beginning Balance, as of July 1, 2018	$ 1,395,899	$ 173,773	$ 347,666	$ 288,001	$ 210,910	$ 1,266,685	$ 862,634
Prior Period Adjustments	(792,465)	(82,300)	1,830,767	4,963,837	(23,997)	(144,400)	1,438,684
Beginning Balance, as of July 1, 2018, Restated	$ 603,434	$ 91,473	$2,178,433	$5,251,838	$ 186,913	$ 1,122,285	$2,301,318

General Fund

The $792,465 adjustment in the General Fund is the net result of recording adjustments to receivables received in prior years and removing payables paid in prior years.

Police Measure P

The adjustment of $82,300 in the Measure P Fund is the result of adjusting receivables received in prior years.

CDBG Code Enforcement

The $1,830,767 adjustment in the CDBG Code Enforcement Fund is to record the principal portion of the notes receivable as of July 1, 2018 as a component of fund balance in accordance with GASB Statement No. 54.

HOME RLF

The $4,963,837 adjustment in the HOME RLF Fund is to record the principal portion of the notes receivable as of July 1, 2018 as a component of fund balance in accordance with GASB Statement No. 54.

HOME RLF

The $23,997 adjustment in the Recycle Fund is to record an adjustment to receivables for payments received in prior years.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2019

12) PRIOR PERIOD ADJUSTMENTS - Continued

Roads Measure V

The $144,400 adjustment in the Roads Measure V Fund is the result of adjusting receivables received in prior years.

Nonmajor Governmental Funds

The $1,438,684 net prior period adjustments in Nonmajor Governmental Funds consist of the following:

$ 475,681	To record notes receivable as a component of fund balance.
542,378	To record additional notes receivable as of July 1, 2018.
419,304	To record additional interest on notes receivable as of July 1, 2018.
(13,647)	To adjust receivables for payments received in prior years.
14,968	To adjust payables for payments paid in prior years.
$ 1,438,684	

Statement of Activities

The $2,982,877 net restatement of net position in the Statement of Activities consists of the following:

$ 2,440,826	Adjustments to record capital asset additions from prior years.
(1,041,841)	Total adjustments to prior years' receivables and payables.
(4,254,157)	Allowance for doubtful accounts for interest receivable on long-term loans
(1,089,387)	To record long-term loans payable as of July 1, 2018
542,378	To record additional notes receivable as of July 1, 2018.
419,304	To record additional interest on notes receivable as of July 1, 2018.
$(2,982,877)	

13) SUBSEQUENT EVENTS

In June 2019, the City, among other entities, was a party to a settlement with Pacific Gas and Electric Company (PG&E) with a total settlement of $415 million. In July 2020, subsequent to the end of the fiscal year, the City was allocated a gross settlement amount of $18,347,776, of which, the City received $14,876,403. The settlement amount was based on documented costs incurred and/or impacts from fires where there wasn't another funding source. The largest of which was impacts to City roads and potential slope mitigation/watershed restoration costs. According to the settlement agreement, the use of the funds is entirely within the City's discretion.

REQUIRED SUPPLEMENTARY INFORMATION

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes and Assessments	$ 4,554,557	$ 4,554,557	$ 5,165,288	$ 610,731
Fines and Forfeitures	100,000	100,000	46,250	(53,750)
Licenses and Permits	83,464	83,464	85,073	1,609
Use of Money and Property	30,000	30,000	4,954	(25,046)
Intergovernmental	161,993	161,993	217,388	55,395
Charges for Services	307,424	307,424	319,243	11,819
Other Revenues	128,600	128,600	122,569	(6,031)
Total Revenues	5,366,038	5,366,038	5,960,765	594,727
EXPENDITURES				
Current:				
General Government	1,405,282	1,405,282	1,225,278	180,004
Public Safety	3,785,748	3,785,748	3,614,925	170,823
Public Works and Streets	201,527	201,527	303,582	(102,055)
Housing	295,805	295,805	149,143	146,662
Parks and Recreation	178,404	178,404	260,702	(82,298)
Capital Outlay	343,970	343,970	442,837	(98,867)
Debt Service:				
Principal	-	-	35,447	(35,447)
Interest	-	-	22,473	(22,473)
Total Expenditures	6,210,736	6,210,736	6,054,387	156,349
Excess (Deficiency) of Revenues over Expenditures	(844,698)	(844,698)	(93,622)	751,076
OTHER FINANCING SOURCES (USES)				
Transfers In	535,925	535,925	434,886	(101,039)
Transfers Out	-	-	(61,677)	(61,677)
Total Other Financing Sources (Uses)	535,925	535,925	373,209	(162,716)
Net Change in Fund Balances	(308,773)	(308,773)	279,587	588,360
Fund Balance, Beginning of Year	1,395,899	1,395,899	1,395,899	-
Prior Period Adjustments	-	-	(792,465)	(792,465)
Fund Balance, End of Year	$ 1,087,126	$ 1,087,126	$ 883,021	$ (204,105)

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Measure P Special Revenue Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes and Assessments	$ 1,181,000	$ 1,181,000	$ 1,087,201	$ (93,799)
Use of Money and Property	50	50	2	(48)
Total Revenues	1,181,050	1,181,050	1,087,203	(93,847)
EXPENDITURES				
Current:				
Public Safety	1,181,050	1,181,050	1,081,125	99,925
Capital Outlay	-	-	6,310	(6,310)
Total Expenditures	1,181,050	1,181,050	1,087,435	93,615
Excess (Deficiency) of Revenues over Expenditures	-	-	(232)	(232)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(92,857)	(92,857)	(92,857)	-
Total Other Financing Sources (Uses)	(92,857)	(92,857)	(92,857)	-
Net Change in Fund Balances	(92,857)	(92,857)	(93,089)	(232)
Fund Balance, Beginning of Year	173,773	173,773	173,773	-
Prior Period Adjustments	-	-	(82,300)	(82,300)
Fund Balance, End of Year	$ 80,916	$ 80,916	$ (1,616)	$ (82,532)

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Code Enforcement Special Revenue Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of Money and Property	$ -	$ -	$ 127	$ 127
Charges for Services	-	-	87,995	87,995
Total Revenues	-	-	88,122	88,122
EXPENDITURES				
Current:				
General Government	14,747	14,747	4,763	9,984
Public Safety	205,811	205,811	109,021	96,790
Capital Outlay	12,000	12,000	5,679	6,321
Total Expenditures	232,558	14,747	119,463	113,095
Excess (Deficiency) of Revenues over Expenditures	(232,558)	(14,747)	(31,341)	(16,594)
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	500,000	-	(500,000)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	500,000	500,000	-	(500,000)
Net Change in Fund Balances	267,442	485,253	(31,341)	(516,594)
Fund Balance, Beginning of Year	347,666	347,666	347,666	-
Prior Period Adjustments	-	-	1,830,767	1,830,767
Fund Balance, End of Year	$ 615,108	$ 832,919	$ 2,147,092	$ 1,314,173

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Recycle Special Revenue Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes and Assessments	$ 123,220	$ 123,220	$ -	$ (123,220)
Use of Money and Property	501	501	25	(476)
Intergovernmental Revenues	-	-	5,000	5,000
Total Revenues	123,721	123,721	5,025	(118,696)
EXPENDITURES				
Current:				
General Government	-	-	189,087	(189,087)
Capital Outlay	-	-	-	-
Total Expenditures	-	-	189,087	(189,087)
Excess (Deficiency) of Revenues over Expenditures	123,721	123,721	(184,062)	(307,783)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(143,720)	(143,720)	(123,720)	20,000
Total Other Financing Sources (Uses	(143,720)	(143,720)	(123,720)	20,000
Net Change in Fund Balances	(19,999)	(19,999)	(307,782)	(287,783)
Fund Balance, Beginning of Year	210,910	210,910	210,910	-
Prior Period Adjustments	-	-	(23,997)	(23,997)
Fund Balance, End of Year	$ 190,911	$ 190,911	$ (120,869)	$ (311,780)

City of Clearlake
Required Supplementary Information
Year Ended June 30, 2019

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years*

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2018	0.07327%	$ 7,060,885	$ 2,896,358	243.78%	73.66%
2017	0.07339%	7,277,873	3,013,215	241.53%	70.88%
2016	0.07556%	6,538,364	2,561,821	255.22%	70.81%
2015	0.07978%	5,476,171	2,427,382	225.60%	74.68%
2014	0.08254%	5,135,962	2,170,611	236.61%	75.69%

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%.

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of Clearlake
Required Supplementary Information
Year Ended June 30, 2019

Schedule of Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	$ 841,961	$ (841,961)	$ -	$ 2,896,358	29.07%
2018	1,375,377	(1,375,377)	-	3,013,215	45.64%
2017	181,051	(181,051)	-	2,561,821	7.07%
2016	659,326	(659,326)	-	2,427,382	27.16%
2015	673,740	(673,740)	-	2,170,611	31.04%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of Clearlake
Notes to Required Supplementary Information
Year Ended June 30, 2019

1. Budgetary Control and Accounting

The City Council approves each year's budget submitted by the City Manager and Assistant City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. All supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget transfers are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the departmental level within the general fund and at the fund level for other funds. At fiscal year-end, all operating budget appropriations lapse.

A budget was not adopted for the HOME RLF Special Revenue Fund.

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

SUPPLEMENTARY INFORMATION

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Series A Infrastructure Bonds Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 84,697	$ 84,697
Total Revenues	-	84,697	84,697
EXPENDITURES			
Current:			
General Government	-	2,000	(2,000)
Total Expenditures	-	2,000	(2,000)
Excess (Deficiency) of Revenues over Expenditures	-	82,697	82,697
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(3,005,000)	(1,836,506)	1,168,494
Total Other Financing Sources (Uses)	(3,005,000)	(1,836,506)	1,168,494
Net Change in Fund Balances	(3,005,000)	(1,753,809)	1,251,191
Fund Balance, Beginning of Year	5,578,316	5,578,316	-
Fund Balance, End of Year	$ 2,573,316	$ 3,824,507	$ 1,251,191

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Series B Infrastructure Bonds Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 143,438	$ 143,438
Total Revenues	-	143,438	143,438
EXPENDITURES			
Capital Outlay	-	8,850	(8,850)
Total Expenditures	-	8,850	(8,850)
Excess (Deficiency) of Revenues over Expenditures	-	134,588	134,588
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(20,000)	-	20,000
Total Other Financing Sources (Uses)	(20,000)	-	20,000
Net Change in Fund Balances	(20,000)	134,588	154,588
Fund Balance, Beginning of Year	2,941,896	2,941,896	-
Fund Balance, End of Year	$ 2,921,896	$ 3,076,484	$ 154,588

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Roads Measure V Capital Project Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Assessments	$ 2,484,000	$ 2,179,556	$ (304,444)
Use of Money and Property	500	3	(497)
Total Revenues	2,484,500	2,179,559	(304,941)
EXPENDITURES			
Current:			
Public Works and Streets	1,003,373	802,370	201,003
Capital Outlay	525,000	549,486	(24,486)
Total Expenditures	1,528,373	1,351,856	176,517
Excess (Deficiency) of Revenues over Expenditures	956,127	827,703	(128,424)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(1,800,000)	(1,508,157)	291,843
Total Other Financing Sources (Uses)	(1,800,000)	(1,508,157)	291,843
Net Change in Fund Balances	(843,873)	(680,454)	163,419
Fund Balance, Beginning of Year	1,266,685	1,266,685	-
Prior Period Adjustments	-	(144,400)	(144,400)
Fund Balance, End of Year	$ 422,812	$ 441,831	$ 19,019

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Grants Capital Project Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	$ 1,319,000	$ 470,178	$ (848,822)
Total Revenues	1,319,000	470,178	(848,822)
EXPENDITURES			
Current:			
General Government	-	3,662	(3,662)
Public Works and Streets	-	25	(25)
Capital Outlay	6,354,000	3,480,895	2,873,105
Total Expenditures	6,354,000	3,484,582	2,873,080
Excess (Deficiency) of Revenues over Expenditures	(5,035,000)	(3,014,404)	2,020,596
OTHER FINANCING SOURCES (USES)			
Transfers In	5,035,000	3,406,340	(1,628,660)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	5,035,000	3,406,340	(1,628,660)
Net Change in Fund Balances	-	391,936	391,936
Fund Balance, Beginning of Year	(771,305)	(771,305)	-
Fund Balance, End of Year	$ (771,305)	$ (379,369)	$ 391,936

NON-MAJOR GOVERNMENTAL FUNDS

City of Clearlake
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019

	Special Revenue				
	Low and Moderate Income Housing	Park Development	PEG	Police Grants	Police ABC
ASSETS					
Cash and Investments	$ 134,441	$ -	$ 198,429	$ 118,342	$ 14
Receivables:					
Accounts	-	-	-	-	-
Notes Receivable	1,184,467	-	-	-	-
Total Assets	$ 1,318,908	$ -	$ 198,429	$ 118,342	$ 14
LIABILITIES					
Accounts Payable	$ 1,284	$ 215	$ -	$ -	$ -
Deposits	3,850	-	-	-	-
Due to Other Funds	-	1,465	-	-	-
Total Liabilities	5,134	1,680	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Interest Receivable	-	-	-	-	-
Unavailable Revenues - Grant Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCE (DEFICITS)					
Restricted	1,313,774	-	198,429	118,342	14
Unassigned	-	(1,680)	-	-	-
Total Fund Balances	1,313,774	(1,680)	198,429	118,342	14
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 1,318,908	$ -	$ 198,429	$ 118,342	$ 14

Special Revenue				
Police Asset Seizure	Gas Tax	Traffic Impact	EDBG RLF	Total Non-major Governmental Funds
$ 80,454	$ 274,302	$ 18,781	$ 100,875	$ 925,638
-	52,094	-	-	52,094
-	-	-	113,820	1,298,287
$ 80,454	$ 326,396	$ 18,781	$ 214,695	$ 2,276,019
$ -	$ 18,825	$ -	$ -	$ 20,324
-	-	-	-	3,850
-	-	-	-	1,465
-	18,825	-	-	25,639
-	-	-	8,530	8,530
-	-	-	-	-
-	-	-	8,530	8,530
80,454	307,571	18,781	206,165	2,243,530
-	-	-	-	(1,680)
80,454	307,571	18,781	206,165	2,241,850
$ 80,454	$ 326,396	$ 18,781	$ 214,695	$ 2,276,019

City of Clearlake
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2019

	Special Revenue				
	Low and Moderate Income Housing	Park Development	PEG	Police Grants	Police ABC
REVENUES					
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -
Use of Money and Property	13	-	34	83	14
Intergovernmental Revenues	-	-	40,478	85,201	53,551
Charges for Services	74,765	-	17,000	-	-
Other Revenues	-	-	215	-	-
Total Revenues	74,778	-	57,727	85,284	53,565
EXPENDITURES					
Current:					
General Government	62,652	-	13,054	-	-
Public Safety	-	1,680	-	-	-
Public Works and Streets	5,694	-	-	-	-
Housing	26,691	-	-	-	-
Parks and Recreation	-	-	-	-	-
Capital Outlay	598	-	48,236	9,051	37,591
Total Expenditures	95,635	1,680	61,290	9,051	37,591
Excess (Deficiency) of Revenues Over Expenditures	(20,857)	(1,680)	(3,563)	76,233	15,974
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(162,500)	(25,000)
Total Other Financing Sources (Uses)	-	-	-	(162,500)	(25,000)
Net Change in Fund Balances	(20,857)	(1,680)	(3,563)	(86,267)	(9,026)
Fund Balances, Beginning of Year	7,708	-	201,992	218,256	9,040
Prior Period Adjustment	1,326,923	-	-	(13,647)	-
Fund Balances, End of Year	$ 1,313,774	$ (1,680)	$ 198,429	$ 118,342	$ 14

Special Revenue				
Police Asset Seizure	Gas Tax	Traffic Impact	EDBG RLF	Total Non-major Governmental Funds
$ -	$ 309,054	$ -	$ -	$ 309,054
14	154	7	24	343
14,799	309,839	-	-	503,868
-	-	-	20,022	111,787
-	-	-	-	215
14,813	619,047	7	20,046	925,267
-	-	-	3,605	79,311
1,910	-	-	-	3,590
-	534,548	-	-	540,242
-	-	-	511	27,202
-	-	-	-	-
4,014	16,591	-	-	116,081
5,924	551,139	-	4,116	766,426
8,889	67,908	7	15,930	158,841
-	-	-	-	-
-	(30,809)	-	-	(218,309)
-	(30,809)	-	-	(218,309)
8,889	37,099	7	15,930	(59,468)
71,565	255,504	18,774	79,795	862,634
-	14,968	-	110,440	1,438,684
$ 80,454	$ 307,571	$ 18,781	$ 206,165	$ 2,241,850

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Low and Moderate Income Housing Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ 200	$ 13	$ (187)
Charges for Services	78,040	74,765	(3,275)
Total Revenues	78,240	74,778	(3,462)
EXPENDITURES			
Current:			
General Government	55,555	62,652	(7,097)
Public Works and Streets	-	5,694	(5,694)
Housing	44,145	26,691	17,454
Capital Outlay	20,000	598	19,402
Total Expenditures	119,700	95,635	24,065
Excess (Deficiency) of Revenues over Expenditures	(41,460)	(20,857)	20,603
OTHER FINANCING SOURCES (USES)			
Transfers In	20,000	-	(20,000)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	20,000	-	(20,000)
Net Change in Fund Balances	(21,460)	(20,857)	603
Fund Balance, Beginning of Year	7,708	7,708	-
Prior Period Adjustment	-	1,326,923	1,326,923
Fund Balance, End of Year	$ (13,752)	$ 1,313,774	$ 1,327,526

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ -	$ -
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Public Safety	-	1,680	(1,680)
Capital Outlay	-	-	-
Total Expenditures	-	1,680	(1,680)
Excess (Deficiency) of Revenues over Expenditures	-	(1,680)	(1,680)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	(1,680)	(1,680)
Fund Balances, Beginning of Year	-	-	-
Fund Balance, End of Year	$ -	$ (1,680)	$ (1,680)

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - PEG Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 34	$ 34
Intergovernmental Revenues	65,000	40,478	(24,522)
Charges for Services	18,250	17,000	(1,250)
Other Revenues	500	215	(285)
Total Revenues	83,250	57,727	(25,523)
EXPENDITURES			
Current:			
General Government	24,650	13,054	11,596
Public Safety	-	-	-
Parks and Recreation	-	-	-
Capital Outlay	62,000	48,236	13,764
Total Expenditures	86,650	61,290	25,360
Excess (Deficiency) of Revenues Over Expenditures	(3,400)	(3,563)	(163)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(8,000)	-	8,000
Total Other Financing Sources (Uses)	(8,000)	-	8,000
Net Change in Fund Balances	(11,400)	(3,563)	7,837
Fund Balance, Beginning of Year	201,992	201,992	-
Fund Balance, End of Year	$ 190,592	$ 198,429	$ 7,837

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Grants Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ 15,000	$ 83	$ (14,917)
Intergovernmental Revenues	100,000	85,201	(14,799)
Total Revenues	115,000	85,284	(29,716)
EXPENDITURES			
Current:			
Public Safety	-	-	-
Capital Outlay	35,000	9,051	25,949
Total Expenditures	35,000	9,051	25,949
Excess (Deficiency) of Revenues Over Expenditures	80,000	76,233	(3,767)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(162,500)	(162,500)	-
Total Other Financing Sources (Uses)	(162,500)	(162,500)	-
Net Change in Fund Balances	(82,500)	(86,267)	(3,767)
Fund Balance, Beginning of Year	218,256	218,256	-
Prior Period Adjustments	-	(13,647)	(13,647)
Fund Balance, End of Year	$ 135,756	$ 118,342	$ (17,414)

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police ABC Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 14	$ 14
Intergovernmental Revenue	-	53,551	53,551
Total Revenues	-	53,565	53,565
EXPENDITURES			
Current:			
Public Safety	-	-	-
Capital Outlay	10,000	37,591	(27,591)
Total Expenditures	10,000	37,591	(27,591)
Excess (Deficiency) of Revenues over Expenditures	(10,000)	15,974	25,974
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,000)	(25,000)	-
Net Change in Fund Balances	(35,000)	(9,026)	25,974
Fund Balance, Beginning of Year	9,040	9,040	-
Fund Balance, End of Year	$ (25,960)	$ 14	$ 25,974

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Asset Seizure Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 14	$ 14
Intergovernmental Revenue	-	14,799	14,799
Total Revenues	-	14,813	14,813
EXPENDITURES			
Current:			
Public Safety	10,000	1,910	8,090
Capital Outlay	25,000	4,014	(20,986)
Total Expenditures	35,000	5,924	29,076
Excess (Deficiency) of Revenues over Expenditures	(35,000)	8,889	43,889
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(35,000)	8,889	43,889
Fund Balance, Beginning of Year	71,565	71,565	-
Fund Balance, End of Year	$ 36,565	$ 80,454	$ 43,889

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Assessments	$ 559,364	$ 309,054	$ (250,310)
Use of Money and Property	1,500	154	(1,346)
Intergovernmental	275,565	309,839	34,274
Total Revenues	836,429	619,047	(217,382)
EXPENDITURES			
Current:			
Public Works and Streets	506,484	534,548	(28,064)
Capital Outlay	200,000	16,591	(183,409)
Total Expenditures	706,484	551,139	155,345
Excess (Deficiency) of Revenues over Expenditures	129,945	67,908	(62,037)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(260,809)	(30,809)	230,000
Total Other Financing Sources (Uses)	(260,809)	(30,809)	230,000
Net Change in Fund Balances	(130,864)	37,099	167,963
Fund Balance, Beginning of Year	255,504	255,504	-
Fund Balance, Beginning of Year	-	14,968	14,968
Fund Balance, End of Year	$ 124,640	$ 307,571	$ 167,963

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Impact Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 7	$ 7
Total Revenues	-	7	7
EXPENDITURES			
Current:			
Public Works and Streets	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	7	7
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	7	7
Fund Balance, Beginning of Year	18,774	18,774	-
Fund Balance, End of Year	$ 18,774	$ 18,781	$ 7

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - EDBG RLF Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 24	$ 24
Charges for Services	10,000	20,022	10,022
Total Revenues	10,000	20,046	10,046
EXPENDITURES			
Current:			
General Government	1,250	3,605	(2,355)
Housing	8,750	511	(8,239)
Total Expenditures	10,000	4,116	5,884
Excess (Deficiency) of Revenues over Expenditures	-	15,930	15,930
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(50,282)	-	50,282
Total Other Financing Sources (Uses)	(50,282)	-	50,282
Net Change in Fund Balances	(50,282)	15,930	66,212
Fund Balance, Beginning of Year	79,795	79,795	-
Prior Period Adjustments	-	110,440	110,440
Fund Balance, End of Year	$ 29,513	$ 206,165	$ 176,652

AGENCY FUNDS

City of Clearlake
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
LAFCO				
ASSETS				
Cash and Investments	$ -	$ 209,481	$ 53,940	$ 155,541
Total Assets	$ -	$ 209,481	$ 53,940	$ 155,541
LIABILITIES				
Accounts Payable	$ -	$ 525	$	$ 525
Due to Other Agencies		208,956	53,940	155,016
Total Liabilities	$ -	$ 209,481	$ 53,940	$ 155,541

Van Lant & Fankhanel, LLP
Certified Public Accountants

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City Council
City of Clearlake
Clearlake, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Clearlake (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 our report thereon dated May 31, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-004, and 2019-005 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-003, 2019-006, 2019-007, and 2019-008 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Clearlake's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Lant & Fankhanel, LLP

May 31, 2021

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-001 Timeliness and Accuracy of Accounting Records

Condition:

In preparation for the annual audit, the City's Finance staff performed significant analysis and reconciliations of various accounts in the City's general ledger. However, when we began our year-end audit fieldwork, it became apparent that certain accounts had not yet been thoroughly analyzed and reconciled to supporting records. This includes accounts payable, accounts receivable, loans receivable, various deposit accounts, and capital assets. In addition, while performing audit procedures, we identified and proposed many material adjusting entries to the City's accounting records. Furthermore, *Statements on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in an Audit"* states that "indicators of material weaknesses in internal control include: identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate the misstatement would not have been detected by the entity's internal control."

Reconciliation and review of all balance sheet accounts and various revenue and expenditure accounts on a recurring basis, and especially at year-end, is a vital part of maintaining the integrity of the accounting and financial reporting system. Periodic reconciliations of balance sheet and other selected accounts provide accurate data from which to base decisions, prevent costly errors and provide ease in identifying potential adjustments and corrections. In addition to this, the City should also conduct budget-to-actual comparisons on a regular basis. If this is not done in a timely manner throughout the fiscal year, the year-end closing process tends to be more difficult and time-consuming, and may contribute to delays in issuing year-end reports. It should be noted, adjusting journal entries were being made to the City's accounting records as late as May 2021, approximately 2 years after the end of the fiscal year.

Criteria:

The City's management is responsible for establishing and maintaining effective internal controls over financial reporting to help ensure that appropriate goals and objectives are met. This responsibility includes the selection and application of accounting principles, ensuring that financial information is reliable and properly recorded, and evaluating and monitoring ongoing activities.

Cause of Condition:

Turnover in the Finance Department and delays in completing the year-end financial close process due to COVID-19.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-001 Timeliness and Accuracy of Accounting Records - Continued

Recommendation:

Therefore, in order to maintain the integrity of the accounting and financial reporting system, and to ensure timely reporting, we recommend that all balance sheet accounts and other selected accounts be analyzed on a monthly, quarterly or other periodic basis as appropriate. We suggest a schedule of accounting functions to be performed monthly, quarterly, etc., be prepared with the provision for signing off by date and initials when the procedure is complete. We understand significant turnover in the finance department along with the onset of the COVID-19 pandemic were contributing factors to the finding described above.

Views of Responsible Officials:

Management concurs with Auditor's Recommendations. Significant process has been made during the 2020-21 fiscal year. Procedures for monthly processes have been started. We plan to fully implement all recommendations by July 31, 2021.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-002 Controls Over the City's Disbursements and Procurement Process

Condition:

As part of our audit we reviewed and evaluated the controls over the City's purchasing and check disbursement process in order to gain an understanding and perform our required risk assessment process. While performing these procedures, we noted the following conditions:

a) After reviewing a selection of disbursements and supporting documentation, we found that many invoices did not include an approval or authorization from the department or department head that initiated and made the purchase. It should be noted however, that the invoices did include approval from the Finance Department.

b) When evaluating the controls over creating vendors, approving invoices, and signing checks, we noted that the Finance Director position during the 2019 fiscal year had the authority to do all of these tasks, creating a conflict in controls over segregation of duties.

c) When evaluating the purchasing procedures for several procurements, we found no documentation indicating the City followed a competitive bidding process in accordance with the City's purchasing policy. Examples include: acquisition of a dump truck and a street striping/bike lane project.

d) In some cases, we found through inquiry and review of various procedures, checks, once printed and signed, were being hand delivered by City staff to the vendor.

Criteria:

In a strong internal control environment, procedures and controls should be established in the above listed areas to ensure proper authorization and approval of invoices, segregation of duties, compliance with the City's purchasing and procurement policies, and controls over issued checks. Controls in these areas are vital to prevent misappropriation of City funds through the purchasing and disbursement process.

Cause of Condition:

Turnover in the Finance Department and lack of detailed guidance to City staff.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-002 Controls Over the City's Disbursements and Procurement Process - Continued

Potential Effect of Condition:

With a lack of controls over the disbursement process, the possibility of misappropriation of funds is increased.

Recommendation:

We recommend the City implement various controls over the purchasing and disbursement process based on the conditions identified above. Our recommendations are the following:

a) All invoices should be signed and approved by the individual that initially authorized the purchase and received the goods/services. This will ensure that the City is paying for goods/services that were received and were satisfactory.

b) Incompatible duties should be segregated so that the same individual does not have the ability or authority to setup a vendor in the finance system, authorize and approve payments, and sign checks.

c) The City should establish controls to ensure the purchasing and procurement policies are followed, including detailed guidance to City staff for purchases that require competitive bids from vendors. The detailed guidance should include the various purchasing thresholds (when required), services, supplies, equipment, and projects that require bids, and whether the process is a formal or informal bid process.

d) Policies should be established to require that all checks be mailed to the vendor address on file and signed checks should never be returned to the employee authorizing and approving the payment.

We understand the City has taken actions to correct some of the above mentioned findings after the fiscal year 2019 period under audit and we recommend the City continue to evaluate the procurement policy to ensure controls are properly implemented and operating effectively.

View of Responsible Officials:

Management substantially concurs with Auditor's Recommendations. The City took steps to improve segregation of duties in the 2020-21 fiscal year. Staffing limitations are a constraint in this area; however, the City will continue to identify ways to balance this with additional monitoring. The City recently completed an update to the Procurement Ordinance and will be delivering updated training to staff. We plan to complete updated policies and procedures by July 30, 2021.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-003 Credit Card Use Policy

Condition:

While conducting audit procedures relating to disbursements/expenditures, we did not identify a detailed credit card use policy. The City has reimbursement policies for meals and travel expenses; however, there is no detailed policy for credit card use when traveling or for the purchase of meals. In addition, through reviewing credit card purchase activity, it appears that the City could benefit from a credit card use cover sheet for each cardholder to be submitted along with the receipts each month.

Criteria:

Credit card usage should be well documented and subject to established City policies. Use of City credit cards by City staff should have sufficient supporting documentation to detail the specific reasons for using the credit cards, including when used for meals and travel. In addition, the specific reasons for the travel costs incurred should provide enough information to be able to verify the amounts charged for meals and travel are in accordance with set standard amounts, such as those established by the General Services Administration (GSA).

Cause of Condition:

The City's credit card policies do not appear to provide sufficient detailed guidance on allowable use. In addition, there is no cover sheet required to be submitted indicating the purpose for purchases made on the City's credit card.

Potential Effect of Condition:

The potential for unauthorized purchases or excessive costs incurred is increased.

Recommendation:

We recommend the City establish detailed policies on the appropriate use of City credit cards and implement procedures to ensure that the review and purpose of purchases made with City credit cards is thoroughly documented. Credit card policies should be established to ensure conservative, efficient use of City funds. In addition, policies for allowable use of City credit cards while traveling should also be clearly defined. The supporting documentation should include the purpose for travel and a reconciliation of the travel costs with a set standard of limits for meals and lodging.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-003 Credit Card Use Policy - Continued

View of Responsible Officials:

Management concurs with Auditor's recommendations. We plan to fully implement all recommendations by September 30, 2021.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-004 Housing Loans Receivable Administration

Condition:

The City has a significant number of low-income housing loans they have issued over the years. The amounts and terms of the loans vary depending on the loan agreement. As part of our audit procedures we obtained the City's loans receivable schedule and performed testing procedures to ensure the reasonableness of the loan balances and to verify they were supported by applicable agreements. Based on our testing we found that the schedules were not maintained adequately throughout the years and this resulted in significant adjustments to the loans receivable balance during fiscal year 2019. In addition, it does not appear that controls over the schedule have been established to ensure the schedule is properly maintained on a monthly basis and can be relied upon for financial reporting purposes.

Criteria;

In a strong internal control environment, procedures should be established to ensure the loans receivable schedule is properly maintained on a timely basis throughout the year and at year-end so that it can be relied upon for financial reporting purposes and reduces the likelihood of material audit adjustments.

Cause of Condition:

Turnover in the Finance Department and lack of oversight on the loans receivable schedule.

Potential Effect of Condition:

Without constant updating and maintenance of the loans receivable schedules throughout the year, receivable balances could be misstated and the collection efforts for the loans could become more difficult.

Recommendation:

We recommend the City perform a detailed review of the loan balances and perform test recalculations of the interest balances on the loans to ensure the interest calculations are in accordance with the executed loan agreements and the loan schedules agree to the amounts recorded in the City's general ledger. We recommend this schedule be updated on a monthly basis throughout the year.

Views of Responsible Officials:

Management concurs with Auditor's recommendations. Staff will work with our finance consultants to identify a comprehensive strategy to address this condition.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-005 Communication of Grant Invoicing

Condition:

During our audit we noted an invoice billed by Public Works staff to Lake County for a project reimbursement that was never forwarded to the Finance Department for recording in the City's general ledger. In addition, the amount was underbilled by the Public Works staff.

Criteria:

The City's Finance Department is responsible for maintaining the general ledger and for financial reporting. To ensure the general ledger is accurate, the various departments of the City must communicate all invoicing to the Finance Department in order to maintain control over the City's outstanding accounts receivable balances.

Cause of Condition:

Lack of communication between City departments.

Potential Effect of Condition:

The likelihood of misstatements in the City's financial statements is increased.

Recommendation:

We recommend the City establish procedures for invoicing and inform all City departments that when creating invoices, the amounts invoiced and agency billed should be communicated with the appropriate individuals in the Finance Department. This will help to ensure the amount billed is accurate and a receivable is recorded in the City's general ledger accounting system.

Views of Responsible Officials:

Management concurs with Auditor's recommendations. The City has a new ERP system that includes an Accounts Receivable module. We plan to fully implement this module across all City departments by July 30, 2021.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-006 Internal Controls Over Payroll Processing

Condition:

While obtaining an understanding of the payroll process we noted that the City's Payroll Account Clerk (PAC) is responsible for maintaining the employee master file, adding new employees, removing employees, and inputting all payroll changes for wages, withholdings etc. The PAC also uploads information to the bank to process payroll and posts the journal distribution to the general ledger.

Criteria:

In a strong internal control environment, the same individual should not have the ability to add new employees and process payroll without significant oversight and detailed review performed by someone independent of the individual processing payroll.

Cause of Condition:

Lack of segregation of incompatible duties by the Payroll Account Clerk.

Potential Effect of Condition:

Without proper oversight and controls over the payroll process, the likelihood for errors and misappropriation of assets is increased.

Recommendation:

We recommend the City segregate the incompatible duties of the PAC, including removing the PAC's ability to establish new employees, change pay rates without additional review and oversight.

Views of Responsible Officials:

Management concurs with Auditor's recommendations. The incompatible duties have been substantially transferred to the Administrative Services Department, which handles the Human Resources function, as of May 2021. Changes entered require a second-party check to ensure accuracy.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-007 Internal Controls Over Cash Receipts

Condition:

During our review of the City's receipting process, we found that the City utilizes a manual receipt system for payments made at the front desk at City Hall and through the mail. In addition, the Accounts Payable Account Clerk (APAC) receives the cash and check payments, reconciles the numerical receipt listing, maintains the manual receipt book, prepares the monthly journal entry to record the revenues, posts the revenues to the general ledger, brings deposits to the bank, and prepares the bank reconciliation.

Criteria:

In a strong internal control environment, the cash receipting function should have a point of sale system that creates a record of the transaction that can't be manipulated. This is typically found in an electronic cashiering program. Also, the duties of the APAC represent incompatible duties for strong internal controls. The same individual should not have access to cash/checks, receipt number listing (custody), maintain the general ledger and record journal entries (recording) and perform the bank reconciliations.

Cause of Condition:

The City has not established a point of sale cash receipting system and incompatible duties have not been properly segregated by the City's policies and procedures.

Potential Effect of Condition:

The potential for cash receipts and transactions to be misappropriated without detection is increased with a manual receipt system. In addition, the potential for the APAC to misappropriate cash/check payments and cover it up is increased due to the duties that this position also performs.

Recommendation:

Through discussions with management and review of subsequent general ledger reports from the City, we are aware that a cash receipting program has been implemented as part of the City's new general ledger accounting system. Therefore, although our comment is applicable for the operating activity in fiscal year 2019, we recommend the City continue to evaluate the cash receipting process to ensure controls are established and operating efficiently. In addition, the duties of the APAC need to be appropriately separated. The APAC should not have access to the cash/checks and also maintain control over the receipt book and recording function.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-007 Internal Controls Over Cash Receipts - Continued

Views of Responsible Officials:

Management concurs with Auditor's recommendations. The City implemented a Cashiering module as part of the new ERP system in summer of 2020. Transactions are recorded as they are processed, and an integrated credit card processing system was also included. Daily, cashiering operators close out their drawers, which includes a second party verification of receipts vs payments in hand and deposit all cash into an electronic safe. The safe is managed by the bank and emptied by a courier service. Bank reconciliations are no longer completed by the APAC or PAC.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-008 Policies and Procedures

Condition:

Our audit procedures involved obtaining and evaluating various policies and procedures. During our audit, it became apparent that the City lacked formal policies and guidelines in certain areas, including the following:

Accounting Policies and Procedures
Debt Management Policy
Fraud Prevention and Detection Policy (Code of Conduct)
Capital Assets

Criteria:

Although the City may have informal policies in these areas, we believe the City could benefit from a more formal and comprehensive policies and procedures manual, approved by the City Council, which would provide detailed guidance to employees and management. This will help to ensure consistency in these areas, even if there is staff turnover. The following provides more detail regarding these policies and procedures:

Accounting Policies and Procedures

Communication is an essential component of a comprehensive framework of internal controls. One method of communication that is particularly effective for controls over accounting and financial reporting is the formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency. The resulting documentation can also serve as a useful training tool for staff.

The documentation of accounting policies and procedures should be evaluated annually and updated periodically, as necessary. It should be readily accessible to all applicable employees.

An accounting policies and procedures manual should include a comprehensive list of accounting procedures along with an indication of the employees responsible for completing the procedures. It should delineate the authority and responsibility of all employees, including review and approval procedures. Procedures should be described as they are actually intended to be performed, rather than in some idealized form. The documentation of accounting policies and procedures should explain the design and purpose of control-related procedures to increase employee understanding.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-008 Policies and Procedures - Continued

Debt Management Policy

The City has various outstanding debt issuances. Based on our audit procedures, it appears the City has not established a formal debt management policy. The Government Finance Officers Association (GFOA) has issued a "Recommended Practice" regarding this issue. Specifically, GFOA recommends that all local governments intending to issue debt develop a comprehensive debt policy. Examples of elements that should be addressed in such a policy include:

- The purpose for which the debt may be issued;
- Legal debt limitations established by policy;
- Types of debt permitted to be issued and criteria for issuance;
- Structural features that may be considered, such as maturity of debt, setting the maturities of the debt equal to or less than the useful life of the project; use of zero coupon bonds, discount bonds, premium bonds, etc.;
- Credit objectives;
- Authorized methods of sale;
- Method of selecting outside finance professionals;
- Policy on refunding debt

A debt policy should be formally adopted by the legislative body, and the debt program should be continuously monitored to ensure compliance with the debt policy. We recommend the City consider establishing a formal debt policy, taking into consideration the recommendations of GFOA.

Code of Conduct (including fraud prevention and detection policies)

The City Council and Management are responsible for designing and implementing systems and procedures for the prevention and detection of fraud, and for ensuring a culture and environment that promotes honesty and ethical behavior. This includes the responsibility to develop and implement a formal fraud risk assessment program.

Fraud can range from minor employee theft and unproductive behavior to misappropriation of assets and fraudulent financial reporting. Although external auditors are required to consider the risk of fraud in the audit process, it should be noted that external auditors are not considered part of the City's controls over the prevention and detection of fraud. Rather, external auditors are required to evaluate the City's fraud prevention and detection program, in relation to the audit of the financial statements.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-008 Policies and Procedures - Continued

The risk of fraud can be reduced through a combination of prevention, deterrence, and detection measures. However, fraud can be difficult to detect because it often involves concealment through falsification of documents or collusion among management, employees, or third parties. Therefore, it is important to place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals that they should not commit fraud because of the likelihood of detection and punishment. Moreover, prevention and deterrence measures are much less costly than the time and expense required for fraud detection and investigation.

During our audit we noted the City has taken steps to address the risk of fraud in certain areas, such as segregation of duties and other internal controls. However, the City should consider developing and expanding its formal fraud policies. For example, the City's current policies do not provide a thorough description of fraud. They also do not provide direction as to what employees should do if they suspect fraud is occurring.

The City should consider establishing a more formal training program for all employees regarding fraud. New employees should be trained at the time of hiring about the entity's code of conduct (and fraud policies). This training should explicitly cover expectations of all employees regarding (1) their duty to communicate certain matters; (2) a list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters. In addition to the training at the time of hiring, employees should receive refresher training periodically thereafter.

As mentioned above, management needs to provide information to employees on how to communicate fraud related matters. Research has shown that most fraud is detected by fellow employees, and not by outside auditors or internal controls. It is important for the City to establish and communicate to employees a reporting system that is appropriate for the City. The City should consider establishing a confidential reporting mechanism, not only for employees, but also for vendors and customers of the City.

Overall, the City should establish a formal fraud risk assessment program, to ensure that the risk of fraud is being periodically evaluated, monitored, and that appropriate action is taken to address the identified risks.

In summary, the City has established controls over fraud in certain areas. However, the City should consider expanding its fraud prevention program as discussed above. The above comments do not address all components of a strong antifraud program. Additional information can be provided regarding this issue.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-008 Policies and Procedures - Continued

Capital Assets Policies

We recommend the City establish formal policies regarding capital assets, including capitalization thresholds, depreciation methods and useful lives estimation guidelines, procedures for periodic inventories of tangible assets, procurement and disposal policies, and guidance regarding planning and funding of the City's future capital needs.

As described above, the City should establish procedures for periodic inventories of capital assets. It is essential that governments establish and maintain appropriate inventory systems for their tangible capital assets. Such systems are needed to protect tangible capital assets from the danger of loss or misuse.

As described by GFOA, "Many governments have installed "perpetual" inventory systems to maintain effective control over their tangible capital assets. Perpetual inventory systems are constantly updated to reflect additions and deletions of tangible capital assets, thus providing managers with direct access throughout the year to reliable information on current balances in tangible capital asset accounts. One advantage of establishing and maintaining a sound perpetual inventory system for tangible capital assets is that such a system can relieve a government of the burden of performing an annual inventory of its tangible capital assets. Such a system, however, still requires periodic verification to ensure that it is continuing to function properly as designed."

GFOA recommends that every "local government periodically inventory its tangible capital assets so that all such assets are accounted for, at least on a test basis, no less often than once every five years. While well-designed and properly maintained perpetual inventory systems can eliminate the need for an annual inventory of a governments tangible capital assets, no inventory system is so reliable as to eliminate completely the need for a periodic physical inventory."

We recommend the City take the necessary steps to ensure that capital assets and related depreciation are properly and consistently reported, including the establishment of formal policies and procedures in this area.

Recommendation:

We recommend the City develop and establish formal policies and procedures as discussed above. The policies and procedures should be developed by appropriate personnel and approved by the City Council. The City should consider GFOA's recommended practices and other resources during the process.

CITY OF CLEARLAKE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-008 Policies and Procedures - Continued

Views of Responsible Officials:

Management concurs with Auditor's recommendations. Policies and Procedures will be implemented by September 30, 2021 in the following areas:

- Accounting Policies and Procedures
- Debt Management Policy
- Fraud Prevention and Detection Policy (Code of Conduct)
- Capital Assets

Van Lant & Fankhanel, LLP
Certified Public Accountants

May 31, 2021

City Council
City of Clearlake
Clearlake, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Clearlake (City) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimates for the net pension liability is based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office. We evaluated the key factors and assumptions to develop the liability in determining that the estimated liability are reasonable in relation to the financial statements as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note 5 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosures for the net pension liability in Note 7 to the financial statements is based on assumptions for discount rates, etc., which could differ from actual experience. The notes disclose the differences in these liabilities if different assumptions are used in estimating these liabilities.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit, other than delays in completing the audit due to the significant general ledger accounting and reconciliations needed.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

1) Adjustments were made to accounts receivable and unavailable revenues at year-end.
2) Adjustments were made to loans receivable and allowance for uncollectible accounts.
3) Adjustments were made to capital asset balances.
4) Adjustments were made to accounts payable.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 31, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these

discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

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

Restriction on Use

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

Very truly yours,

Van Lant & Fankhanel, LLP

Van Lant & Fankhanel, LLP
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

City Council
City of Clearlake
Clearlake, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the City of Clearlake, for the year ended June 30, 2019. These procedures, which were agreed to by the City of Clearlake and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIIIB of the California Constitution)*, were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution. The City's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

   Finding: No exceptions were noted as a result of our procedures.

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4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

   Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIIIB of the California Constitution.*

This report is intended solely for the use of the City Council and management of the City of Clearlake and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



May 31, 2021

CITY OF CLEARLAKE
APPROPRIATIONS LIMIT COMPUTATION
2018-2019

		2018 - 2019
Change in Per Capita Personal Income		3.67%
Population Change County Population Growth		0.53%
A. Change in Per Capita Personal Income Converted to a Ratio		1.0367
B. Population Growth Converted to a Ratio		1.0053
Calculation of Growth Factor (A x B)		1.04219
2017 - 2018 Appropriations Limit	$ 8,356,200	
2018 - 2019 Appropriations Limit ($8,356,200 x 1.04219)	$ 8,708,786	

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject: Award of contract for Demolition of Structures located at 14525 Lakeshore Drive Clearlake, CA 95422

Date: 07/08/21

Reviewed & Approved:

From: Lee Lambert- Code Enforcement Supervisor

Recommended Action: Authorize the City Manager to execute a contract with Chernoh Excavating Inc. in the amount of $55,000.00.

ISSUE STATEMENT AND DISCUSSION:

On 12/27/18, the Code Enforcement Bureau, with and at the request of Lake County Public Health, performed an inspection of the buildings at 14525 Lakeshore Drive, formally known as The Sunflower Restaurant. During the inspection, numerous violations were found to exist. In addition, Lake County Public Health found additional violations. Due to the violations observed, the Code Enforcement Officer deemed the building to be a health and safety hazard. The building was then posted as such.

Since 12/27/18, the property owner has failed to correct these numerous violations. The building has been vacant and a nuisance since. In addition to being a public nuisance, hazard, and eye sore, Clearlake PD has had many calls for service at this property. The calls range from breaking and entering to squatters occupying the structure.

This case has been ongoing for approximately 2 ½ years with no compliance whatsoever. Code Enforcement and the City has exhausted all means available to reach voluntary compliance with the property owner. Code Enforcement has also reached out to Jones and Mayer to inquire about possible receivership. Unfortunately, due to the conditions of the structures and the exorbitant amount it would cost to bring the buildings back to code, a receivership would not be a possibility. This leaves demolition as the last means to correct the issues.

The current conditions that exist include:

· Unmaintained and deteriorated siding and roofing

· Mold growth

· Deteriorated / defective flooring

· Interior damage to walls caused by water leaks from deteriorated roofing and faulty roof drains

· Unsafe electrical wiring at main and several areas throughout

· Broken and / or boarded up windows and doors

· Add on and deck at rear have significant underfloor support and beam damage

· Ceiling missing throughout entire main building

· Illegal venting for kitchen stove by mean of old swamp cooler

The City has advertised for bids for the demolition of structures located at 14525 Lakeshore Drive. On July 08, 2021 the city opened bids for the demolition of the buildings. The City received 2 bids on this project, demolition of structures at 14525 Lakeshore Drive. The low bidder on this project is $55,000.00.

If, after testing by the contractor, asbestos is found in an amount requiring specific remediation plans, the City Manager may execute a change order contract to include additional funding for asbestos remediation.

FINANCIAL AND/OR POLICY IMPLICATIONS:

This project will be funded by the general fund and will have a negative monetary impact on the fiscal year budget for 2021/2022. The cost of said abatement will be recorded against the property with the amount placed on the tax roll.

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Discussion Regarding the Sale of Property Located at 6356 Armijo Avenue, Clearlake to MLI Associates, LLC for development of a Hotel	**Date:** July 7, 2021
From:	Alan D. Flora, City Manager	**Reviewed & Approved:**

Recommended Action: Authorize the City Manager to Execute the Purchase and Sale Agreement with MLI Associates, LLC for Sale of Property at 6356 Armijo Avenue, Clearlake.

ISSUE STATEMENT AND DISCUSSION:

As you are aware the City has been working with various developers over the past couple of years in order to develop a retail center at the former Pearce Field airport. In addition, MLI Associates has been working with the City in identifying a location for a hotel development. Negotiations have resulted in the proposed purchase and sale agreement (PSA) for approximately 2.5 acres of land at the northern portion of the former airport site. The project site would include the subject parcel at 6356 Armijo Avenue as well as an additional 40' strip of land which is the Armijo Avenue right of way. In this location Armijo is a paper street and has no use with the future design plans of the retail center in the area. Staff have begun the road abandonment process and will bring this item before the Council for final approval in the future.

The sale of the parcel would be for $305,000, with the City holding a note during the construction process. If MLI meets specific deadlines in the project, portions of the note can be forgiven. After closing, MLI would have 14 months to complete the entitlement process, and additional six months to begin construction, and a total of 36 months from closing to open the doors. The City will be installing road and utility infrastructure to the site, with MLI completing on-site improvements, which include a 75-room Fairfield Inn by Marriott. The developer is considering including a small multi-tenant retail component to the project as well.

The City believes MLI is a valuable partner with the City in development of this project and has long history of developing hotel properties both in the Bay Area and throughout the country. This project, in additional to several other portions of the airport project that are nearing

completion of negotiations, will be the first phase of the long-awaited redevelopment of the former Pearce Field. We expect to bring additional purchase and sale agreements before the Council in the coming months and the City plans to begin installing road and utility infrastructure at the site next spring.

RECOMMENDED ACTION:

Authorize the City Manager to Execute the Purchase and Sale Agreement with MLI Associates, LLC for Sale of Property at 6356 Armijo Avenue, Clearlake

REAL PROPERTY PURCHASE & SALE AGREEMENT BETWEEN THE CITY OF CLEARLAKE AND MLI ASSOCIATES, LLC

THIS REAL PROPERTY PURCHASE & SALE AGREEMENT (the "Agreement" or "PSA") is entered into as of this __ day of July, 2021, by and between the CITY OF CLEARLAKE, a California municipal corporation (the "City"), and MLI ASSOCIATES, LLC, a limited liability corporation (the "Developer").

RECITALS

A. WHEREAS, the real property at issue for this Agreement is comprised of approximately 2.5 acres of land commonly known as 6356 Armijo Avenue, Clearlake, CA 95422 (APN 042-121-250) [plus adjacent forty foot strip adjacent to NE boundary of the Property], which is currently owned by City of Clearlake and is more particularly legally described on Exhibit A attached hereto and hereinafter referred to in this Agreement as the "Site";

B. WHEREAS, Developer desires to purchase the Site from the City and develop it in accordance with the City's General Plan for commercial development subject to and consistent with the requirements of the California Environmental Quality Act, related State Guidelines and related local ordinances and the City desires to sell the Site to Developer;

C. WHEREAS, the conveyance of the Site pursuant to the terms and conditions of this Agreement is in the vital and best interests of the City and the health, safety, and welfare of the City residents, and in accord with the public purposes and provisions of applicable state and local laws;

D. WHEREAS, Developer has proposed to develop the Site as a nationally branded hotel project of approximately 75 rooms and other amenities (the "Project"), which may include a Fairfield Inn by Marriott all as described on the overall Project description attached hereto as Exhibit "B" (the "Project Description") which is part of a larger City redevelopment project whereby the City intends to allow development of the former airport area (the "Redevelopment Project");

E. WHEREAS, Developer is an experienced developer and operator of commercial real estate, including hotel projects; and

F. WHEREAS, subject to the terms and conditions of this Agreement, (i) Seller wishes to sell the Site to Developer and to have Developer construct thereon the Project, and (ii) Developer wishes to (a) buy the Property from Seller, (b) develop and construct the Project on the Site, and (c) thereafter operate the Project and the Site.

NOW, THEREFORE, the parties hereto agree as folllows:

AGREEMENT

1. Definitions. In addition to the terms defined above and in the body of this Agreement, the following terms have the following meanings for purposes of this Agreement:

(a) "**Business Day**" shall mean a day other than a Saturday, a Sunday or a day on which lenders in Lake County are authorized or obligated by law or executive order to close.

(b) "**Close of Escrow**" means the date when Seller and Developer have each performed their respective pre-closing obligations under this Agreement, all conditions precedent to closing have been satisfied (or waived in writing) and the Escrow Holder has all documents and funds it requires in order to record the Grant Deed to Developer and deliver funds and all other closing documents to Seller.

(c) "**Closing**" has the meaning ascribed thereto in Section 4 hereof.

(d) "**Closing Date**" has the meaning ascribed thereto in Section 4(c) hereof, but shall occur no later than October 13, 2021, subject to extension as required for completion of the necessary public utilities infrastructure required for Developer to obtain the Construction Loan, including public roads and utilities (gas, sewer, water, electric, telecommunications, etc.) leading and stubbed to the boundaries of the Site (collectively, the "Public Infrastructure").

(e) "**Construction Lender**" means the lender of the Construction Loan as further defined in Section 9(a).

(f) "**Construction Loan**" means the construction loan to be obtained from Construction Lender by Developer to finance the acquisition and construction of the Project upon on terms and conditions acceptable to Developer in its sole discretion.

(g) "**Construction Loan Closing**" means the Closing of the Construction Loan, which shall be on a date which is on or before twenty (20) months from the Closing Date on Developer's acquisition of the Site.

(h) "**Construction Loan Closing Date**" means the date upon which Construction Loan Closing occurs and is also the date by which Developer must start construction of the Project.

(i) "**Force Majeure Delay**" shall mean a delay caused by a Force Majeure Event as to which the claiming party gives the non-claiming party written notice, within thirty (30) days after the commencement of any such delay, of the existence and nature of the delay and within ten (10) days following the expiration of any such delay, provides a written request for extension of the applicable deadline.

(j) "**Force Majeure Event**" shall mean act of God, natural disaster, accident, strikes, lockouts or other labor disturbances or disputes, interruption of services by suppliers thereof, unavailability of materials or labor, rationing or restrictions on the use of utilities or public transportation whether due to energy shortages, war, civil disturbance, riot, governmental rules, regulations, or restrictions, building moratorium, delay in issuance of any permits or governmental approvals not resulting from the act or omission of the party claiming the Force Majeure delay, litigation or other legal action by a third party, or any other occurrence that is beyond the control of that Party not involving the payment of money.

(k) "**Hazardous Materials**" means any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including those

substances, materials or wastes regulated now or in the future under any of the following statutes or regulations promulgated thereto: (a) any "hazardous substance" within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") 42 U.S.C. § 9601, et seq. or the California Hazardous Substance Account Act, Cal. Health and Safety Code § 25300 et seq. or the Porter-Cologne Water Quality Act, Cal. Water Code § 13000 et seq. or the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; (b) any "hazardous waste" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; (c) any "pesticide" or "economic poison" as defined in California Food & Agricultural Code § 12753 and any regulations promulgated in connection therewith; or (d) any other substance, chemical, waste, toxicant, pollutant, pesticide or contaminate regulated by any federal, state or local law, statute, rule, regulation or ordinance for the protection of health or the environment, including methane and any petroleum products or fractions thereof

"(l) "**Permitted Exceptions**" shall mean those exceptions to title to the Property listed on the title commitment delivered to Developer by Seller as required by this Agreement which are approved in writing by Developer and any exceptions to title hereafter created with the mutual written consent of Seller and Developer. As to those exceptiopns not approved ijn writing by Developer, Seller shall cause them to be removedby the Title Company as exceptions to title coverage on the Title Commitment.

(m) "**Project**" has the meaning set forth in Recital B.

(n) "**Project Building Permits**" means any and all final approvals required by the City or any other governmental agency with jurisdiction over the Project to allow for the commencement of construction of the Project.

(o) "**Property Information**" means all studies, maps, documents, surveys, physical inspection reports or any other information that Seller has provided Developer or Developer has obtained or will obtain regarding the Property as set forth in Section 6(a).

(p) "**Seller Financing Note**" is defined at Section 4(c) and set forth on **Exhibit B** to this Agreement.

2. Purchase and Sale of Property. Subject to the terms and conditions provided herein, Seller hereby agrees to sell, and Developer hereby agrees to purchase, upon the terms and conditions herein, the Property, all easements, rights of way and other rights appurtenant thereto which may be used in connection with the beneficial use and enjoyment of Property, and all of the rights of Seller, if any, in any other intangible personal property (including without limitation, all warranties, indemnities, reports, studies and other work product) used or prepared in connection with the ownership, use and/or operation of the Property (collectively, the "**Intangible Property**"); and all tangible personal property located on or in, or used in the ownership, use, occupancy, development, remediation, grading or operation of the Property and/or Improvements (collectively, the "**Tangible Property**"). The Property, and any appurtenances, and improvements are sometimes referred to herein collectively as the "**Real Property**." The Real Property, the Intangible Property and the Tangible Personal Property are sometimes referred to herein as the "**Property**Within three (3) business days of delivery of the Deposit, Seller shall deliver to Escrow Holder for recordation an original executed, notarized and recordable memorandum of this

Agreement in the form attached hereto as Exhibit C which Escrow Holder shall then record in the Official Records.

3. Purchase Price. The purchase price for the Property (the "**Purchase Price**") shall be Three Hundred Five Thousand Dollars ($305,000.00), subject to refund of up to Two Hundred Fifty Five Thousand Dollars ($255,000) by cancellation of the Seller Financing Note as provided below if the Project is completed within three (3) years of the Closing Date..

4. Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) The acquisition and sale of the Property shall be consummated through an escrow (the "**Escrow**") to be opened with the San Francisco office of Old Republic Title Company (the "**Escrow Holder**"), Tina Lucero, Escrow Holder.

(b) Developer shall deposit into Escrow concurrently within three days of the opening of escrow the amount of Fifty Thousand and 00/100 Dollars ($50,000.00) as a non-refundable deposit to be applied to the Purchase Price (the "**Deposit**"). Concurrently with the the payment of the Deposit into escrow, Developer shall deposit into Escrow the amount of One Hundred and 00/100 Dollars ($100.00) as "**Independent Consideration**". The Independent Consideration shall be non-refundable to Developer as independent consideration for the rights extended to Developer under this Agreement, including, without limitation, the right to terminate this Agreement subject to the terms herein. The Independent Consideration shall be released to Seller immediately following Developer's deposit of the Independent Consideration into Escrow. In all instances under this Agreement in which Developer elects to terminate or is deemed to have terminated this Agreement, Seller shall retain the Independent Consideration. The Independent Consideration shall not be applicable towards the Purchase Price or treated as consideration given by Developer for any purpose other than stated in this Section 4(b).

(c) On or before the date upon which the Grant Deed is recorded in the Official Records of Lake County (the "**Closing Date**"), Developer shall deposit into Escrow cash or other immediately available funds in an amount sufficient to cover all of Buyer's closing costs and proration charges and the Promissory Note to Seller for the remaining $255,000 of the Purchase Price (the "**Seller Financing Note**") (in total, with the $50,000 earnest money deposit, the "**Closing Amount**").

5. Title to the Property. On the Closing Date, Seller shall convey to Developer fee simple title to the Property by duly executed and acknowledged grant deed (the "**Grant Deed**"). Evidence of delivery of fee simple title shall be the issuance by the Title Company (as defined below) to Developer of an ALTA Extended Coverage Owner's Policy of Title Insurance (2006 Form) in an amount designated by Buyer, insuring fee simple title to the Property in Buyer, subject only to the Permitted Exceptions (the "**Title Policy**"). The Title Policy shall provide full coverage against mechanics' and materialmen's liens (including, without limitation, any liens arising from work associated with the Seller Improvements) and against the rights of any parties in possession and shall contain such special endorsements as Developer may reasonably require (the "**Endorsements**"). In any event, Seller covenants to cause to be released and reconveyed from the Property, and to remove as exceptions to title prior to the Closing the following (the "**Pre-Disapproved Exceptions**"): any exceptions regarding tenants, mortgages, deeds of trust, or other monetary encumbrances, and/or indebtedness other than caused by Buyer, except for the current

installment of non-delinquent real property taxes and assessments payable as a part of the real property tax bill. Developer shall pay all costs of obtaining the portion of the Title Policy attributable to the extended coverage, any binder and any survey costs.

6. Review and Investigation of Property.

(a) Property Information.Within thirty (30) days from the opening of escrow, Seller shallpromptly deliver to Developer all documents relevant to the condition of the Property not previously delivered to Developer in the possession or control of Seller and/or Seller's affiliates and which are not privileged, confidential or proprietary, including, without limitation, environmental reports, environmental approvals, planning and zoning approvals, studies, surveys, and test and the rates and methods for calculation of all applicable assessment districts, if any (collectively, the "**Property Information**"). Seller shall promptly notify Developer in writing of any material changes to any previously delivered Property Information of which Seller becomes aware. The Property Information shall include a Seller's Natural Hazard Disclosure Statement and all other statutorily required disclosures,as well as any other material information in its possession or control concerning the Site. Seller shall update the Property Information with all relevant and material information it discovers during the excavation, grading and installation of the Public Infrastructure improvements.

(b) Investigations. At all times during the term of this Agreement prior to completion of the Public Infrastructure improvements, Developer and Developer's engineers, contractors, consultants, employees and agents shall have access to the Property to conduct tests, investigations and inspections deemed necessary or appropriate by Buyer, including a Phase I and Phase II environmental assessment, including, without limitation any soil sampling and invasive testing associated therewith (collectively, the "**Investigations**"). Given that certain of the Investigations need to be completed not more than six (6) months prior to Closing of the Construction Loan to be valid [e.g., the Phase I for its lender and the ALTA Survey], Seller acknowledges that Developer may not complete all of its Investigations in calendar year 2021. Developer shall provide Seller not less than 24 hours' notice prior to entering the Property. In conducting such Investigations Developer shall not damage the Property. Prior to commencing any Investigations, Developer shall, at Buyer's sole cost and expense, deliver a certificate of insurance to Seller naming Seller and Seller's lenders as additional insureds on Buyer's commercial general liability insurance policy with a combined limit of not less than $1,000,000. In the event Escrow does not close for any reason, Developer shall upon the written request of Seller repair any damage to the Property caused by the Investigations in order to restore the Property to substantially the same condition which it was in prior to the conduct of such Investigations. Developer agrees to indemnify and hold harmless Seller from any claims, damages, liabilities, losses, costs or expenses (including, without limitation, reasonable attorneys' fees) (collectively, "**Claims**") which result from any damage to persons or property caused by Buyer's Investigations; provided, however, that Developer shall have no obligation to indemnify, defend and hold Seller harmless from and against any Claims resulting from Seller's acts or omissions or Buyer's mere discovery of adverse physical conditions affecting the Property, including, without limitation, any Hazardous Materials. Seller shall make available for interview by Buyer's environmental consultants the person most knowledgeable employed or engaged by the City of Clearlake concerning the Property's environmental history as required by the ASTM Standard 1527 Standard Practice for Phase I environmental site assessments.

7. The Closing.

(a) The Closing Date. The Closing shall occur through Escrow in the customary manner for the consummation of commercial real estate purchase and sale transactions in Lake County, California on the date elected by Developer, on the Closing Date; provided, that if the Closing has not occurred by the Closing Date, either Party may terminate this Agreement and neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement.

(b) Buyer's Conditions to Closing. Buyer's obligation to consummate the purchase of the Property is subject to and conditioned upon the satisfaction of each of the following conditions (unless otherwise waived in writing by Buyer) on or before the Closing Date which conditions are for the sole benefit of Buyer:

(i) The Title Company shall have given Developer its unconditional and irrevocable commitment to issue the Title Policy in favor of Developer insuring Developer as the fee owner of the Property with liability in an amount reasonably acceptable to Buyer, subject only to the Permitted Exceptions.

(ii) Seller shall have delivered to Escrow Holder the documents set forth in Section 7(e)(ii), below.

(iii) Each and all of the representations and warranties made by Seller shall be true and correct in all material respects as of the Closing Date.

(iv) Seller shall have performed in all material respects all of the covenants which Seller, pursuant to the terms of this Agreement, has agreed to perform on or prior to the Closing Date and Seller shall not be in material breach or default under this Agreement.

(v) Developer shall have determined that the Property is acceptable to Developer in Developer's sole and absolute discretion. Public improvements shall be designed and constructed in coordination with Developer, according to City standards and to the satisfaction of the City Engineer, provided that such design and construction shall not materially adversely the Site or its development. .

If the conditions to Buyer's obligation to consummate the transaction contemplated in this Agreement are not satisfied (or waived by Buyer), then, upon Buyer's request, this Agreement shall terminate. The conditions set forth in this Section 7(b) are for the sole benefit of Buyer.

(c) Seller's Conditions To Closing. Seller's obligation to consummate the sale of the Property is subject to and conditioned upon the satisfaction of each of the following conditions (unless otherwise waived in writing by Seller) on or before the Closing Date which conditions are for the sole benefit of Seller:

(i) Developer shall have delivered to Escrow Holder the documents set forth in Section 7(e)(i) below.

(ii) Each and all of the representations and warranties made by Developer in Section 11 hereof shall be true and correct in all material respects as of the Closing Date.

If the conditions to Seller's obligation to consummate the transaction contemplated in this Agreement are not satisfied (or waived by Seller), then, provided Seller is not in default hereunder, upon Seller's request, this Agreement shall terminate. The conditions set forth in this Section 7(c) are for the sole benefit of Seller.

(d) Waiver of Failure of Conditions to Closing. At any time on or before the date specified herein for the satisfaction of any condition, Seller or Developer may elect in writing to waive the benefit of any such condition to its obligations hereunder. By closing Escrow, Seller and Developer shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions set forth in this Section 7, except to the extent that the same expressly survive Closing.

(e) Deliveries at Closing. At least one (1) business day prior to the Closing Date, Seller and Developer shall each deliver to Escrow Holder such instruments and funds as are necessary to consummate the purchase and sale of the Property, including the following:

(i) Developer shall deliver:

(A) The Closing Amount;

(B) The Seller-Financing Note and Deed of Trust; and

(C) Any other items reasonably necessary to consummate the transaction contemplated hereby.

(ii) Seller shall deliver:

(A) An original of the Grant Deed executed and acknowledged by Seller, as grantor;

(B) An affidavit directed to Developer giving Seller's taxpayer identification number and confirming that Seller is not a "foreign person," which affidavit shall be, in form and substance, sufficient to relieve Developer of any withholding obligation under §1445 of the Internal Revenue Code ("**Seller's Foreign Person Affidavit**"), together with a duly executed California Franchise Tax Board Form 593-C (the "**Cal FIRPTA**"); and

(C) Any other items reasonably necessary to consummate the transaction contemplated hereby, including but not limited to any subordination of the Seller-Financing Note required by the Construction Lender.

(iii) Upon satisfaction of all conditions and closing requirements set forth herein, Escrow Holder shall:

(A) Cause the Grant Deed and the Deed of Trust to be recorded in the office of the County Recorder for the Lake County, State of California (in that order) and deliver a conformed copy to Developer and to Seller;

(B) Pay from Buyer's funds Buyer's share of any closing costs and prorations;

(C) Pay from funds held for Seller's account Seller's share of any closing costs and prorations;

(D) Remit to Seller the remaining funds held for Seller's account; and

(E) Deliver the original of the Seller-Financing Note; and

(F) Deliver an original of the Seller's Foreign Person Affidavit, the Cal FIRPTA and the Title Policy to Buyer.

8. Costs and Prorations.

(a) Costs. Costs of the Closing and Escrow shall be allocated as follows:

(i) Developer shall pay the costs of recording the Deed and Deed of Trust securing the Seller-Financing Note.

(ii) Developer shall pay all documentary transfer taxes imposed in connection with transferring the property and recording the Deed including City and County transfer taxes.

(iii) Seller shall pay the premium for the Title Policy attributable to CLTA coverage and Developer shal pay the cost of any Endorsements that it may request and the portion of the title premium attributable to ALTA extended coverage.

(iv) Developer and City shall each pay half the fees of the Escrow Holder, including any cancellation costs, and the costs of the Escrow.

(v) Developer and Seller shall each pay their respective attorneys' fees.

(b) Customary Apportionment. All other costs, if any, shall be apportioned in the customary manner for real estate transactions in Lake County, California.

(c) Post-Closing Adjustments. Any statements from governmental agencies for real property taxes, bonds and assessments relating to the Property for periods prior to the Closing that are delivered to Developer after the Closing shall be paid by Seller within ten (10) days from written notice from Buyer. Seller, however, shall have the right to contest any such real property taxes, bonds or assessments. If any such statements from governmental agencies for real property taxes, bonds or assessments for periods prior to the Closing indicate an overpayment of any taxes or assessments relating to the Property for periods prior to the Closing such overage shall be paid

to Seller by Developer within ten (10) days after Buyer's receipt of any refund or notice of reassessment. The provisions of this Section 9(c) shall survive the Closing.

9. Development Activities and Obligations.

(a) Down Payment; Seller Financing. In addition to Developer's deposit with Escrow Agent of $50,000 in cash or in immediately available funds made at opening of escrow, which amount shall be applied to the Purchase Price at Closing,the remainder of the Purchase Price will be financed by Seller (the "**Seller Financing**"). Developer agrees to deliver to Seller through Escrow at Closing Buyer's promissory note secured by a deed of trust in favor of Seller in the principal amount of $255,000 (the "**Seller Financed Amount**") substantially in the form attached hereto as Exhibit B ("**Seller Financing Note**"), payable as set forth below in subpart C and Exhibit 2 to this Agreement, and secured by a deed of trust in favor of Seller in the form attached hereto as Exhibit C (the "**Deed of Trust**") including a due on sale clause, which shall to be recorded at the Closing in the Official Records of Lake County, California and shall constitute a lien on the Real Property subordinate to the Construction Loan. The Seller Financed Amount will be credited against the Purchase Price on the Closing Date. The Seller Financing Note shall be personally guaranteed by Matt Patel, principal of Developer pursuant to the form of Guaranty attached hereto as Exhibit D.

(b) Schedule of Payments. All of the following dates are subject to extension for Force Majeure Events and any delays caused by the Seller:

(i) Payment #1 - $85,000 is due no later than fourteen (14) months from the Closing Date . If Developer obtains all entitlement and approvals by the Payment #1 date, the payment will be forgiven.

(ii) Payment #2 - $85,000 is due no later than twenty (20) months from the Closing Date. If Developer starts construction on the project by Payment #2 date, the payment will be forgiven.

(iii) Payment #3 - $85,000 is due no later than thirty six (36) months from the date of Closing. If Developer is issued an occupancy permit by the Payment #3 date, the payment will be forgiven.

(iv) If the Developer defaults on any of the payments or fails to meet the requirements for a forgiveness deadline as outlined above, the City mayforeclose on its Deed of Trust.

10. Confidentiality of Property Information.

(a) At all times prior to the Close of Escrow, Developer shall treat the Property Information (except such portions as are part of the public record) on a strictly confidential basis and shall use such information only in connection with the transaction contemplated under this Agreement, perfoming the Investigations and obtaining the approvals and Construction Loan and franchisor approvals for the Project. Notwithstanding the foregoing, Developer may, to the extent

reasonably and actually necessary to Buyer's investigation of the Property and proper performance of Buyer's obligations under this Agreement, disclose the Property Information to Buyer's consultants, lenders, franchisors, legal counsel, hotel management company, funding agencies, project investors, experts or engineers.

(b) Developer hereby acknowledges that except as otherwise provided for herein or in the documents executed by Seller and to be delivered at the Close of Escrow, neither Seller, nor any agents, representatives, employees or attorneys of Seller have made any representations or warranties, direct or implied, oral or written with respect to the accuracy, completeness or reliability of the Property Information.

11. Representations and Warranties.

(a) Seller hereby represents and warrants to Developer as of the Effective Date and as of the Close of Escrow as follows:

(i) Seller is the legal and equitable owner of the Property and has the full right, power and authority to sell and convey the Property; to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby, subject to the terms and conditions set forth in this Agreement. The Property includes a legally subdivided lot as well as the Seller's interest in the adjoining public roads. Prior to Close of Escrow, Seller shall take such steps, at it's sole cost and expense and without right of offset or reimbursement, as are required for it to complete road abandonment procedures for certain roads adjoining such lot (as shown on Exhibit A).

(ii) The persons executing this Agreement and any other documents executed and delivered on behalf of Seller have the full right, power and authority to do so and have been duly authorized to do so by Seller, and no other persons are required to execute this Agreement on behalf of Seller.

(iii) This Agreement and all the documents executed by Seller which are to be delivered to Developer at the Close of Escrow are and will be duly authorized, executed, and delivered by Seller.

(iv) Subject to approval by the California Department of Housing & Community Development pursuant to the Surplus Lands Act, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, and upon execution, each of Seller's Closing Documents will constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Seller's Closing Documents, the execution of which has been approved by all necessary corproate actions. Subject to approval by the California Department of Housing & Community Development pursuant to the Surplus Lands Act, there are no contingencies or approvals that the Seller must obtain in order to fulfill its obligations pursuant to the terms of this Agreement and Seller is not required to obtain the consent of any third party for transfer the Property to Developer.

(v) Seller has not introduced, or knowingly permitted any other party to introduce, any Hazardous Materials on, in, under or about the Property in violation of applicable environmental laws; and, except as disclosed on Schedule 11, Seller has not received written notice of the past or present existence of any Hazardous Materials on, in, under or about the Property in violation of applicable environmental laws.

(vi) Neither the execution and delivery of this Agreement by Seller, nor performance of any of its obligations hereunder, nor consummation of the transaction contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Seller was organized, or any indenture, mortgage, deed of trust, agreement, undertaking, instrument or document binding on the Property, Seller or any affiliate thereof, or any order or regulation of any court, regulatory body, administrative Developer or governmental body having jurisdiction over Seller.

(vii) There are no pending or, to Seller's actual knowledge, threatened, actions, suits, proceedings, judgments, orders, decrees or governmental investigations (including, without limitation, any condemnation or notice of condemnation) affecting or related to Seller or the Property.

(viii) Seller has no information or knowledge of any pending or officially proposed change contemplated in any applicable laws or of any judicial or administrative action, any action by adjacent landowners, or any fact or condition relating to the Property, which would adversely affect, prevent, or limit development or use of the Property as an affordable housing development. There are no condemnation proceedings pending or threatened that would result in the taking of any portion of the Property. Except as disclosed by Seller on Schedule 11, there are no special assessment proceedings or other governmental proceedings affecting the Property. and no land use, development rights, development restrictions or conditions imposed by any governmental agencies which would prevent or restrict use of the Site for the Project. Seller has no intention of restricting the future use of the Site in a way which would prevent its use for the Project.

(ix) To Seller's actual knowledge, except as may be set forth in any reports, analyses or other documents provided by Seller to Buyer or on Schedule 11 to this Agreement, (A) there are no, and Seller has not received written notice of, any violations of any applicable laws, statutes, codes, ordinances, regulations, rules or restrictions pertaining to or affecting the Property; and (B) the Property is in compliance with each applicable law; and no event has occurred or circumstance exists with regard to the Property that (with or without notice or lapse of time) (A) may constitute or result in a violation by Seller of, or a failure on the part of Seller to comply with, any applicable laws or (B) may give rise to any obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(x) Except for this Agreement, there are no leases, subleases, licenses or other agreements granting a possessory right or right to use any part of the Property.

(xi) Seller is not a person or entity with whom United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including, without

limitation, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(xii) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending against or contemplated by Seller.

(xiii) During the period from the date of this Agreement to the Closing Date (the "**Interim Period**"), Seller shall act with respect to the Property in accordance with its preexisting practices as if the Property were not to be sold, including, without limitation, by maintaining at least the same levels of insurance in effect as of the Effective Date. Seller shall not enter into or modify any lease, agreement or contract relating to the Property which is not terminable prior to or concurrent with the Closing during the Interim Period without the prior written consent of Developer not to be unreasonably withheld.

(xiv) All exhibits and schedules to this Agreement and all due diligence materials provided by Seller to Developer, including the Property Information, have been prepared and assembled in the ordinary course of business by Seller, and are true, correct and complete, and have been relied upon by Seller in the operation of the Property. Seller shall provide to Purchaser true and correct copies of all agreements encumbering the Property which would survive Closing and be binding on Purchaser and all other items it is required to deliver to Purchaser. To the extent in Seller's possession or control, Seller shall provide Purchaser with copies of all of the following: (a) engineering and architectural plans and specifications and drawings; (b) surveys relating to the Property; (c) third party structural or physical reports or studies regarding the physical condition of the Property; (d) all bills issued for the two (2) most recent fiscal years, including, if available, the current fiscal year for all real estate taxes and all notices pertaining to real estate taxes or assessments applicable to the Property; (e) all certificates of occupancy, licenses, permits, authorizations and approvals required by law or by any governmental authority having jurisdiction thereover in respect of the Property, or any portion thereof, occupancy thereof or any present use thereof; (f) all reports, test results, analytical data, boring logs, and other studies undertaken by or at the request of Seller with respect to the Property and the environmental condition thereof, (g) all outstanding written orders, directives and notices of governmental authorities in connection with the environmental condition of the Property, (h) all correspondence to and from governmental authorities and environmental consultants with respect to any unremediated environmental condition at or about the Property; (i) leases and all other occupancy agreements or licenses affecting the Property; (j) maintenance, repair, service, pest control and supply, equipment rental agreements or other contracts or agreements in effect relating to or affecting the Property that involve payment to the service provider or equipment lessor relating to the Property that Purchaser is required to assume at Closing . Seller shall promptly provide to the Purchaser updates to the Property Information in the event of any material change or inaccuracy of the information provided.

Whenever phrases such as "to Seller's actual knowledge" or "Seller has no knowledge" or similar phrases are used in the foregoing representations and warranties, they will be deemed to refer exclusively to matters within the current actual (as opposed to constructive) knowledge of Alan Flora, City Manager ("**Seller's Representative**"). No duty of inquiry or investigation on the

part of Seller or Seller's Representative will be required or implied by the making of any representation or warranty which is so limited to matters within Seller's actual knowledge, and in no event shall Seller's Representative have any personal liability therefor.

(b) Developer hereby represents and warrants to Seller as of the Effective Date and as of the Close of Escrow as follows:

(i) Developer is duly formed, validly existing and in good standing under the laws of the State of California.

(ii) Developer has the full right, power and authority to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby.

(iii) The persons executing this Agreement and any other documents executed and delivered on behalf of Developer have the full right, power and authority to do so and have been duly authorized to do so by Buyer, and no other persons are required to execute this Agreement on behalf of Buyer.

(iv) This Agreement and all the documents executed by Developer which are to be delivered to Seller at the Close of Escrow are and will be duly authorized, executed, and delivered by Buyer.

(v) Developer is not a person or entity with whom United States persons or entities are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including, without limitation, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(vi) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending against or contemplated by Buyer.

(vii) Developer has, or after closing of the Construction Loan will have, adequate financial and other resources to make timely payment of all sums due from Developer hereunder and to perform all of its obligations hereunder.

(c) The foregoing representations and warranties shall be deemed to be repeated at the Close of Escrow, shall not be merged with the Grant Deed delivered at the Close of Escrow, and shall survive the Close of Escrow for a period of one (1) year, provided that a party must give the other party written notice of any claim it may have against it for a breach of any such representation or warranty, or for breach of any covenants contained in this Agreement, and file any claim, within one (1) year after the Closing Date (the "**Breach Notice Period**"). Any claim which a party may have at any time, whether known or unknown, which is not asserted within the Breach Notice Period shall not be valid or effective, and the other party shall have no liability with respect thereto. The provisions of this Section shall survive the Closing.

(d) At the Close of Escrow, Developer and Seller will reaffirm the foregoing representations and warranties as of the date of the Close of Escrow, provided that such reaffirmation may reflect any changes to such representations and warranties of which Seller or Developer (as applicable) has become aware prior to the Close of Escrow.

12. Acknowledgements of Buyer.

(a) Developer represents and warrants to Seller that Developer has substantial experience with real property. Effective as of the Close of Escrow but subject to Section 18(b) below, Developer expressly acknowledges and represents to Seller THAT, AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY SELLER, DEVELOPER IS PURCHASING THE PROPERTY IN AN "**AS IS, WHERE IS**" PHYSICAL CONDITION AND IN AN "**AS IS, WHERE IS**" STATE OF REPAIR, WITH ALL FAULTS AND DEFECTS, WHETHER KNOWN OR UNKNOWN and, in connection therewith, Developer does hereby waive, and Seller does hereby disclaim, all warranties of any type or kind whatsoever with respect to the Property (except as expressly provided in this Agreement or in the documents to be executed and delivered by Seller at the Close of Escrow), whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use. Developer hereby waives the benefit of any statute, law or decision that would in any way detract, reduce or diminish from giving full force and effect to the provisions of this paragraph.

(b) Developer expressly acknowledges and represents to Seller that, except as expressly provided in this Agreement or in the documents to be executed and delivered by Seller at the Close of Escrow (i) Developer is relying upon Developer's own independent investigation of the Property in entering into this Agreement and purchasing the Property and that before Closing, Developer shall have thoroughly investigated and inspected each and every physical, economic and other aspect of the Property, and all factors relevant thereto, including, without limitation, the physical condition of the Property, and structures and improvements located thereon, including, but not limited to, any related engineering and structural information; the composition, condition and buildability of the Property's soil, including, but not limited to, any related geological, environmental and toxic information; size and dimensions of the Property, including, but not limited to, any existing architectural and site plans; accuracy and adequacy of the legal description of the Property; the Property's compliance with all applicable laws; the Property's fitness for any particular purpose, use or enjoyment; the feasibility of development of the Property, including, but not limited to, the Property's land use and development rights, development restrictions and conditions that are or may be imposed by governmental agencies other than Seller, marketing studies and cost to complete studies; availability and adequacy of all utilities, including but not limited to, water, electricity, sewer, gas, and telephone; all documents, encumbrances and matters affecting the title of the Property; all federal, state, county, municipal and local laws, rules and regulations affecting the Property; all legal requirements such as taxes, assessments, zoning, use permits, building codes and certificates of occupancy; and the existence of insurance contracts, governmental agreements and approvals and agreements with associations affecting or concerning the Property; (ii) should Developer not have sufficient opportunity to so investigate, Developer shall elect not to consummate the transactions contemplated herein; and (iii) the consummation of such transactions by Developer shall conclusively establish such opportunity. Notwithstansding the foregoing, Deveoper shall have the right to rely on the official

statements of the City concerning permitting, land use and zoning requirements applicable to the Project and restrictions on use of the Site.

(c) The provisions of this Section 12 shall survive the Close of Escrow.

13. SELLER'S COVENANTS. The following covenants of Seller are material consideration for Develper's entering into this Agreement:

(a) Seller acknowledges that the Property is located in a blighted area that has been designated to be in need of economic revitalization.

(b) Seller shall terminate and cancel the Seller Financing Note if the Project is completed as and when required subject to extension for force majuere events, including but not limited to rain delays and fire evacuation.

(c) Seller shall reasonably provide all necessary Public Infrastructure improvments and installations to be made and completed timely in order to allow Developer to meet the time requirements of the Hotel franchisor and the City for timely completion of the Project and opening of the Hotel, such work to start not later than Spring 2022 and to be finished not later than thirty six (36) months from the Closing Date, it being acknowledged by Seller that Developer's achievement of such milestones by such dates is dependent on this and such date for performance by Buyer shall be extended by Seller's failure to timely perform. Amendments to Developer's milestones shall be memorialzed in writing if unreasonable delays to public infrastructure improvements are caused by the Seller.

14. Condemnation. In the event a governmental entity commences or threatens in writing eminent domain proceedings to take all or material portion of the Property (a "material portion" being more than two percent (2%) of the net acreage of Property or such portion as may preventhe Project from being built in a manner that satisfies the franchisor) or any adjacent or neighboring real property which would affect access to Property after the date hereof and prior to the Closing Date then Developer shall have the right to either (i) terminate this Agreement in which event neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement, or (ii) proceed with the Closing as scheduled notwithstanding such proceeding; provided, however, that all awards arising out of such proceedings with respect to Property shall be assigned to Developer as of the date of Closing or credited to Developer if previously received by Seller, and Seller hereby agrees to execute any separate assignment agreement, as Developer may reasonably request, to evidence or effectuate the assignment of such awards. Seller's obligations pursuant to the immediately preceding sentence shall survive the Closing.

15. Possession. Exclusive possession of Property shall be delivered to Developer as of Closing free of any and all tenancies and/or occupancy rights. Seller shall cause all construction and road materials currently stored on the Property to be removed from the Property.

16. Default of Seller.

(a) Default of Seller Prior to Close of Escrow. In the event that the Seller is in material breach of any Seller obligation set forth herein prior to the Close of Escrow, and such material breach has not been cured within thirty (30) days written notice to Seller of such material breach, then Buyer, as its sole and exclusive remedy at law or in equity, shall have the right to either (i) terminate this Agreement and thereafter neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement, or (ii) seek specific performance against Seller; provided that Developer must exercise its right to specific performance within sixty (60) days of Seller's default, or Developer will be deemed to have elected the remedy in subsection 15(a)(i) above.

(b) Default of Seller Subsequent to Close of Escrow. In the event Seller is in material breach of any Seller obligation set forth herein subsequent to the Close of Escrow, then following thirty (30) days written notice to Seller (and Seller's failure to cure the breach or to commence to cure the breach and be diligently pursuing same), Developer may pursue any right or remedy it may have at law or in equity against Seller. Notwithstanding anything to the contrary in this Agreement, in no event shall Seller be liable for any special, consequential, indirect or punitive damages.

17. Default of Buyer. In the event that Developer is in material breach of any Developer obligation set forth herein at any time prior to Construction Loan Closing and such material breach has not been cured within thirty (30) days written notice to Developer of such material breach, Seller, as its sole and exclusive remedy at law or in equity, shall have the right to terminate this Agreement and upon such termination Developer shall pay to Seller liquidated damages in the amount of Fifty Thousand Dollars ($50,000). The Parties agree that Seller's actual damages would be impracticable or extremely difficult to calculate, and that the amount of Fifty Thousand Dollars ($50,000) represents the Parties' reasonable estimate of such damages. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369, but is intended to constitute liquidated damages to Seller pursuant to California Civil Code sections 1671, 1676 and 1677.

18. Indemnifications.

(a) Developer Indemnification of Seller. Developer hereby agrees to indemnify, defend, and hold Seller and Seller's elected officials, directors, employees, agents, representatives, heirs, successors, beneficiaries and assigns (the "**Seller Indemnified Parties**") harmless, from and against any liability, cause of action, loss, cost, expense, claim or economic damage (but specifically excluding consequential or speculative damages), including reasonable attorneys' fees, arising from, or related to, (i) subsequent to the Closing Date, the failure of the Developer to complete the Project pursuant to the terms of this Agreement, (ii) any claim asserted by any third parties arising from the Developer's construction, development and/or operation of the Project and (iii) any material breach of this Agreement by Developer (collectively, the "**Seller Liabilities**"); provided, however, that the Seller Liabilities indemnified and Buyer's indemnification hereunder shall not apply to any liability, cause of action, loss, cost, expense, claim or damages arising from any Seller Indemnified Parties' gross negligence, willful misconduct, illegal action or breach of this Agreement. Notwithstanding the foregoing, Developer shall have no obligation to indemnify and defend Seller for (i) pre-existing conditions discovered by any inspection of the Property, not aggravated by Buyer, (ii) any violation of law existing with

respect to the Property not caused by Buyer, (iii) the negligence or misconduct of Seller or its elected officials, officers, directors, contractors, employees, attorneys and agents, (iv) any release of pre-existing Hazardous Substances arising from the conduct of any investigation or testing of the Property, unless such release is caused by any negligence or misconduct of Developer or any agent contractor or employee of Buyer. The foregoing shall survive the Closing for a period of four (4) years following the Closing Date, .

(b) Seller Indemnification of Buyer. Seller hereby agrees to indemnify, defend, and hold Developer and Buyer's directors, partners, officers, shareholders, employees, affiliates, members, representatives, heirs, successors, beneficiaries and assigns (the "**Developer Indemnified Parties**") harmless, from and against any liability, cause of action, loss, cost, expense, claim or economic damage (but specifically excluding consequential or speculative damages), including reasonable attorneys' fees, arising from, or related to, (i) any liability or obligation of Seller that Developer is not required to assume under this Agreement or accruing prior to such assumption; (ii) any personal injury or property damage occurring in, on or about the Property or relating thereto on or before the Closing Date and any environmental liability arising from pre-existing conditions on or about the Property or relating thereto first arising on or before the Closing Date and not previously disclosed to Buyer, (iii) the untruth, inaccuracy or breach of any of the representations, warranties and covenants made by Seller pursuant to this Agreement;(collectively, the "**Developer Liabilities**"); provided, however, that the Developer Liabilities indemnified and Seller's indemnification hereunder shall not apply to any liability, cause of action, loss, cost, expense, claim or damages arising from any Developer Indemnified Parties' gross negligence, willful misconduct, illegal action or breach of this Agreement. The foregoing shall survive the Closing for a period of four (4) years following the Closing Date.

19. Miscellaneous.

(a) Assignment; Successors and Assigns. Developer shall not voluntarily or by operation of law assign or transfer any rights, interests and/or obligations hereunder prior to the Closing without Seller's express prior consent in writing, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Developer shall have the right to assign its rights under this Agreement, without the consent of Seller to an "Affiliate". For purposes of this Agreement, an "**Affiliate**" means an entity controlled by, or under common control with, Buyer. In the event that Developer assigns its rights under this Agreement to an Affiliate, Developer shall provide to Seller not less than five (5) days' prior written notice. Such assignment of Buyer's rights under this Agreement shall not relieve Developer of its obligations hereunder. Except as allowed by this Section, neither this Agreement nor the rights of either Party hereunder may be assigned by either Party. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, administrators and permitted assigns. .

(b) Entire Agreement. This Agreement embodies the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or parole agreements existing between Seller and Developer relative to the subject matter hereof which are not expressly set forth herein and covered hereby.

(c) Recitals Incorporated. The Recitals above are an integral part of this Agreement and are incorporated herein by reference.

(d) Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one business day after being deposited with Federal Express or another reliable overnight courier service for next day delivery, (iii) upon facsimile transmission (except that if the date of such transmission is not a business day, then such notice shall be deemed to be given on the first business day following such transmission), or (iv) two business days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

If to Buyer:

MLI Associates, LLC.
3767 Harlequin Terrace
Fremont, CA
Attn: Matt Patel

If to Seller:

City of Clearlake
14050 Olympic Drive,
Clearlake, CA 95422
Attention: City Manager Alan Flora

If to Escrow Holder: Tina Lucero, National Commercial Closer
Old Republic Title Company
275 Battery Street, 15th Floor
San Francisco, CA 9411
tlucero@oldrepublictitle.com

or such other address as either Party may from time to time specify in writing to the other.

(e) Brokers; Consultants. Seller and Developer each represents to the other that it has employed no broker or finder in connection with the transaction contemplated hereby and agrees to indemnify the other and its successors hereunder against, and hold such indemnified party and its successors hereunder harmless from, any and all actions, suits, claims, demands, debts, losses, liabilities or expenses (including without limitation reasonable attorneys' fees and costs of investigation and defense) arising from or in connection with any brokerage or finder's fees, charges or commissions which are (or are claimed to be) payable in connection with the transaction contemplated hereby by reason of the actions (or alleged actions) of such indemnifying party. The provisions of this Section 18(e) shall survive the Closing or termination of this Agreement.

(f) California Law; Jurisdiction. This Agreement shall be construed under and in accordance with the laws of the State of California. Each party to this Agreement agrees that the courts located in the County of Lake, State of California shall have sole and exclusive personal jurisdiction over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this agreement. In connection thereto, the parties hereby waive any claim of jurisdiction in another state and specifically consent to personal jurisdiction in the County of Lake, State of California.

(g) Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereto, and the remainder of the provisions of this Agreement shall continue in full force and effect without impairment.

(h) Waiver. The waiver by either party of a breach of any provision of this Agreement shall not be deemed a waiver of any subsequent breach whether of the same or another provision of this Agreement.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The signature of a party to any counterpart shall be sufficient to legally bind such party. Delivery of an executed counterpart of a signature page to this Agreement by telecopy, emailed portable document format ("pdf"), or tagged image file format ("tiff") or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of an original executed counterpart of this Agreement. Any party sending an executed counterpart of a signature page to this Agreement by telecopy, pdf, tiff or any other electronic means shall also send the original thereof to the other within five (5) days thereafter, but failure to do so shall not affect the validity, enforceability, or binding effect of this Agreement.

(j) No Obligation to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate either of the parties hereto to, any person or entity not a party to this Agreement.

(k) Amendments in Writing. The provisions of this Agreement may not be amended or altered except by a written instrument duly executed by each of the parties hereto.

(l) Interpretation. Whenever the context hereof shall so require, the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof. As used herein, the term “Person” shall mean and refer to any individual, corporation, partnership, limited liability company, trust, governmental entity, or quasi-governmental entity.

(m) Attorneys’ Fees. If legal action is commenced to enforce or to declare the effect of any provision of this Agreement, the prevailing Party shall be entitled to recover from the non-prevailing Party reasonable attorneys’ fees and other litigation costs. In addition to the foregoing award of attorneys’ fees and other litigation costs to the prevailing Party, the prevailing Party in any lawsuit on this Agreement shall be entitled to its attorneys’ fees and other litigation costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement. This provision shall survive Closing or termination of this Agreement.

(n) Further Acts. Each of the Parties shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent of the Parties and carry out the terms of this Agreement.

(o) Time for Performance. Wherever the time for performance of any obligation hereunder or if, pursuant to this Agreement, a party must act by a particular time, or an act is effective only if done by a particular time, and the last date for the performance of such obligation or the doing or effectiveness of such act falls upon a day other than a business day, the time for the performance of such obligation or the doing or effectiveness of such act shall be extended to the next succeeding business day. If the Closing Date shall fall on a business day that does not immediately follow a business day, the Closing Date shall be postponed to the next succeeding business day that immediately follows a business day. As used in this paragraph only, the term "business day" shall mean any day which is not a Saturday, Sunday, national or state holiday, or day on which the Office of the County Recorder of Lake County is closed or otherwise not accepting documents for recording.

(p) Time of Essence. Time is expressly made of the essence of this Agreement.

(q) Exclusivity. Provided Developer is not in default under this Agreement, Seller shall not (i) negotiate with any other persons or entities with respect to the sale of the Property, (ii) entertain unsolicited offers, bids, negotiations or inquiries as to the purchase of the Property, (iii) solicit or respond to any offers, bids, negotiations or inquiries with respect to the purchase of the Property, and/or (iv) enter into any contract to sell Property to any person or entity other than Buyer.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year first above written.

BUYER:

MLI ASSOCIATES, LLC.,
A CALIFORNIA LIMITED LIABILITY COMPANY

By: _____
Name: Matt Patel
Its: sole member

SELLER:

THE CITY OF CLEARLAKE

By:_____

Alan Flora, City Manager

ATTEST:

BY:_____

Melissa Swanson, City Clerk

APPROVED AS TO FORM:

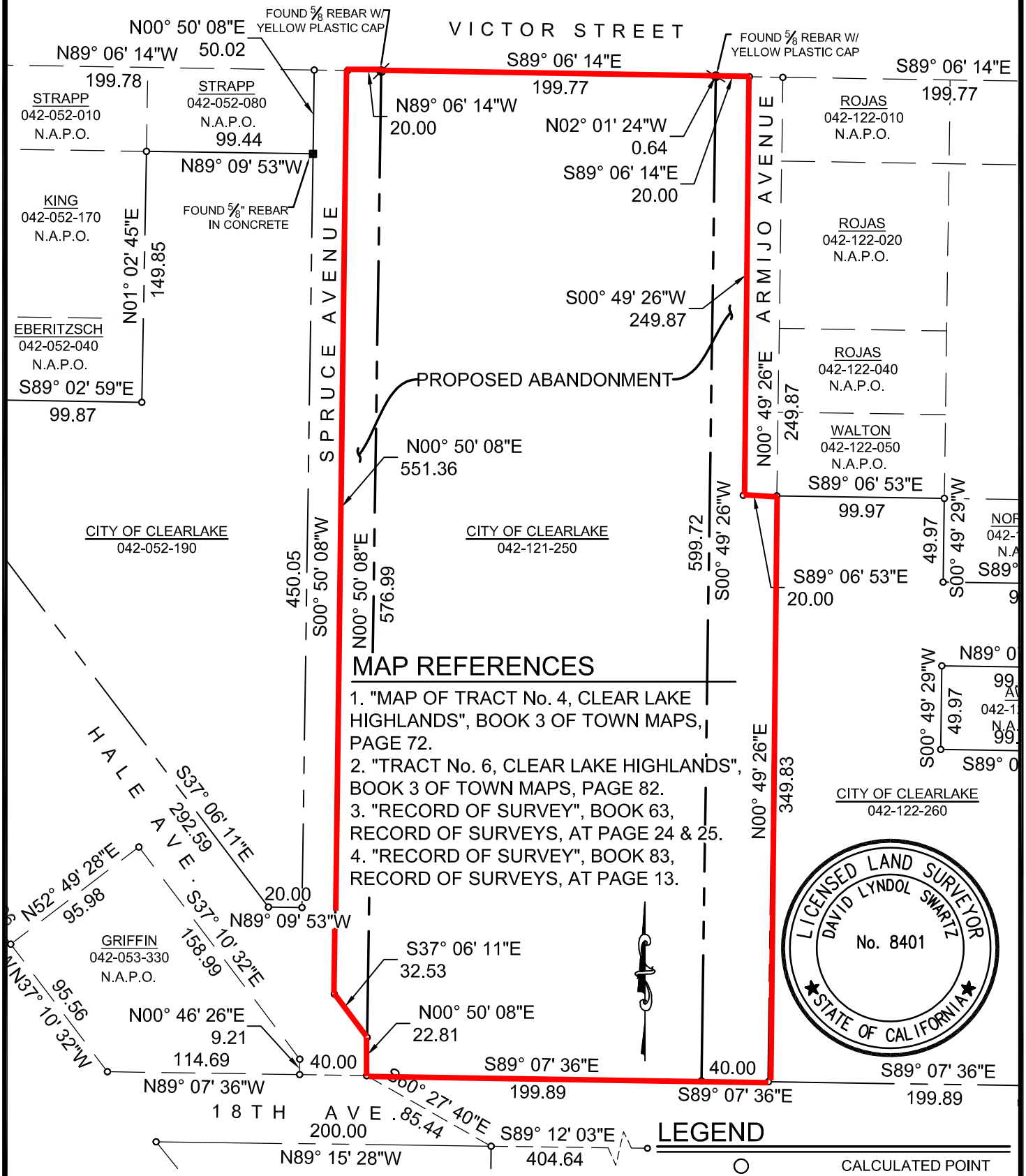
BY: _____
Ryan R. Jones, City Attorney

EXHIBIT A

Legal Description:

[City to Supply]

EXHIBIT



MAP REFERENCES

1. "MAP OF TRACT No. 4, CLEAR LAKE HIGHLANDS", BOOK 3 OF TOWN MAPS, PAGE 72.
2. "TRACT No. 6, CLEAR LAKE HIGHLANDS", BOOK 3 OF TOWN MAPS, PAGE 82.
3. "RECORD OF SURVEY", BOOK 63, RECORD OF SURVEYS, AT PAGE 24 & 25.
4. "RECORD OF SURVEY", BOOK 83, RECORD OF SURVEYS, AT PAGE 13.

LICENSED LAND SURVEYOR
DAVID LYNDOL SWARTZ
No. 8401
STATE OF CALIFORNIA

LEGEND

- CALCULATED POINT
- ABANDONMENT LINE
- EASEMENT LINE
- LOT LINE
- FOUND AS DESCRIBED
- FOUND REBAR W/ CAP

CALIFORNIA ENGINEERING COMPANY INC
ESTD 1996
CIVIL ENGINEERING
LAND SURVEYING
FUNDING PROCUREMENT
CONSTRUCTION ADMINISTRATION
www.cecusa.net
1110 Civic Center Blvd. Suite 404 | Yuba City, CA 95993 | (530) 751-0952 Office

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject: Award of Construction Contract for the 2021 Measure V Pavement Rehabilitation Project

Date: July 8, 2021

Reviewed & Approved:

From: Adeline Brown, Engineer Tech

Recommended Action: Authorize City Manager to enter into contract with Granite Construction for construction of the 2021 Measure V Pavement Rehabilitation Project base bid and additive alternates for the total amount of $2,023,121.50 and authorize the City Manager to approve up to 10% for additional unforeseen contract amendments.

ISSUE STATEMENT AND DISCUSSION:

The City advertised a Notice Inviting Bids for the 2021 Measure V Pavement Rehabilitation Project on May 26, 2021. This project was advertised on the City website, advertised in the newspaper and sent to various Builders Exchange Plan rooms throughout the state. The City opened bids on July 8, 2021 from the following contractors:

Contractor	Base Bid	Additive Alternate 1	Additive Alternate 2	**Total Bid**
ENGINEER'S ESTIMATE	$1,100,000.00	$504,000.00	$607,000.00	**$2,211,000.00**
Granite Construction	$1,162,988.50	$318,603.50	$541,529.50	**$2,023,121.50**
Argonaut Constructors	$1,192,584.75	$351,516.50	$670,578.50	**$2,214,679.75**
Team Ghilotti	$1,447,141.00	$512,828.00	$775,044.80	**$2,735,013.80**

Staff recommends that the City Council approve and direct the City Manager to enter into a contract with Granite Construction in the amount of $2,023,121.50 and authorize the City Manager to approve up to 10% for additional unforeseen contract amendments.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no policy implications with this recommendation. Funding for this project is available using Measure V Funds. Due to the many Measure V projects completed over the past few years, staff is recommending providing internal financing to complete the project this year. This would require an internal loan of between $500,000 and $750,000 that would be repaid with Measure V revenues in the following fiscal year. This adjustment is included in the budget adjustment resolution under a separate item.

STRATEGIC PLAN IMPLEMENTATION:

The 2021 Measure V Pavement Rehabilitation Project is an important project in helping to implement Strategic Plan Goal #3: *Improve the Quality of Life in Clearlake with Improved Public Facilities*.

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Adoption of the 1st Amendment to the FY 2021-22 Budget (Resolution 2021-33) Appropriating CalTrans Local Roadway Safety Plan Grant Funding and Measure V Projects; Resolution No. 2021-37	**Date:** July 7, 2021 **Reviewed & Approved:**
From:	Andrew White, Chief of Police/Interim Finance Director	

Recommended Action: Adopt resolution 2021-37

ISSUE STATEMENT AND DISCUSSION:

On March 3, 2020, CalTrans awarded the City of Clearlake a grant to develop a Local Roadway Safety Plan in the amount of $45,000, with a local contribution of $5,000 required, for a total project cost of $50,000.

Staff is requesting the City Council amend the FY 2021-22 budget to appropriate the grant funding unspent in FY 2020-21. The local contribution of $5,000 will be paid out of existing appropriations within the budget.

In addition, a total of $438,879 was budgeted in the FY 2021-22 Budget for the 2021 Measure V Projects. The total low bid amount came in at $2,023,120, with the maximum 10% contingency for project changes of up to $2,225,432. This leaves a project funding gap of $1,786,551. The City currently has a projected fund balance in the Measure V fund of $1,049,264. By adding this funding into the project there will be a remaining deficit of $737,287, if the maximum 10% was utilized or $534,979 if no change orders are needed. The Council could decide to award the Base Bid and Alternate 1 and delay Alternate 2 until the following year, or provide an internal loan within the Capital Projects Fund to complete all projects which are ready to go and have Measure V pay back the additional costs with revenue from the following year. Option two is what is recommended by staff and is included in the attached resolution.

FINANCIAL AND/OR POLICY IMPLICATIONS:

The proposed action would appropriate $39,439 of grant funds in the FY 2021-22 budget for the Local Roadway Safety Plan development and an additional $1,786,551 of Measure V funds.

RESOLUTION NO. 2021-37

ADOPTION OF 1ST AMENDMENT TO THE FY 2021-22 BUDGET (RESOLUTION 2021-33) APPROPRIATING REVENUE FROM THE CALTRANS LOCAL ROADWAY SAFETY PLAN GRANT AND THE 2021 MEASURE V PROJECTS

WHEREAS, the City Council desires to appropriate funding from the CalTrans Local Roadway Safety grant carried over from Fiscal Year 2020-21 and the 2021 Measure V Projects.

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

Section 1. The FY 2021-22 Budget, adopted via Resolution 2021-33, is amended as follows:

InCode BA #:
Date:

EXHIBIT A

Appropriations Adjustments

Fund	Fund Name	Department	Account	Description	FY 21-22 Budget	Adjustment	FY 21-22 Amended Budget
100	General	City Engineer	100-3025-750-560	Consultant Services - LRSP Plan	21,600	39,439	61,039
220	Measure V	Measure V	220-3065-970-999	Transfers Out (to Capital Projects)	1,549,879	1,786,551	3,336,430
240	Cap. Proj.	Cap. Proj.	240-4195-800-887	Measure V Projects	438,879	1,786,551	2,225,430
				Total	**2,010,358**	**3,612,541**	**5,622,899**

Revenue Adjustments

Fund	Fund Name	Account	Description	FY 21-22 Budget	Adjustment	FY 21-22 Amended Budget
100	General	100-410-875	Other Grants - CalTrans LRSP	-	39,439	39,439
240	Cap. Proj.	240-450-900	Transfer In from Measure V	1,549,879	1,786,551	3,336,430
			Total	**1,549,879**	**1,825,990**	**3,375,869**

PASSED AND ADOPTED by the City Council of the City of Clearlake, County of Lake, State of California, on this 15th day of July 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:_____ _____

City Clerk Mayor

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Consideration of a Memorandum of Understanding between the City of Clearlake and the Clearlake Miscellaneous Employees Association for the period July 1, 2021 to June 30, 2022	**Date: July 7, 2021** **Reviewed & Approved:**
From:	Alan D. Flora, City Manager	
Recommended Action:	Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Miscellaneous Employees Association and authorize the City Manager to sign.	

ISSUE STATEMENT AND DISCUSSION:

The City negotiation team has been meeting with the Clearlake Miscellaneous Employees Association (CMEA) towards drafting a new Memorandum of Understanding (MOU). Both sides have reached a tentative agreement that staff feel is both fiscally responsible and respects the hard and dedicated work our employees undertake daily. Key areas of the proposed agreement include:

1. A one-year agreement with a 3% Cost of Living Adjustment (COLA).
2. A $2,000 one-time payment in recognition of their hard work and dedication to the City
3. A 1% salary adjustment in lieu of various adjustments to the MOU removing or reducing other compensation.
4. Agreement to meet and confer regarding additional compensation that can be converted to base pay.
5. Adjustments to Uniform Regulations

RECOMMENDED ACTION:

Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Miscellaneous Employees Association and authorize the City Manager to sign.

ATTACHMENT:

1. CMEA MOU 2021-2022

MEMORANDUM OF UNDERSTANDING

BETWEEN THE

CITY OF CLEARLAKE

AND THE

CLEARLAKE MUNICIPAL EMPLOYEES ASSOCIATION

July 1, 2021 through June 30, 2022

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ARTICLE I GENERAL PROVISIONS

Section 1.0 Preamble

This Memorandum of Understanding (hereinafter referred to as MOU or Agreement, interchangeably) has been prepared pursuant to California Government Code Sections 3500 et seq., the City of Clearlake Personnel System (Ordinance No. 10), the City of Clearlake Personnel System Rules and Regulations Resolution (No. 81-40), and the City of Clearlake Employer-Employee Organization Relations Resolution (No. 83-40), which are hereby incorporated by reference. This Agreement has been made and executed by the Clearlake Municipal Employee Association affiliated with Operating Engineers Local No. 3 (hereinafter referred to as "Association") and the Employee Relations Officer of the City of Clearlake (hereinafter referred to as "City") and satisfies the City's duty to meet and confer with the Association.

The parties have met and conferred in good faith regarding the terms and conditions of employment for members of the Association, and having reached agreement as herein set forth, agree to submit this MOU to the City Council with the joint recommendation that the City Council adopt its terms and conditions and take such action as may be necessary to implement its provisions.

Section 2.0 Purpose

It is the purpose of this MOU to promote and provide for continuity of operation and employment through harmonious relations, cooperation and understanding between the management of the City and the employees covered by the provisions of this Agreement, and to set forth the understanding reached between the parties as a result of good faith negotiations on the matters set forth herein.

Section 3.0 Recognition

The City acknowledges the Association as the Exclusively Recognized Employee Organization representing the permanent employees occupying job classification set forth in Exhibit A.

The Association acknowledges that job classification(s) designated confidential shall be restricted from participating in representation of the Association.

Section 4.0 Employee Rights and Responsibilities

Association members shall be free to participate in Association activities without interference, intimidation or discrimination in accord with State and City rules and regulations. Association rights and responsibilities include:

4.1 The right to represent its members before the City Council with regard to wages, hours and working conditions.

4.2 The right of reasonable notice of any proposed ordinance, resolution, regulation or rule relating to wages, hours and working conditions.

4.3 The right to reasonable time off without loss of compensation or benefits when meeting and conferring with management representatives on matters relating to wages, hours and working conditions.

4.4 The right of reasonable use of City facilities for Association activities, provided that appropriate advance arrangements are made and applicable costs to the public are borne by the Association.

4.5 The right of reasonable access to employees and applicable documents for the purpose of processing grievances and appeals. Such access shall not interfere with the normal operations of the City or with safety and security requirements of the Police Department.

4.6 The right to maintain a bulletin board in an area readily accessible to Association members.

4.7 The right to have payroll deductions made for payment of Association dues, subject to written request of each individual Association member.

4.8 The right to recommend changes to the Personnel System and Personnel Rules and meet and confer on changes thereof.

Section 5.0 Management Rights and Responsibilities

The City shall reserve and retain the sole and exclusive right, whether exercised or not, to administer, manage and operate its municipal services and the work force employed to perform those services. Management rights and responsibilities include:

5.1 The right to determine the organization of the City government and the purpose and mission of its constituent parts.

5.2 The right to set standards of service and levels of staffing for both routine services and emergency operations.

5.3 The right to determine the type and kind of goods and services to be made, purchased and contracted for.

5.4 The right to determine the methods of financing municipal services.

5.5 The right to administer the Personnel System in accordance with Ordinance No. 10, the Personnel Rules and Regulations, the Employer-Employee Organization Relations Resolution and this MOU.

5.6 The right to assign work and direct employees.

5.7 The right to establish and implement rules, regulations, policies and procedures related to efficiency, productivity, performance, personal appearance, codes of conduct and safety and to require compliance therewith.

ARTICLE II WAGES AND BENEFITS

Section 1.0 Prior Negotiations and Agreements

The Personnel System Rules and Regulations, as amended by Resolution No. 82-60 are hereby incorporated by reference.

Section 2.0 Retirement Plan and Contribution

2.1 "Classic" (Employed by the City or other eligible public agency prior to January 1, 2013 as defined by CalPERS) non-sworn unit employees shall be provided the benefit of the Miscellaneous Members 2%@55 retirement formula.

2.2 "Classic" non-sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System (PERS) contribution for Safety Members, which is currently 7%.

2.3 "PEPRA" (Employed by the City or other eligible public agency on or after January 1, 2013, as defined by CalPERS) non-sworn unit employees shall be provided the benefit of the Miscellaneous Members 2%@62 retirement formula.

2.4 "PEPRA" non-sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System (PERS) contribution for Safety Members, which is currently 6.25%.

Section 3.0 Salary Adjustment and Longevity Pay

3.1.1 Effective July 1, 2021, all unit members will receive a three percent (3%) cost of living adjustment (COLA) increase.

3.1.2 Effective July 1, 2021, all unit members will receive a one percent (1%) base salary adjustment, in lieu of adjustment to other compensation included herein.

3.1.3 Effective July 1, 2021, all unit members will receive a one-time payment of $2,000 to all active permanent employees in acknowledgement of their hard work

and dedication to the City, effective the first full pay period after ratification of the agreement.

3.2 City will provide a longevity payment to all unit employees based on the following schedule:

Completion of Years of Service	% of Salary Longevity Payment
5	1.0%
6	2.0%
7	3.0%
8	4.0%
9	5.0%
10	6.0%
11	7.0%
12	8.0%
13	9.0%
14	10.0%

3.3 Working Group:

City and the bargaining unit shall cooperate in the establishment and operation of a working group comprised of City representatives as well as one or more representatives from each City bargaining unit.

a) This working group will meet at least monthly, commencing upon an agreed-upon date in the first week of September 2021 and continuing thereafter at least once per month.
b) This working group will discuss and, if possible, agree upon a plan for the conversion of existing specialty pays to a sum to be applied to base pay for all classifications and ranks, or such other concepts which may be identified by the working group and which if adopted would go to the objective of eliminating specialty pays and increasing the across-the-board base rate for City employees by the realignment of existing pay.

City and bargaining unit shall cooperate in the development of a total compensation survey focusing on hard to fill and other positions that may be considered out of market with total compensation. City and bargaining unit will cooperate in the development of the parameters of the compensation survey, with the survey being completed by the Administrative Services Department.

City and bargaining unit agree to meet and confer during the term of this agreement to discuss a restructure of the maintenance worker classifications with the intent to improve market equity and recruitability for these classifications.

Section 4.0 State Disability Insurance

4.1 City agrees to pay 100% of employee contribution for State Disability Insurance.

Section 5.0 Deferred Compensation Plan

5.1 The City agrees to maintain the availability of a deferred compensation plan for voluntary employee participation and contribution.

Section 6.0 Health Care Benefits

6.1 The City shall provide a Medical/Dental/Vision Plan for unit employees and their dependents. The medical plan shall be offered by Operating Engineers Local No. 3 with individuals paying the associate membership fee.

The City shall pay eighty percent (80%) of the insurance premium cost and the employee shall pay the remaining twenty percent (20%) of the insurance premium cost.

6.2 Alternative Health Insurance Plan. The Parties agree to work mutually toward seeking health and benefit plans which are acceptable to both Parties.

If an alternative Health Insurance Plan is identified by either party during the term of this agreement, the City and Association agree to re-open negotiations for the sole purpose of re-negotiating the City and employee levels of contribution and implementation of the plan.

6.3 Waiver of Participation. In addition to the provisions of this section, employees who elect to waive participation in the City's health insurance program or private health insurance plan, upon written request to waive said participation and proof of alternative health insurance coverage, shall receive from the City the equivalent of fifty percent (50%) of the City's contribution towards unit employee's health insurance plan.

6.4 The City shall provide a $50,000 Life Insurance Policy for each employee, with the option for each unit employee to purchase additional voluntary life insurance benefits through the plan.

6.5 If the City is mandated to contribute toward employee’s health insurance program by state or federal action, this section shall be considered invalid and subject to Section 1.0 in Article V (Severability).

Section 7.0 Non-Economic Negotiations

The Union or the City may reopen the contract each year in September for the purpose of bargaining up to one non-economic proposal each.

Section 8.0 Sick Leave

8.1 Sick Leave: Sick leave with pay may only be granted by the appointing authority for valid illness, injury, or scheduled appointment for medical or dental care unless otherwise provided by this Agreement. The department head may require evidence in the form of a physician's verification during the time for which sick leave was requested.

8.2 Sick Leave Accrual: Every full time regular employee and probationary employee shall earn sick leave at the rate of eight (8) hours per month, or major fraction thereof. Permanent part time employees shall earn sick leave at a ratio of their hours to full time position.

8.3 Temporary Disability-Integrated Pay: An employee who is entitled to temporary disability indemnity under State Labor Code may elect to take that number of hours or portions of hours of his/her accumulated sick leave, or his/her accumulated vacation, as when added to the disability indemnity will result in a payment to the employee of his/her full salary. When accumulated sick leave or vacation or both are exhausted, the employee is still entitled to receive disability indemnity.

8.4 Illness While on Vacation: An employee who becomes ill while on vacation may have such period of illness charged to his/her accumulated sick leave instead of to vacation, provided that:

a. Immediately upon return to duty, the employee submits to the appointing authority a written request for sick leave and a written statement is signed by the employee's physician stating the nature and dates of the illness.

b. The appointing authority recommends and the Personnel Officer approves such granting of such sick leave.

8.5 Holidays While on Sick Leave: Observed holidays during sick leave shall not be counted as sick leave, except for employees receiving holiday pay.

8.6 Sick Leave for Care of Dependents: A regular employee may use a maximum of forty-eight (48) hours of sick leave per year for the care of a spouse, child or parent. In recognition of unique and extended family relationships, an employee may request in writing, and the City Manager may approve at his sole discretion, use of sick leave for an exception not listed.

8.7 Sick Leave Forfeited: An employee leaving municipal service shall forfeit all sick leave benefits. Sick leave may be used only through the final day of actual work performed and not during a period of terminal employment.

8.8 Medical/Dental Appointments: Employees may utilize sick leave for medical or dental appointments.

Section 9.0 Sick Leave Incentive

9.1 A sick leave account shall be established for every employee at the commencement of employment. Effective January of each year, each regular unit employee shall receive incentive pay in the following manner:

a. The first sixty-four (64) hours of unused sick leave shall automatically be placed in the employee's sick leave account.

b. The remaining accrued and unused sick leave from the preceding calendar year shall be paid by January 15th of each year at the employee's regular base rate of pay.

c. The employee shall have an option of converting a maximum of sixteen (16) hours of the unused balance to vacation leave or placing all unused sick leave into the employee's sick leave account

Section 10.0 Overtime/Compensatory Time

10.1 Overtime: Overtime is that time worked in excess of forty hours in one week as defined in Section 11.1. Overtime shall be calculated at one and one-half (1-1/2) times the employee's base rate of pay.

10.2 Compensatory Time in Lieu: Compensatory time may be accrued at the rate of one and one-half (1-1/2) times the number of overtime hours in lieu of overtime pay. A maximum of up to eighty (80) hours of compensatory time may be accumulated. Compensatory time off shall be at the employee's convenience, subject to the approval of the department head and/or the City Manager.

During the month of June of each year, unit employees may, upon recommendation of the Department Head and approval of the City Manager, request pay-off of up to 80 hours of their accumulated compensatory leave balance. Requests shall be submitted in writing to the Department Head no earlier than June 1st and no later than June 26th of each year. Approved pay off shall be issued no later than June 30th of each year.

10.3 Scheduled Overtime – Weekend Park Duty: A Public Works employee who has completed a continuous period of duty and who is assigned and scheduled to perform Park Duty on a Saturday or Sunday shall receive a minimum of four (4) hours of overtime compensation for each Saturday and each Sunday worked. Approval of

overtime compensation shall be made by the supervisor of the employee. Employees are expected to work the full scheduled time unless released by their supervisor.

Section 11.0 Work Week Period and Day

11.1 Work Week: The work week shall exclude all un-schedule leaves of absence(s) in calculating hours worked. For the purposes of this section, "un-scheduled" shall be defined as less than 24 hours notice. The work week shall begin at 12:01 A.M. Sunday and end at 12:00 P.M. Saturday.

11.2 Day: For the purposes of administering benefits such as vacation accrual, holiday leave, mental health leave, etc. a "day" shall be equivalent to an employee's scheduled workday, either eight (8), nine (9) or ten (10) hour period. Unless extended by mutual accord of both parties, this provision shall expire effective June 30, 2021 or on the effective date of a successor MOU, whichever occurs last.

Section 12.0 Flexible Working Hours

12.1 Recognizing the unique requirements of the employees of the City, flexible work hours may be arranged by mutual agreement between individual employees and their respective department heads. Such hours shall allow the employee to work the standard number of hours within each work week.

12.2 Such employee working the flexible hours may be reassigned to the normal work schedule, by the department head, by giving at least two weeks written notice or by mutual agreement.

12.3 It is further agreed that flexible scheduling must not adversely affect the efficient operations of the department.

Section 13.0 Call Back

Any duty required of a Public Works employee by the City after the employee has completed a continuous period of duty and who must be called back to perform such additional duty shall receive a minimum of two (2) hours of overtime compensation, except that employees who are on standby and are called to back to work receive a minimum of two (2) hours for the first call back and a minimum of one (1) hour of overtime compensation for each additional call back occurring during a standby shift. Approval of overtime compensation shall be made by the supervisor of the employee. Employees are expected to work the full call back time unless released by their supervisor.

Section 14.0 Stand By

Stand by shall be compensated at straight time for two hours pay for each Saturday, Sunday and holiday and three hours for the period of Monday through Friday.

Section 15.0 Bereavement Leave

An employee shall receive forty (40) hours bereavement leave due to the death of his or her parent, step parent, mother-in-law, father-in-law, spouse, child, step child, adopted child, grandchild, grandparent, sister, brother, sister-in-law, brother-in-law, or the death of any person residing in the immediate household of the employee at the time of death.

An employee shall receive twenty-four (24) hours of bereavement leave for the death of his or her aunt, uncle, niece, nephew, first cousin, aunt-in-law, uncle-in-law, great-grandfather, great-grandmother, great-granddaughter, or great-grandson at the time of death.

Section 16.0 Jury Duty

16.1 Every employee who is called or required to serve as a trial juror shall be entitled to be absent from duties with the City during the period of such service or while being present in court. No deductions shall be made from the salary of an employee while on jury duty if he/she has waived or remitted to the City the fee for jury duty. If the employee has not waived or remitted the jury fee, he/she shall be paid only for the time actually worked in his/her position. An employee accepted for jury duty shall immediately notify his/her department head in writing whether or not he/she waives or remits the jury fee to the City.

16.2 No deductions shall be made from the salary of an employee who has been subpoenaed as a witness as a result of having observed an event or occurrence while on City duty if he/she has submitted the witness fee. The same procedures are to apply as in the above paragraph.

Section 17.0 Vacation Leave

17.1 Full time regular and probationary employees shall earn vacation leave with pay, as follows:

Upon Completion of Years of Service	Vacation Hours Per Year
0	80 hours
1	88 hours
2	92 hours
3	96 hours

4	100 hours
5	104 hours
6	108 hours
7	112 hours
8	116 hours
9	120 hours
10	124 hours
11	128 hours
12	132 hours
13	136 hours
14	140 hours
15	144 hours
16	148 hours
17	152 hours
18	156 hours
19	160 hours

Vacation leave shall be earned and accrued on a pro-rated monthly basis based upon the above annual schedule.

17.2 An employee may accumulate unused vacation leave up to a maximum of twice the number of hours due annually. Under extraordinary circumstances and when the best interest of the City so requires, the City Manager may permit a temporary accumulation of vacation leave in excess of the maximum accrued. Except for the above exception, annual vacation leave shall not accrue nor accumulate in excess of the following amounts:

Years of Service	Vacation Hours Per Year	Maximum per Accrued
0	80 hours	160 hours
1	88 hours	176 hours
2	92 hours	184 hours
3	96 hours	192 hours
4	100 hours	200 hours
5	104 hours	208 hours
6	108 hours	216 hours
7	112 hours	224 hours
8	116 hours	232 hours
9	120 hours	240 hours
10	124 hours	248 hours
11	128 hours	256 hours
12	132 hours	264 hours

13	136 hours	272 hours
14	140 hours	280 hours
15	144 hours	288 hours
16	148 hours	296 hours
17	152 hours	304 hours
18	156 hours	312 hours
19	160 hours	320 hours

17.3 An employee who is eligible for vacation time shall be paid for such accumulated vacation time on the effective date of termination. It shall not be necessary to carry such employee on the payroll for the vacation period and the vacancy thus created may be filled at any time after the effective date of termination. When separation is caused by death of the employee, payment shall be made to the employee's designated beneficiary.

17.4 Pay for Vacation Time

Upon request of the Department Head with approval of the City Manager, an employee may be paid the straight time hourly equivalent of his/her salary in lieu of vacation time off. Such payment shall be for no more than 80 hours in any one fiscal year for non-management employees and for no more than 80 hours in any one fiscal year for management employees.

17.5 Bi-Lingual Pay

Bi-Lingual pay of up to 5% (2.5% for speaking and/or 2.5% for writing) may be paid. Bilingual pay granted based upon successful passing of testing through Language Testing International and the American Council on the Teaching of Foreign Languages and proficiency of an Intermediate Mid or higher test result. Employee validations are valid for two years from the date of testing.

Section 18.0 Holidays

18.1 The following holidays shall be observed:

New Year's Day - January 1
Martin Luther King Day - Third Monday in January
Washington's Birthday - Third Monday in February
Memorial Day - Last Monday in May
Independence Day - July 4th
Labor Day - First Monday in September
Veterans' Day - November 11th
Thanksgiving Day - Fourth Thursday in November
Day after Thanksgiving Day
Christmas Eve

Christmas Day - December 25th
New Year's Eve

18.2 If the designated holiday falls on a Saturday, the preceding Friday shall be observed. If the designated holiday falls on a Sunday, the following Monday shall be observed.

18.3 If a holiday observance falls on a day in which an employee is mandated to work, the employee shall be paid time and one-half for all hours worked on the observed holiday.

Section 19.0 Uniform Regulations

The City agrees to provide maintenance worker permanent positions four long-sleeved logoed high-visibility shirts, four short-sleeved logoed high-visibility shirts and high quality rain gear, consisting of one hooded, high-visibility rain jacket and one pair of high-visibility rain trousers. The high-visibility shirts shall be provided for maintenance worker positions at hiring and two times per year: approximately April 1st and October 1st. Shirts damaged during the course of work may be replaced by the City with the authorization of the Public Works Director.

Reimbursement shall be paid in the amount of purchase or in an amount not to exceed $300, whichever is the lesser amount, upon presentation by the employee of a receipt for the purchase of such safety footwear for use at work and as may be required for his or her classification. At a minimum, safety footwear shall be steel-toed, leather, six-inch boots.

Section 20.0 Personal Property Reimbursement

20.1 The City shall reimburse Public Works employees for the repair or replacement cost of personal property damaged or destroyed during the performance of his or her duty. The maximum reimbursable amount shall not exceed the cost for items.

The City shall provide for the repair of or replacement of the following items as personal property:

Eyeglasses	(prescription)
Frames	Full Cost
Lenses	Full Cost
Wrist Watch	$25.00

Section 21.0 Probationary Period

Probationary period shall be twelve (12) months for new employees and twelve (12) months for promotional employees. Employees who do not successfully pass promotional probationary period shall be returned to the position previously held by the employee. If the position previously held by the employee has been filled, the City may initiate lay-off procedures in order to return the employee to the position which was previously held by said employee.

Section 22.0 Special Duty Assignment

Employees of the Public Works Department shall receive a five percent (5%) premium pay while assigned and performing in a lead position.

Those employees in the classification of Senior Maintenance Worker with Class A driver's licenses shall receive a twenty-five dollar ($25) premium pay per pay period on the employee's regular pay day, for obtaining and maintaining their Class A Commercial driver's license. This premium pay shall not be included in the employee's pay rate when computing annual vacation pay outs. When an employee is receiving the premium pay, he/she can be directed to perform Class A driver's license duties. Employee is not eligible for the premium pay if he/she is on unpaid leave from City employment.

Those employees in the classifications of Senior Maintenance Worker with Class A driver's licenses shall have the cost of the Medical Examinations that are required to maintain their Class A Commercial driver's license reimbursed by the City upon presenting a voucher from the examining physician in an amount up to $200. Reimbursements shall not exceed one per renewal period.

Those employees in the classifications of Senior Maintenance Worker with Class A driver's licenses shall have the cost of the driver license renewal and Department of Motor Vehicle examination fees, above and beyond those fees required for non-commercial Class C licenses, required to maintain their Class A Commercial driver's license reimbursed by the City upon successfully completing the required examination and being issued the renewal license, which will then be presented to Administrative Services as proof of maintaining the Class A driver's license. Proof of issuance and renewal of the Class A Commercial driver's license shall be the employee's responsibility and premium pay will not be applied retroactively. Eligibility for City-paid Class A Commercial driver's license courses and premium pay, including reimbursements, shall be based on the needs of the department and at the discretion of the department head.

Senior Maintenance Workers with a Class A Driver's license agree to adhere to the Department of Transportation Policy and Procedures Manual for FMCSA Safety Sensitive Drivers hereby adopted by reference. Senior Maintenance Workers provide consent for the City to conduct limited queries from the FMCSA Commercial Driver's License Drug and Alcohol Clearinghouse to determine whether drug or alcohol violation information about the employee exists in the Clearinghouse per federal regulations.

Section 23.0 Tuition and Books

The City will reimburse those classifications represented by the Association up to $600 per year for the cost of educational classes and books to encourage higher education subject to the terms and guidelines of the program as adopted by the City Council and respective bargaining unit contained within the City of Clearlake Personnel Policies.

Section 24.0 Stress Reduction and Wellness Program

24.2 Outpatient care for treatment by a psychiatrist, psychologist, or certified social worker. The City will reimburse unit employees fifty percent (50%) of the covered charges up to a maximum of $60 charge, therefore paying up to $30 per visit, with an overall maximum of twelve (12) visits per fiscal year.

Section 25.0 Part-Time Permanent Employee Benefits

25.1 Part-time permanent employees who receive pro-rated benefits based upon their scheduled hours pursuant to the Personnel Rules and Regulations of the City of Clearlake may elect to decline the following benefits and apply the equivalent City contribution towards their contribution towards the monthly health insurance premium:

. Deferred Compensation
. Deferred Compensation In-Lieu of Retirees Medical
. Life Insurance
. State Disability Insurance

ARTICLE III PRE-DISCIPLINE AND GRIEVANCES

Section 1.0 Discipline

Prior to the suspension, demotion, pay reduction or discharge for disciplinary purposes of any regular employee pursuant to provisions of the Personnel Ordinance and Rules, the following procedures shall be complied with:

1.1 **Written Notice**

Written notice of the proposed disciplinary action shall be given to the employee. Such notice shall include a statement of the reason(s) for the proposed disciplinary action, the charge(s) being considered, the time periods which the employee may respond, and shall be signed by the appointing authority.

1.2 **Employee Review**

The employee shall be given an opportunity to review the documents or materials upon which the proposed disciplinary action is based, and he/she shall be supplied with a copy of documents or material.

1.3 **Employee Response**

Within seven (7) calendar days after the employee has had the review opportunity provided above, he/she shall have the right to respond orally or in writing or both, at the employee's option, to the appointing authority concerning the proposed action. The City Manager may at his/her discretion extend such time period to facilitate fair administration of the disciplinary process. The failure of the employee to respond shall constitute the employee's waiver of the opportunity to respond. Notwithstanding the above, a reasonable request for additional time within which to respond shall not be denied.

1.4 **Appeal**

If the employee does not agree with the decision reached by the appointing authority, the employee may request a hearing before the Personnel Officer within seven (7) calendar days.

Within ten (10) calendar days of receipt of a written request for hearing, the Personnel Officer will schedule a date to hear the appeal of the appointing authority's decision. The failure of the employee to appeal shall constitute the employee's waiver of the opportunity to appeal and the appointing authority decision will become final

If the employee does not agree with the decision reached by the Personnel Officer, the employee may request a hearing before the City Council within seven (7) calendar days.

1.5 **City Council**

Appeals shall be in writing and filed with the City Manager who shall, within seven (7) days of the receipt of the appeal, inform each member of the City Council and other such persons named or affected by the appeal or the filing of the appeal. The appeal shall be a written statement, addressed to the City council. At least two weeks prior to the hearing date the appellant will submit statement of defense.

1.6 **Notice**

Upon the filing of an appeal, the City Manager shall set a date for a hearing on the appeal by mutual agreement not to exceed forty-five (45) days from the date of filing. The City Manager shall notify all named or effected parties of the date, time, and place of hearing at such place as the City Council shall preside.

1.7 **Hearing**

The appellant shall appear personally unless physically unable to do so, before the City Council at the time and place of the hearing(s). He/she may select and may at the hearing produce on his/her behalf relevant oral or documentary evidence. Cross-examination of witnesses shall be permitted. The conduct and decorum of the hearing shall be under the control of the City Council by its Mayor, unless a Hearing Officer has been appointed by the Council with due regard to the rights and privileges of the parties appearing before it. Hearings need not be conducted according to technical rules relating to evidence and witnesses. Hearings shall be closed unless the appellant, in writing, requests open hearing. The appellant has a right to be represented during these proceedings.

1.8 **Findings and Recommendation**

The City Council shall, after the conclusion of the hearing, certify its findings and recommendations in writing to the appellant at its next regular meeting to the person from whose action the appeal was taken and to the City Manager. The City Manager shall review the findings and recommendations of the City council with the person from whose action the appeal was made with a view toward implementing the recommendations of the City Council. The actions taken by the City Council shall be considered binding on the City.

Any member of the City Council may submit a minority or supplemental finding and recommendation. In case of suspension, discharge or demotion, the appointing authority shall reinstate any employee to his/her former status if finding is made by the City Council that the action taken was unwarranted and/or in error.

1.9 **Temporary Leave with Pay**

Notwithstanding the provisions of this section, upon the recommendation of appointing authority, the City Manager may approve the temporary assignment of an employee to a status of leave with pay pending an investigation(s) or hearing(s) as may be required to determine if disciplinary action is to be taken. Throughout the above procedure, the employee may be represented.

Section 2.0 Grievance Procedure

Matters subject to grievance procedure:

A grievance shall be a claim, filed by an employee on his/her own behalf, or by the Association on the employee's behalf, contending that the City has violated or misapplied its obligation expressed and/or written in this agreement. A grievance at the informal stage (supervisor) must be brought forward to the supervisor within fourteen (14) days of the grievable action or event.

2.1 Informal Grievance Procedure

Every effort shall be made to resolve a grievance through discussion between the grievant and the immediate supervisor. If, after such discussion, the grievant believes that the grievance has not been satisfactorily resolved, he or she shall have the right to discuss the matter with the department head.

2.2 Formal Grievance Procedure

If the grievant is not in agreement with the decision rendered in the informal grievance procedure, he or she shall have the right to present a formal grievance, in writing, to the department head. If such formal grievance has not been submitted within ten (10) regular work days from the date of receiving the informal decision, the informal decision shall be considered as final.

When discussing the formal grievance with the department head, the grievant shall have the right to appear with a representative who may also participate in the discussion.

The department head receiving the grievance shall review it, render a decision and comments in writing and return them to the grievant within ten (10) regular work days after receiving the formal grievance. If the grievant does not agree with the decision reached, the grievant may appeal in writing to the City Council within ten (10) regular work days. Failure of the employee to take further action within ten (10) regular work days after receipt of the decision of the department head will constitute withdrawal of the grievance.

2.3 Appeal to City Manager

Upon receipt of an appeal the City Manager or designated representative shall discuss the grievance with the employee, the representative, if any, and other appropriate persons. The City Manager may designate a fact-finding committee, an individual not in the normal line of the employee's supervision, or the City Attorney to render advice concerning the appeal. Within fifteen (15) regular working days, the City Manager shall render a formal decision in writing to the employee.

2.4 **Appeal to City Council**

If the grievant does not agree with the decision reached, the grievant may appeal in writing to the City Council within ten (10) regular workdays. Upon receipt of an appeal, the City Council shall conduct a hearing on the grievance with the grievant, the representative, if any, and other appropriate persons. The City Council shall designate a fact-finding committee, an individual not in the normal line of the grievant's supervision, or the City Attorney to render written advice concerning the appeal. By the next regular Council meeting, the Council shall render a formal decision in writing to the grievant. The decision of the City Council shall be considered final and binding on the City.

Section 3.0 Extension of Time Limitations

Any or all of the time limitations mentioned above with reference to filing and response may be extended by mutual agreement between the employee and the City Manager and/or department head and/or supervisor.

3.1 **General Provisions**

The employee and the representative shall be entitled to use a reasonable amount of work time as determined by the department head on conferring about or presenting the appeal.

Failure of an employee to file an appeal within the specified time for any but the first step of the procedure shall constitute an abandonment of the grievance. If the department head fails to render a decision within the specified time limits, then the grievance automatically goes to the next level in the procedure.

Consideration of a grievance shall be conducted on as informal basis as feasible and shall not require legal procedures. Consideration of the substance rather than the form of the grievance and reaching an appropriate solution on the actual facts are the objectives.

ARTICLE IV TERM

Section 1.0 Term of Agreement

The term of this agreement shall be for a period of one year commencing July 1, 2021 and termination on June 30, 2022.

Section 2.0 Agreement Renewal

All employee rights, benefits, privileges and other terms and conditions of employment in effect through the duration of the previous MOU and not expressly contradicted by this MOU are hereby incorporated in this MOU.

In April of 2022 the City and Association agree to open negotiations covering the contents of the agreement to become effective July 1, 2022.

In the absence of an executed agreement for the period commencing July 1, 2022, the provisions of this agreement shall remain in effect.

ARTICLE V IMPLEMENTATION

Section 1.0 Severability

If any article or section of this Memorandum of Understanding should be found invalid, unlawful, or unenforceable by reason of any existing or subsequent enacted legislation or judicial authority, all other articles and sections of the Memorandum of Understanding shall remain in full force for the duration of this Memorandum. In the event of invalidation of any article or section the City and Association agree to meet within thirty (30) days for the purpose of renegotiating said article or section.

Section 2.0 Ratification and Implementation

2.1 The City and Association acknowledge that this Memorandum of Understanding shall not be in full force and effect until ratified by a simple majority vote of those

employees voting who are in classifications represented by the Association set forth in this agreement and adopted in the form of a resolution by the City Council.

2.2 This agreement constitutes a mutual recommendation by the parties hereto, the City Council, that one or more ordinance and/or resolutions be adopted accepting its provisions and effecting the changes enumerated herein relating to wages, hours, fringe benefits and other terms and conditions of employment for the unit employees represented by the Association.

2.3 Subject to the foregoing, this Memorandum of Understanding is hereby agreed to be recommended for approval by the authorized representative of the City and Association.

Dated: _____

CITY OF CLEARLAKE	**CLEARLAKE MUNICIPAL EMPLOYEES ASSOCIATION**
_____	_____
Alan D. Flora, City Manager	Tina Viramontes, President

MEMORANDUM OF UNDERSTANDING

CLEARLAKE MUNICIPAL EMPLOYEE ASSOCIATION

EXHIBIT A

ACCOUNT CLERK

ASSISTANT PLANNER

ASSOCIATE PLANNER

CODE ENFORCEMENT TECHNICIAN

ENGINEERING TECHNICIAN

DEPUTY CITY CLERK/FACILITIES COORDINATOR

FACILITIES MAINTENANCE WORKER I

FACILITIES MAINTENANCE WORKER II

GRANTS TECHNICIAN

KENNEL TECHNICIAN

LEAD MAINTENANCE WORKER

MAINTENANCE WORKER I

MAINTENANCE WORKER II

MAINTENANCE WORKER III

OFFICE ASSISTANT

OFFICE WORKER

SECRETARY/PERMIT TECHNICIAN

SENIOR BUILDING INSPECTOR

SENIOR MAINTENANCE WORKER

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Consideration of a Memorandum of Understanding between the City of Clearlake and the Clearlake Police Officers Association for the period July 1, 2021 to June 30, 2022	**Date: July 7, 2021** **Reviewed & Approved:**
From:	Alan D. Flora, City Manager	
Recommended Action:	Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Police Officers Association and authorize the City Manager to sign.	

ISSUE STATEMENT AND DISCUSSION:

The City negotiation team has been meeting with the Clearlake Police Officers Association (CPOA) towards drafting a new Memorandum of Understanding (MOU). Both sides have reached a tentative agreement that staff feel is both fiscally responsible and respects the hard and dedicated work our employees undertake daily. Key areas of the proposed agreement include:

1. A one-year agreement with a 3% Cost of Living Adjustment (COLA).
2. A $1,500 one-time payment in recognition of their hard work and dedication to the City
3. A 6% salary adjustment in lieu of various adjustments to the MOU removing or reducing other compensation.
4. Agreement to meet and confer regarding additional compensation that can be converted to base pay.

RECOMMENDED ACTION:

Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Police Officers Association and authorize the City Manager to sign.

ATTACHMENT:

1. CPOA MOU 2021-2022

Memorandum of Understanding

Between the

City of Clearlake

And the

Clearlake Police Officers Association

July 1, 2021 through June 30, 2022

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Article I. General Provisions

Section 1-1.0 Preamble:

The Memorandum of Understanding (hereinafter referred to as MOU or Agreement, interchangeably) has been prepared pursuant to California Government Code Sections 3500 et seq., the City of Clearlake Personnel System (Ordinance No. 10), the City of Clearlake Personnel System Rules and Regulations Resolution (No. 81-40), and the City of Clearlake Employer-Employee Organization Relations Resolution (No. 38-40), which are hereby incorporated by reference. This Agreement has been made and executed by the Clearlake Police Association (hereinafter referred to as "Association") and the Employee Relations Officer of the City of Clearlake (hereinafter referred to as "City") and satisfies the City's duty to meet and confer with the Association.[1]

The parties have met and conferred in good faith regarding the terms and conditions of employment for members of the Association, and having reached agreement as herein set forth, agree to submit this MOU to the City Council with the joint recommendation that the City Council adopt its terms and conditions and take such action as may be necessary to implement its implementation.

Section 1-2.0 Purpose:

It is the purpose of this MOU to promote and provide for continuity of operation and employment through harmonious relations, cooperation and understanding between the management of the City and the employees covered by the provisions of the Agreement, and to set forth the understanding reached between the parties as a result of good faith negotiations on the matters set forth herein.

Section 1-3.0 Recognition:

The City acknowledges the Association as the exclusive recognized employee organization representing the permanent employees occupying job classifications set forth in Exhibit A.

Section 1-4.0 Employee Rights:

Association members shall be free to participate in Association activities without interference, intimidation or discrimination in accord with State and City rules and regulations. Association rights and responsibilities include:

a. The right to represent its members before the City Council with regard to wages, hours and working conditions.

[1] Rev 2021

b. The right of reasonable notice of any proposed ordinance, resolution, regulation or rule relating to wages, hours and working conditions.
c. The right to reasonable time off without loss of compensation or benefits when meeting and conferring with management representatives on matters relating to wages, hours and working conditions.
d. The right of reasonable use of the City facilities for Association activities, provided that appropriate advance arrangements are made and applicable costs to the public are borne by the Association.
e. The right of reasonable access to employees and applicable documents for the purpose of processing grievances and appeals. Such access shall not interfere with the normal operations of the City or with safety and security requirements of the Police Department.
f. The right to maintain a bulletin board in an area readily accessible to Association members.
g. The right to have payroll deductions made for payment of Association dues, subject to written request for each individual Association member.
h. The right to recommend changes to Personnel System and Personnel Rules and meet and confer on changes thereof.

Section 1-5.0 Management Rights and Responsibilities:

The City shall reserve and retain the sole and exclusive right, whether exercised or not, to administer, manage and operate its municipal services and the work force employed to perform those services. Management rights and responsibilities include:

a. The right to determine the organization of the City government and the purpose and mission of its constituent parts.
b. The right to set standards of service and levels of staffing for both routine services and emergency operations.
c. The right to determine the type and kind of goods and services to be made purchased and contracted for.
d. The right to determine the methods of financing municipal services.
e. The right to administer the Personnel System in accord with Ordinance No. 10, the Personnel Rules and Regulations, the Employer-Employee Organization Relations Resolution and this MOU.

Article II. Wages and Benefits

Section 2-1.0 Maintenance of Benefits:

All employee rights, benefits, privileges, and other terms and conditions of employment in effect through the duration of the previous agreement and not

expressly contradicted by this agreement are hereby incorporated in this agreement.

Section 2-2.0 Incorporation of Rules and Regulations:

The Personnel System Rules and Regulations, as amended by Resolution No. 82-60, is hereby incorporated by reference.

Section 2-3.0 Retirement:

2-3.1 Retirement Plan & Contributions:

"Classic" (Employed by the City or other eligible public agency prior to January 1, 2013 as defined by CalPERS[2]) sworn unit employees shall be provided the benefit of the local Safety Members 3%@50 retirement formula.

"Classic" sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System (PERS) contribution for Safety Members, which is currently 9%.

"PEPRA" (Employed by the City or other eligible public agency on or after January 1, 2013, as defined by CalPERS) sworn unit employees shall be provided the benefit of the local Safety Members 2.7%@57 retirement formula.

"PEPRA" sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System (PERS) contribution for Safety Members, which is currently 12%.

Members that previously received a salary adjustment of 2.5% as an offset for contributing 100% of the employee contribution shall continue to receive this offset during the term of the MOU.

2-3.3 Unused Sick Leave Conversion:

The City's contract with the California Public Employees Retirement System (CalPERS) will allow unit employees to convert unused sick leave to service credit upon retirement.

[2] Defined by CalPERS as of finalization of this MOU as an employee who "Joined CalPERS prior to January 1, 2013, but are hired by a different CalPERS employer following a break in service of less than six months on or after January 1, 2013. However, if this definition is lawfully changed, any such change would control. (Rev. 2021)

Section 2-4.0 Salary Adjustment and Longevity Plan:

2-4.1 Salary Adjustment:

Effective July 1, 2021, all unit members will receive a three percent (3.0%) cost of living adjustment (COLA) increase.

Effective July 1, 2021, all unit members will receive a six percent (6.0%) base salary adjustment, in lieu of adjustments to other compensation included herein.

Effective July 1, 2021, all unit members will receive a one-time payment of $1,500 to all active permanent employees in acknowledgement of their hard work and dedication to the City.

2-4.2 Working Group:

City and the bargaining unit shall cooperate in the establishment and operation of a working group comprised of City representatives as well as one or more representatives from each City bargaining unit.

a) This working group will meet at least monthly, commencing upon an agreed-upon date in the first week of September 2021 and continuing thereafter at least once per month.
b) This working group will discuss and, if possible, agree upon a plan for the conversion of existing specialty pays to a sum to be applied to base pay for all classifications and ranks, or such other concepts which may be identified by the working group and which if adopted would go to the objective of eliminating specialty pays and increasing the across-the-board base rate for City employees by the realignment of existing pay.

2-4.3 Longevity Pay:

City will provide a longevity payment to all sworn and non-sworn unit employees based on the following schedule (Applies only to continuous service at the City of Clearlake, although no incumbent as of September 12, 2019 will receive a reduction in pay as a result):

Completion of Years of Service	% of Salary Longevity Payment
5	1.0%
6	2.0%
7	3.0%
8	4.0%
9	5.0%
10	6.0%

11	7.0%
12	8.0%
13	9.0%
14	10.0%
15	11.0%

2-4.4 Pay Periods:

There shall be twenty-six (26) pay periods per year.

2-4.5 Shift Differential:

a) Member shall receive a differential of five (5%) percent of their base pay for actual hours worked during the night shift period as defined below:

Night shift shall be 6:00 p.m. (1800 hrs) to 6:00 a.m. (0600 hrs). The start and end time for this period are based on the current 3/12 alternative work schedule for patrol and dispatch.

b) The City agrees to meet and confer regarding shift differential if the City changes from the current 3/12 alternative work schedule for patrol and/or dispatch to another schedule (eg. 4/10, 5/8).

2-4.6 Merit Increases:

Police officers shall be eligible for merit increases on an annual basis until they advance to Step E in the range. However, a police officer may be advanced from Step B to Step C upon the successful completion of probation at 18 months of service. This increase shall not change their anniversary date for subsequent merit increase eligibility. All merit increases are contingent on demonstrated satisfactory job progress and productivity, recommendation by the Chief of Police and approval by the City Manager.

Section 2-5.0 Health and Welfare:

2-5.1 Health Insurance Plan:

a) The City shall provide a Medical/Dental/Vision Plan for unit employees and their dependents. The medical/vision plan shall be that offered by

Operating Engineers Local Union No. 3 with individual employees paying the associate membership fee.

b) If the City is mandated to contribute toward employee's health insurance program by state or federal action, this subsection shall be considered invalid and subject to Section 10 in Article V (Severability).

c) The City and employees shall contribute the following percentages towards health insurance:

City Contribution: 80% of premium

Employee Responsibility: 20% of premium

2-5.2 Waiver of Participation:

In addition to the above provisions of this section, employees who elect to waive participation in the City's health insurance program due to participation in a spouse's insurance program or private health insurance plan shall, upon written request to waive said participation and proof of alternate health insurance coverage, shall receive from the City the equivalent of 50% of the City's contribution towards unit employee's health insurance plan.

2-5.3 Alternate Health Insurance:

Further, the parties agree to work mutually toward seeking health and benefit plans which are acceptable to both parties, including counseling services provided by an independent contractor.

If an alternate Health Insurance Plan is identified by either party during the term of this agreement, the City and the Association agree to re-open negotiations for the sole purpose of renegotiation the City and employee levels of contribution and implementation of the plan.

2-5.4 Life Insurance:

The City shall provide a $50,000 Life Insurance Policy for those classifications represented by the bargaining group, with the option for each unit employee to purchase an additional $100,000 policy as a line of duty benefit.[3]

2-5.5 State Disability Insurance:

[3] Rev 2021

The City shall provide SDI coverage for all unit employees.

Section 2-6.0 Sick Leave:

2-6.1 Accrual of Sick Leave:

Every full-time regular employee and probationary employee shall earn sick leave at the rate of eight (8) hours per month, or major fraction thereof. Permanent part-time employees shall earn sick leave at a ratio of their hours to full time position.

2-6.2 Use of Sick Leave:

Sick leave with pay may only be granted by the appointing authority for valid illness, injury, or scheduled appointment for medical or dental care unless otherwise provided by this agreement. The appointing authority may require evidence in the form of a physician's certificate, or otherwise, of the adequacy of the reason for an employee's absence during the time for which sick leave was requested. When in the judgment of the appointing authority, the employee's reasons for being absent because of alleged illness or injury are inadequate, he/she shall indicate on the payroll time report that the absence was leave without pay. The appointing authority may take reasonable steps to insure proper use of sick leave with pay.

2-6.3 Sick Leave Integration:

An employee who is entitled to temporary disability indemnity under the State Labor Code may elect to take that number of hours or portions of hours of his/her accumulated sick leave, or his/her accumulated vacation, as when added to the disability indemnity will result in a payment to the employee of his/her full salary. When accumulated sick leave, or vacation or both are exhausted, the employee is still entitled to receive disability indemnity.

2-6.4 Illness While on Vacation/Holiday:

An employee who becomes ill while on vacation may have such period of illness charged to his/her accumulated sick leave instead of to vacation, provided that:

a. Immediately upon return to duty, the employee submits to the appointing authority a written request for sick leave. The appointing authority may require evidence in the form of a physician's certificate,

or otherwise, of the adequacy of the reasons for the time for which sick leave was requested.

b. The appointing authority recommends and the Personnel Officer approves the granting of such sick leave.

2-6.5 Illness on Observed Holidays:

Observed Holidays occurring during sick leave shall not be counted as a day of sick leave, except for employees receiving holiday pay.

2-6.6 Use of Sick Leave for Dependent Care:

A employee may use sick leave for the case of dependents who are ill, injured or pregnant and who are living in the employee's household.

2.6-7 Separation:

An employee leaving municipal services shall forfeit all sick leave benefits except that sick leave may be used only through the final day of the actual work performed for the City and not during a period of terminal vacation.

Section 2-7.0 Vacation Leave:

2-7.1 Accrual of Vacation:

Every full-time regular and probationary employee shall earn vacation leave with pay, as follows:

Completed Years of Service	Vacation Hours per Year
0	80
1	88
2	92
3	96
4	100
5	104
6	108
7	112
8	116
9	120
10	124
11	128
12	132
13	136
14	140
15	144
16	148
17	152
18	156
19	160

2-7.2 Maximum Vacation Leave:

An employee may accumulate unused vacation leave up to a maximum of twice the number of hours due annually. Under extraordinary circumstances, and when the best interest of the City requires, the City

Manager may permit a temporary accumulation of vacation leave in excess of the maximum accrued. Except for the above exception, annual vacation leave shall not accrue nor accumulate in excess of the following amounts:

After Years of Service	Vacation Hours Per year	Maximum Accrued Balance
0	80	160
1	88	172
2	92	184
3	96	192
4	100	200
5	104	208
6	108	216
7	112	224
8	116	232
9	120	240
10	124	248
11	128	256
12	132	264
13	136	172
14	140	280
15	144	288
16	148	296
17	152	304
18	156	312
19	160	320

2-7.3 Scheduling Vacation Leave:

All vacation requests for the coming calendar year shall be submitted in writing to the Chief of Police between November 1st and November 30th of the current year. When the requested vacation periods of two (2) or more employees working the same shift conflict and not all such requests can be reasonably granted, employees shall be granted their preferred vacation period in order of department seniority. When department seniority is equal, the employees' ranking on the original list from which they were hired will be used to break the tie. Vacation requests shall not be denied nor scheduled vacations canceled unless operational needs require it.

2-7.4 Separation:

An employee who is eligible for vacation time shall be paid for such accumulated vacation time on the effective date of termination. It shall not be necessary to carry such employee on the payroll for the vacation period and the vacancy thus created may be filled at any time after the effective date of termination. When separation is caused by death of the employee, payment shall be made to the employee's designated beneficiary.

2-7.5 Denial of Leave Request/Accrual Extension:

In the event an employee is denied two requests to take vacation within a calendar year, he/she shall be allowed to carry-over accrued vacation in excess of the maximum allowed.

Section 2-8.0 Bereavement Leave:

An employee shall receive forty (40) hours bereavement leave due to the death of his or her parent, step parent, mother-in-law, father-in-law, spouse, child, step child, adopted child, grandchild, grandparent, sister, brother, sister-in-law, brother-in-law, or the death of any person residing in the immediate household of the employee at the time of the death.

An employee shall receive twenty-four (24) hours bereavement leave due to the death of his or her aunt, uncle, niece, nephew, first cousin, aunt-in-law, uncle-in-law, great-grandfather, great-grandmother, great-granddaughter, or great-grandson at the time of death.

Section 2-9.0 Holidays:

The following holidays shall be observed except for shift employees in the Police Department.

New Year's Day – January 1
Martin Luther King's Birthday – 3rd Monday in January
Washington's Birthday – 3rd Monday in February
Memorial Day – Last Monday in May
Independence Day – July 4
Labor Day – 1st Monday in September
Veteran's Day – November 11th
Thanksgiving Day – 4th Thursday in November
Day after Thanksgiving Day
One-half day Christmas Eve
Christmas Day – December 25th
One-half day New Year's Eve
One Floating Holiday

Section 2-10.0 Leave of Absence without Pay:

An employee may request a leave of absence without pay for personal reasons. Leaves of absence shall be administered as follow:

a. A department head may grant a leave of absence without pay to an employee for a period of up to seven (7) calendar days in a month.

b. The City Manager may grant a leave of absence without pay to an employee of up to thirty (30) calendar days.

c. Any leave of absence without pay to an employee in excess of thirty (30) calendar days must be approved by the City Council.

All benefits under (a) and (b) above shall continue for the duration of such leave.

Section 2-11.0 POST Incentive Pay:

Additional compensation shall be paid to Police Officers and Dispatchers for POST certificates as prescribed below:

Intermediate Certificate	5.0%
Advanced Certificate	2.5% additional for a total of 7.5%

Section 2-12.0 Special Assignment:

Employee shall receive a five percent (5%) premium pay while assigned by the Police Chief and while performing in any of the following special assignments:

Traffic Officer
Canine Officer
Field Training Officer
Non-sworn personnel while actively training other non-sworn personnel
Watch Commander
Police Corporal

Time performing the special assignment does not include the time training to qualify for the special assignment.

The maximum premium pay for multiple special duty assignments is ten percent (10%). A member serving as a Police Corporal shall not be eligible for Watch Commander special assignment pay.

2-12.1 Police Corporal Assignment

a) Responsibilities. The functions and responsibilities of the Police Corporal assignment include those of a Police Officer with the additional duties of an assistant supervisor or, in the absence of a sergeant, the shift supervisor. The assignment is distinguished from Police Officer by the focus on leadership, coordination and oversight of officers during field operations. They have the responsibility of monitoring the job performance of police personnel, in support of the sergeant, to ensure adherence to department policy and procedures. They provide informal, remedial training to assigned personnel and take corrective action of field performance issues as needed. They make decisions as to the correct action at calls for service as the shift supervisor or as the lead officer on the shift or at the call. They may receive and investigate complaints related to an employee's conduct and be assigned projects or other responsibilities consistent with the additional leadership responsibilities of the assignment.

b) Maximum Assignments. The Police Chief may appoint a maximum of four (4) Police Corporals, with a maximum of one per patrol shift. Appointments are subject to budgetary and staffing needs.

c) Minimum Eligibility. In order to be eligible for the Police Corporal assignment, an applicant must meet the following minimum requirements:
    a. Four (4) years of experience as a Police Officer with the City of Clearlake; and
    b. Experience serving as a Watch Commander with the City of Clearlake; and
    c. Experience serving as a Field Training Officer with the City of Clearlake.

d) Selection Process. Upon a vacancy in the Police Corporal program, the Police Chief may solicit memorandums of interest for the assignment. Members will be notified via e-mail. Candidates meeting the minimum qualifications will be invited to participate in a testing process. The testing will minimally consist of a scored written test. The minimum passing score shall be 80% overall and for any scored component of the testing process. Successful candidates will be placed on an eligibility list, ranked by score, and referred to the Chief of Police, who has pick

of the list for final selection. A passing score does not guarantee placement in the assignment.

a. Candidates who fail the testing process are ineligible from re-applying for a period of one year.

b. Candidates who pass the testing process but are not selected will remain on an eligibility list for twelve (12) months. Their score will be merged with the scores from subsequent testing process(es) that occur during their period of eligibility or the candidate may re-test at their discretion.

e) Evaluation. The Annual Evaluation for a Police Corporal will include an assessment and evaluation of their performance with respect to the additional duties and responsibilities of the assignment in addition to those of a Police Officer.

f) Probationary Period. Upon selection to the Police Corporal assignment, members will serve a Probationary Period of one year from the date of their advanced assignment. During this time, they maybe removed from the advanced assignment, with or without cause, without the right of due process appeal or hearing at the sole discretion of the Chief of Police. A member so removed shall be ineligible to reapply for the assignment for a period of one year from the date of removal.

g) Removal. Upon successful completion of the Probationary Period, a member may be removed from the Corporal assignment by the Police Chief (1) as part of a disciplinary action or (2) the member is physically incapable of performing the duties of the special assignment. A member removed for disciplinary reasons shall be ineligible to reapply for the assignment for a period of one year from the date of removal.

h) Assignments. Police Corporals will be assigned to a patrol shift with no more than one corporal assigned to a shift. A member assigned as a Police Corporal who transfers to a non-patrol assignment, such as Investigations or School Resource Officer, will no longer be a Police Corporal.

i) Watch Commander. In the absence of a sergeant, the Corporal will serve as the shift supervisor, except if they are actively training asan FTO, another qualified officer on the shift may serve as shift supervisor. If two or more Corporals are working the same shift, the most senior Corporal will generally serve as the shift supervisor.

However, this may be overridden by a sergeant or other higher-ranking supervisor.

j) Reversion. A member serving in the Police Corporal assignment who is promoted to Police Sergeant but fails the promotional probationary period shall not have reversion rights to the Police Corporal assignment or the associated compensation.

k) Policy and Direction. The Police Chief may enact policies and procedures to implement the Police Corporal Assignment Program so long as they do not conflict with the above terms.

2-12.2 K-9 Care & Maintenance

Police Officers who are assigned a K-9 shall be provided one half (1/2) hour per day of overtime pay at the base rate of $19.30 per hour for the care and maintenance of the K-9.

Section 2-13.0 Uniform Maintenance:2-13.1 Uniform Maintenance:

For a new employee to City service, the City will initially provide the following uniforms and equipment, which will then be maintained and replaced by the employee:

- Two uniform shirts (1 Long Sleeve / 1 Short Sleeve)
- Two uniform pants
- Neck tie
- Tie bar
- Name Tag
- Uniform belt

- Duty belt (Excluding Dispatcher & Supp. Svc. Tech.)

Employees shall be solely responsible for the purchase of non-listed items required to comply with the uniform policy such as t-shirts, socks and boots/footwear.

If a new employee does not pass their initial probationary period and does not remain in City service, they shall return to the city all uniform items that were provided by the City upon hire.

Upon approval of the Chief of Police, the City may replace uniform items damaged in the course and scope of an employee's duties. The employee remains solely responsible for the replacement of uniforms due to normal wear and tear.

The City will provide and maintain the following items for Police Officers:

- Firearm
- Ballistic vest
- Flashlight
- Handcuffs
- Baton
- Pepper spray

For non-police officer classifications, the City will provide and maintain items required, as determined by the Chief of Police, for the assignment, such as a utility belt, handcuffs, etc.

2-13.2 Personal Property reimbursement:

The City shall reimburse employee for the repair or replacement cost of personal property, clothing and equipment damaged, destroyed, stolen, or lost during the performance of his/her duty. The maximum reimbursement amount shall not exceed a reasonable replacement value as determined by the Chief of Police.

2-13.3 Load Bearing Vest Carriers:

Officers may wear load bearing vest carriers while working patrol operations to reduce the risk of injury.

Section 2-14.0 Hours of Work and Overtime:

2-14.1 Hours of Work:

The Chief of Police shall schedule the shifts to meet the department operational needs.

All unit employees are employed on a seven (7) day/minimum forty (40) hour work period basis and may include sick leave, vacation and holiday leave (where applicable).

2-14.2 Overtime/Compensatory Time Off:

Overtime is defined as a City required act or time expenditure by an employee in excess of the regularly scheduled work shift. Overtime shall be calculated at one and one-half (1 ½) times the employee's rate of pay or one and one-half (1 ½) times the number of overtime hours worked as compensatory time off (CTO). Compensatory time may be accumulated to a maximum of eighty (80) hours at any given time.

During the month of June of each year, unit employees may, upon recommendation of the Department Head and approval of the City Manager, request pay-off of up to 80 hours of their accumulated compensatory leave balance. Requests shall be submitted in writing to the Department Head no earlier than June 1st and no later than June 26th of each year. Approved pay off shall be issued no later than June 30th of each year.

2-14.3 Compensatory Time:

Compensatory time shall be earned and accumulated only if the employee agrees in advance that he/she is required to provide two (2) weeks' notice prior to reducing compensatory time. An employee who does not agree in advance to such notice shall not be allowed to earn or accumulate compensatory time. Exceptions may be considered by the Chief of Police.

2-14.4 Call Back:

Any duty required of an employee by the City after the employee has completed a continuous period of duty and who must be called back to perform such additional duty, including court time, shall receive a minimum of four (4) hours of overtime compensation. Approval of overtime compensation shall be made by the Chief of Police.

2-14.5 Court Time:

Court time is time required and spent by an employee attending in response to a subpoena, a coroner's inquest, or a hearing or trial in a civil or criminal case, at a time other than that regularly required of such employee for employment, for the purpose of testifying as to knowledge acquired or claimed to have been acquired by such employee in the course of employment with the City. An employee shall be compensated at one and one-half (1 ½) times the regular hourly rate for all court time worked in excess of the prescribed regular work week. Employees shall receive a minimum of three (3) hours overtime compensation.

2-14.6 Standby Pay:

a) Employees required to be on call for duty shall be furnished a cell phone.

b) City shall create a rotating on-call schedule with on call pay of $25 per weekday and $50 per weekend day for Detectives.

2-14.7 Shift Selection:

The Association agrees to mandatory shift rotation for patrol and dispatch assignments. The intent of shift rotation is to provide opportunities for employees to be exposed to all facets of police work.

a) All shifts sign-up shall be by seniority.

b) No employee shall work the same shift for more than two (2) rotations.

Hardship. Any employee claiming a hardship and requesting to maintain on a shift for more than two (2) rotations shall comply with the following:

a) Submit in writing to the Association Board of Directors the reasons for said hardship.

b) Upon receipt of the hardship request, the Association shall make a recommendation to the Chief of Police for their determination.

2-14.8 Alternative Work Schedules:

The Parties agree to meet and confer regarding work hours and related Overtime provisions of alternative work schedules such as the 3/12, 4/10 and 9/80 AWS plans. A side letter will be utilized to document the understanding of the Parties regarding such alternative work schedules.

Section 2-15.0 Training:

The Chief of Police shall establish the training schedule for the department. Any employee interested in career related training shall submit a request to the Chief of Police. A schedule of training shall be prepared by the Chief of Police to meet the needs of the employee and the department. Requests shall be treated in a fair and equitable manner and shall not be unreasonably denied.

Section 2-16.0 Stress Management/Wellness Program:

Outpatient care for treatment by a psychiatrist, psychologist, or certified social worker: The City will reimburse unit employees fifty percent (50%) of the covered charges up to a maximum of $60 charge, therefore paying up to $30 per visit, with an overall maximum of twelve (12) visits per fiscal year.

Section 2-17.0 Day:

For the purposes of administering benefits such as vacation accrual, holiday leave, etc. a “day” shall mean an eight (8) hour period.

Section 2-18.0 Take Home Vehicle Policy:

The Police Chief may recommend that the City provide Police Officers a take home vehicle if it has been determined a vehicle is available and based on the approval of the City.

Section 2-19.0 Educational Tuition Reimbursement:

2-19.1 Tuition and Books: The city will reimburse those classifications represented by the Association up to$600 per year for the cost of educational classes and books to encourage higher education subject to the approval of the Department Head. Employees are not eligible for both tuition and books reimbursement and the Safety Education Loan Forgiveness Program below..
2-19.2 Safety Education Loan Forgiveness (SELF) Program

POA and the City agree with the interest of enhancing the training and retaining of POA employees. Safety Education Loan Forgiveness (SELF) Program would be established to provide a forgivable loan amount of up to a maximum $10,000 per employee for a program leading to a bachelor's degree or other advanced degree (master's or doctorate). TheCity would pay an amount up to $5,000 per fiscal year on behalf of the employee to the educational institution for tuition and related direct expenses as provided below:

In order to be eligible for the program, an employee must have been an employee of the City or a minimum of one year and completed field training. The course of study must be approved in advance, be relevant to the City, and be from a regionally accredited, degree-granting institution. The City Manager may approve a course of study from a nationally-accredited, degree-granting institution. The City will develop a list of preapproved courses of study in consultation with the POA.

Employees would have up to a maximum of four years to successfully complete the program by obtaining their degree. The maximum loan amount is limited to $5,000 per year, with a total of $10,000 per employee within the four-year period.

If an employee (1) does not complete the program within the four years, (2) quits the program, or (3) leaves City service prior to completion of the program, repayment of all funds disbursed under the program would be due back to the City. The repayment would be required to be paid via a payroll deduction (presumably from paid leave cash-out). In the event of insufficient paid leave balances, employees would be permitted to spread the amount due back to the City in equal payments for up to one year, provided they are in City service during thistime. If they leave City service during this repayment period, any balance remaining on the final date of employment would become immediately due.

Upon successful completion of the program, provided an employee remains in City service, the loan would be forgiven after the fifth year after the two-year program period. If an employee successfully completes the program, but leaves City service prior to this time, the loanwould be required to be paid via a payroll deduction (presumably from paid leave cash-out) based on the following schedule:

- 100% repayment for an employee who leaves City service duringthe first two years after the initial two-year program period.
- 75% repayment for an employee who leaves City service

duringthe third year after the initial two-year program period.

- 50% repayment for an employee who leaves City service duringthe fourth year after the initial two-year program period.
- 25% repayment for an employee who leaves City service duringthe fifth year after the initial two-year program period.
- 0% repayment for an employee who leaves City service after the fifth year after the initial two-year program period (loan forgiven).

Article III. Grievance Procedure:

Section 3-1.0 Grievance Procedure:

A grievance shall be a claim, filed by an employee on his/her own behalf, or the Association (for alleged violations of Association rights) contending that the City has violated or misapplied on obligation expressed, referenced and/or written in the agreement.

Every effort shall be made to resolve a grievance through discussion between the grievant and the immediate supervisor. The grievant must bring the grievance to the attention of his/her immediate supervisor within _14___ days of the grievable event. Failure to do so will constitute a waiver of the grievance[4].

If, after such discussion, the grievant doesnot feel that the grievance has been satisfactorily resolved, the grievant shall havethe right to discuss the matter with the supervisor's superior, if any within the departmental organization. Otherwise, the grievant shall have the right to discussthe matter with the department head.

If the grievant is not in agreement with the decision of the informal grievance procedure, the grievant shall have the right to present a formal grievance, in writing, to the department head. If such formal grievance has not been submitted within twelve (12) calendar days from the date of receiving the informal decision, the informal decision shall be considered as final.

When discussing the formal grievance with the department head, the grievant shall have the right to appear with a representative who may also participate in the discussion. The department head receiving the grievance shall review it, render a decision and comments in writing and return them to the grievant within twelve (12) calendar days after receiving the formal grievance. If the grievant does not agree with the decision reached, the grievant may present an appeal in writing to the City Manager within twelve (12) calendar days. Failure of the grievant to take further action within twelve (12) calendar days after receipt of the decision of the department head will constitute withdrawal of the grievance.

Upon receipt of an appeal, the City Manager or designated representative shall discuss the grievance with the grievant, the representative, if any, and other appropriate persons. The City Manager may designate a fact-finding committee, an individual not in the normal line of the grievant's supervision, or the City Attorney to render advice concerning the appeal. Within twelve (12) calendar days, the City Administer shall render a formal decision in writing to the grievant. If the grievant does not agree with the decision reached, the grievant may present an appeal in writing to the City Council within twelve (12) calendar days.

[4] Rev 2021

Upon receipt of an appeal, the City Council shall discuss the grievance with the grievant, the representative, if any, and other appropriate persons. The City

Council shall designate a fact-finding committee, an individual not in the normal line of the grievant's supervision, or the City Attorney to render written advice concerning the appeal. Within twelve (12) calendar days, the City Council shall render a formal decision in writing to the grievant.

Any or all of the time limitations mentioned above with reference to filing and response may be extended by mutual agreement between the employee and the City Manager and/or department head.

Section 3-2.0 Discipline:

Disciplinary action may only be taken for just cause and should reflect consideration of the severity of the offense or performance problem, previous performance problems or offenses of the same nature and of the time between occurrences, overall work record and treatment of other employees in similar circumstances. Prior to any disciplinary action as defined in Government Code Section 3303 against any regular employee pursuant to provisions of the Personnel Ordinance and Rules, to following procedure shall be complied with:

1. Written notice of the proposed disciplinary action shall be given to the employee. Such notice shall include a statement of the reason(s) for the proposed disciplinary action, the charge(s) being considered, the time periods in which the employee may respond, and shall be signed by the appointing Authority.

2. The employee shall be given an opportunity to review the documents or material upon which the proposed disciplinary action is based, and, if practicable, he/she shall be supplied with a copy of the documents or materials.

3. Within seven (7) calendar days after the employee has had the review opportunity provided above, he/she shall have the right to respond, orally or in writing, or both, at the employee's option, to the appointing authority concerning the proposed action. The Personnel Officer may at his/her discretion extend such time period to facilitate fair administration of the disciplinary process. The failure of the employee to respond shall constitute the employee's waiver of the opportunity to respond. Notwithstanding the above, a reasonable request for additional time within which to respond shall not be denied.

4. If the employee does not agree with the decision reached by the appointing authority, the employee may request a hearing before the Personnel Officer within seven (7) calendar days.

5. Within ten (10) calendar days of receipt of a written request for hearing, the Personnel Officer will schedule a date to hear the appeal of the appointing authority's decision. The failure of the employee to appeal shall constitute the employee's waiver of the opportunity to appeal and the appointing authority decision will become final.

6. Notwithstanding the provisions of this section, upon the recommendation of appointing authority, the Personnel Officer may approve the temporary assignment of an employee to a status of leave with pay pending an investigation(s) or hearing(s) as may be required to determine if disciplinary action is to be taken.

Throughout the above procedure, the employee may be represented.

Article IV. Miscellaneous:

Section 4-1.0 Probationary Period:

The first twelve (12) months after and employee has been hired or promoted shall be a probationary period during which he or she will be considered as in training.

The probationary period for police officers shall be of two types. Sworn personnel hired through lateral recruitment shall have a twelve (12) month probationary period. All other sworn personnel shall have an eighteen (18) month probationary period.

This period is an extension of the examination process and the employee's performance shall be carefully observed. Thirty (30) days prior to the end of the probationary period, the employee's performance shall be formally evaluated. If the employee's performance has been satisfactory, and advancement to regular status is warranted, the Department Head shall so state in the employee's evaluation report to the Personnel Officer. The employee shall then be advanced to regular status.

If the employee's performance has not been satisfactory, the Department Head shall so state in the employee's evaluation report and the employee shall be rejected. Alternatively, the probationary period may be extended by the Department Head, not to exceed 6 additional months.

Probationary employees may be rejected at any time without the right of appeal. Notification of rejection shall be in writing and shall be given to the probationary employee with a copy to the Personnel Officer.

Section 4-2.0 Physical Requirements:

The City may require that all applicants and employees be in such physical or mental condition to perform the duties of their jobs and may require periodic medical or psychological evaluation. No employee shall hold any position in a classification in which he cannot physically or mentally perform all the duties of the job adequately or without hazard to himself or others. Within the limitations indicated, the City's policy shall be to make such efforts as are consistent with the provisions of the City rules to place physically disabled employees in such positions as are available in the City service where their disabilities will not affect their performance of duties. The employee's length of service, nature of past performance and the availability of openings may be considered in placing disabled employees.

It is the intent of the City to administer this provision on an equitable basis.

Section 4-3.0 Lay-Off:

For reasons of economy or efficiency, or in the interest or mandate of the public, reductions or curtailments of City services may be required. In such event, it may be necessary to lay off one (1) or more City employees. The following procedure is intended to give primary consideration to seniority in classification and service and job performance whenever the layoff of employees is necessary. The City's decision to abolish a position is not subject to the employee's right of appeal or grievance.

Notwithstanding the above, the City recognizes the responsibility and the Association's right to meet and confer over the impact of such an action.

When a position within a department or division is abolished, all employees in that department or division in the subject classification shall be listed in order of their length of time in classification. The department head shall choose from among their number the probationary employee to be laid off for each position to be abolished.

In any case length of time in classification should be equal, the appointing authority shall take length of service with the City into consideration in determining the employee to be laid off.

If in any case length of time in classification and length of time of service with the City should be equal, the appointing authority may take job performance into consideration in determining the employee to be laid off.

Employees laid off shall be given two (2) weeks written notice of the action.

An employee who is to be laid off may request, in writing, to be transferred to a vacant position, subject to existing transfer rules within the two-week notification period.

An employee who has held regular status in a lower classification within the same department and/or division may request, within the two (2) week notification period, demotion to a position of said lower classification or an equivalent class in order to avoid layoff. If the employee makes such a request, a list of employees as prescribed in the preceding section shall be prepared and subject employee shall have his/her name placed among the other names on said list according to his/her total length of service in said class and any higher class within the department and/or division. Thereafter, the appointing authority shall choose anemployee to be laid off according to the preceding section.

A regular employee of the City who has been employed for a minimum of two (2) years and has been laid off because of either abolition of his/her position or as a result of a demotion of another employee to avoid layoff will be eligible for ten (10) days severance pay.

The names of all permanent employees who were laid off or who were demoted to avoid layoff shall be placed on a layoff list for two (2) years. Whenever a vacancy occurs in the classes from which employees were laid off, the qualifying employees on the layoff list will be notified of the vacancy, prior to announcing anopen or promotional position. In such an event, the appointing authority shall consider the former employee(s) from the layoff list prior to considering other candidates. However, the appointing authority shall retain the right not to appointsaid former employee(s) and may request an examination to establish a new eligibility list.

A regular employee may be reinstated within twenty-four (24) months after resignation in good standing to a vacant position in the same classification. No credit shall be received for prior service in terms of benefits accrued prior to reinstatement unless recommended by the appointing authority and approved by the Personnel Officer. A reinstated employee shall begin a new probationary period and anniversary date.

Section 4-4.0 Provisional Appointments:

In the absence of an appropriate eligibility list, transfer, or a demotion, a provisional appointment may be made by the appointing authority of an individual who meets the training and experience requirements for the position. Such an appointment may be made during the period of suspension of an employee or pending final action on proceedings to review suspension, demotion, or discharge

of an employee. Provisional appointments may also be made under other circumstances deemed for the good of the service by the Personnel Officer.

A provisional employee may be removed at any time without rights to appeal or hearing. Provisional employees shall accrue the same benefits as probationary employees.

Section 4-5-0 Residency:

No employee shall be required to relocate or establish a primary residence closer than forty-five (45) minutes travel time to the City limits.

Section 4-6.0 Equipment Loan Program:

The City will offer no-interest loans to non-probationary officers for the purpose of purchasing work related equipment. Loans can be no larger than $500 at a time and must be repaid on a monthly basis over a period not to exceed one year through a payroll deduction. Only one loan per each officer can be outstanding at a time.

Section 4-7.0 Bi-Lingual Pay:

Bi-Lingual Pay up to 5% (2.5% for speaking and/or 2.5% for writing). Bilingual pay granted based upon successful passing of testing through Language Testing International and the American Council on the Teaching of Foreign Languages and proficiency of an Intermediate Mid or higher test result. Employee validations are valid for two years from the date of testing.

Article V. Closing Provisions:

Section 5-1.0 Severability:

If any article or section of this Memorandum of Understanding should be found invalid, unlawful, or unenforceable by reason of any existing or subsequent enacted legislation or by judicial authority, all other articles and sections of the Memorandum of Understanding shall remain in full force for the duration of the Memorandum. In the event of invalidation of any article or section the City and Association agree to meet within thirty (30) days for the purpose of renegotiating said article or section.

Section 5-2.0 Term of Agreement:

The term of the Agreement shall be for the period commencing July 1, 2021 through June 30, 2022.

The City and Association agree to commence meeting in January 2022 for the purpose of negotiating a successor agreement.

The City will provide financial information prior to negotiations.

Section 5-3.0 Agreement Modification:

In the absence of an executed agreement for the period commencing July 1, 2022, the provisions of the agreement shall remain in effect unless amended in accordance with the provisions of Government Code Section 3500 et seq.

Section 5-4.0 Ratification:

The City and the Association acknowledge that this Memorandum of Understanding shall not be in full force and effect until ratified by a simple majority vote of those employees voting who are in classifications represented by the Association set forth in this agreement and adopted in the form of a resolution by the City Council.

This agreement constitutes a mutual recommendation by the parties hereto, to the City Council, that the changes enumerated herein relating to wages, hours, fringe benefits and other terms and conditions of employment for unit employees represented by the Association.

Advanced notice shall be given to the Association on any amendments to the personnel rules or administrative procedures which affect wages, hours and other terms and conditions of employment, upon request, the City shall provide the opportunity to meet with the Association regarding these matters. As provided in Section 3500 et seq. of the Government Code, in cases of emergency, when the City Council determines that amendments to the personnel rules must be adopted immediately without prior notice or meeting with the Association, the City shall provide such notice and opportunity to meet at the earliest practical time following the adoption of the amendments. Amendments shall become effective upon adoption by the City Council.

Subject to the foregoing, this Memorandum of Understanding is hereby agreed to be recommended for approval by the authorized representative(s) of the Association.

Michael Perreault, President Clearlake Police Officers' Assoc.	Alan D. Flora City Manager

Executed On: _____

Exhibit A

Clearlake Police Officers Association

Memorandum of Understanding

Animal Control Officer

Community Service Officer

Code Enforcement Officer

Code Enforcement Officer, Senior

Dispatcher

Police Officer

Support Services (Evidence)

Technician

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Consideration of a Memorandum of Understanding between the City of Clearlake and the Clearlake Middle Management Association for the period July 1, 2021 to June 30, 2023	**Date: July 7, 2021** **Reviewed & Approved:**
From:	Alan D. Flora, City Manager	
Recommended Action:	Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Middle Management Association and authorize the City Manager to sign.	

ISSUE STATEMENT AND DISCUSSION:

The City negotiation team has been meeting with the Clearlake Middle Management Association (CMMA) towards drafting a new Memorandum of Understanding (MOU). Both sides have reached a tentative agreement that staff feel is both fiscally responsible and respects the hard and dedicated work our employees undertake daily. Key areas of the proposed agreement include:

1. A two-year agreement with a 3% Cost of Living Adjustment (COLA) each year.
2. A $1,500 one-time payment in recognition of their hard work and dedication to the City.
3. A 9% salary adjustment in lieu of various adjustments to the MOU removing or reducing other compensation.
4. Agreement to meet and confer regarding additional compensation that can be converted to base pay.

RECOMMENDED ACTION:

Adopt Memorandum of Understanding between the City of Clearlake and Clearlake Middle Management Association and authorize the City Manager to sign.

ATTACHMENT:

1. MMA MOU 2021-2023

MEMORANDUM OF UNDERSTANDING
BETWEEN

CITY OF CLEARLAKE
AND
MIDDLE MANAGEMENT ASSOCIATION

COVERING THE PERIOD OF

JULY 1, 2021

THROUGH

JUNE 30, 2023

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ARTICLE I GENERAL PROVISIONS

Section 1.0 Preamble

This Memorandum of Understanding (hereinafter referred to as MOU or Agreement, interchangeably) has been prepared pursuant to California Government Code Sections 3500 et seq, the City of Clearlake Personnel System Rules and Regulations Resolution (No. 81-40), and the City of Clearlake Employer-Employee Organization Relations Resolution (No. 83-40), which are hereby incorporated by reference. This Agreement has been made and executed by the Clearlake Middle Management Association (hereinafter referred to as "Association") and the Employee Relations Officer of the City of Clearlake (hereinafter referred to as "City") and satisfies the City's duty to meet and confer with the Association.

The parties have met and conferred in good faith regarding the terms and conditions of employment for members of the Association, and having reached agreement as herein set forth, agree to submit this MOU to the City Council with the joint recommendation that the City Council adopt its terms and conditions and take such action as may be necessary to implement its provisions.

Section 2.0 Purpose

It is the purpose of this MOU to promote and provide for continuity of operation and employment through harmonious relations, cooperation and understanding between the management of the City and the Employees covered by the provisions of this agreement, and to set forth the understanding reached between the parties as a result of good faith negotiations on the matters set forth herein.

Section 3.0 Recognition

The City acknowledges the Association as the Exclusively Recognized Employee Organization representing the permanent employees occupying job classifications set forth in Exhibit A.

Section 4.0 Employee Rights and Responsibilities

Association members shall be free to participate in Association activities without interference, intimidation or discrimination in accord with State

and City rules and regulations. Association rights and responsibilities include:

4.1 The right to represent its members before the City Council with regard to wages, hours and working conditions.

4.2 The right of reasonable notice of any proposed ordinance, resolution, regulation or rule relating to wages, hours and working conditions.

4.3 The right to reasonable time off without loss of compensation or benefits when meeting and conferring with management representatives on matters relating to wages, hours and working conditions.

4.4 The right of reasonable use of City facilities for Association activities, provided that appropriate advance arrangements are made and applicable costs to the public are borne by the Association.

4.5 The right of reasonable access to employees and applicable documents for the purpose of processing grievances and appeals. Such access shall not interfere with the normal operations of the City or with safety and security requirements of the Police Department.

4.6 The right to maintain a bulletin board in an area readily accessible to Association members.

4.7 The right to have payroll deductions made for payment of Association dues, subject to written request of each individual Association member.

4.8 The right to recommend changes to the Personnel System and Personnel Rules and meet and confer on changes thereof.

Section 5.0 Management Rights and Responsibilities

The City shall reserve and retain the sole and exclusive right, whether exercised or not, to administer, manage and operate its municipal services and the work force employed to perform those services. Management rights and responsibilities include:

5.1 The right to determine the organization of the City government and the purpose and mission of its constituent parts.

5.2 The right to set standards of service and levels of staffing for both routine services and emergency operations.

5.3 The right to determine the type and kind of goods and services to be made, purchased and contracted for.

5.4 The right to determine the methods of financing municipal services.

5.5 The right to administer the Personnel System in accord with Ordinance No. 10, the Personnel Rules and Regulations, the Employer-Employee Organization Relations Resolution and this MOU.

5.6 The right to assign work and direct employees.

5.7 The right to establish and implement rules, regulations, policies and procedures related to efficiency, productivity, performance, personal appearance, codes of conduct and safety and to require compliance therewith.

ARTICLE II WAGES AND BENEFITS

Section 1.0 Pension Benefits

1.1 **Retirement Contribution – Miscellaneous Members:**

"Classic" (Employed by the City or other eligible public agency prior to January 1, 2013 as defined by CalPERS[1]) non-sworn unit employees shall be provided the benefit of the Miscellaneous Member 2%@55 retirement formula.

"Classic" non-sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System (PERS) contribution, which is currently 7%.

"PEPRA" non-sworn employees (employed by the City or other eligible public agency on or after January 1, 2013 as defined by CalPERS) shall be provided the benefit of the Miscellaneous Member 2%@62 retirement formula.

[1] Defined by CalPERS as of finalization of this MOU as an employee who "Joined CalPERS prior to January 1, 2013, but are hired by a different CalPERS employer following a break in service of less than six months on or after January 1, 2013. However, if this definition is lawfully changed, any such change would control. (Rev. 2021)

"PEPRA" non-sworn employees represented under this MOU shall pay 100% of employee's share of the PERS contribution, which is currently 6.25%.

1.2 **Retirement Contribution - Safety Officers:**

"Classic" (Employed by the City or other eligible public agency prior to January 1, 2013 as defined by CalPERS) sworn unit employees shall be provided the benefit of the local Safety Members 3%@50 retirement formula.

"Classic" sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System (PERS) contribution for Safety Members, which is currently 9%.

"PEPRA" (Employed by the City or other eligible public agency on or after January 1, 2013, as defined by CalPERS) sworn unit employees shall be provided the benefit of the local Safety Members 2.7%@57 retirement formula.

"PEPRA" sworn employees represented under this MOU shall pay 100% of the employee's share of the Public Employees Retirement System(PERS) contribution for Safety Members, which is currently 12%.

1.3 **Unused Sick Leave Conversion:**

The City's contract with the California Public Employees Retirement System (CalPERS) will allow unit employees to convert unused sick leave to service credit upon retirement.

Section 2.0 Salary Adjustment and Longevity Pay

2.1 **Salary Adjustment**

The City acknowledges the educational requirements, previous training and experience, responsibilities, authority and character of the work a Sergeant is expected to perform. The City recognizes the intent and purpose of maintaining a salary separation between the ranks of Police Officer and Sergeant classification.

Effective July 1, 2021, all unit members will receive a three percent (3%) cost of living adjustment (COLA) increase.

Effective July 1, 2022, all unit members will receive a three percent (3%) cost of living adjustment (COLA) increase.

Effective July 1, 2021, all unit members will receive a nine percent (9%) base salary adjustment, in lieu of adjustment to other compensation included herein.

Effective July 1, 2021, all unit members will receive a one-time payment of $1,500 to all active permanent employees in acknowledgement of their hard work and dedication to the City, effective the first full pay period after ratification of the agreement.

2.2 **Working Group:**

City and the bargaining unit shall cooperate in the establishment and operation of a working group comprised of City representatives as well as one or more representatives from each City bargaining unit.

a) This working group will endeavor to meet at least monthly, commencing upon an agreed-upon date in the first week of September 2021 and continuing thereafter at least once per month.

b) This working group will discuss and, if possible, agree upon a plan for the conversion of existing specialty pays to a sum to be applied to base pay for all classifications and ranks, or such other concepts which may be identified by the working group and which if adopted would go to the objective of eliminating specialty pays and increasing the across-the-board base rate for City employees by the realignment of existing pay.

2.2 **Longevity Pay**

City will provide a longevity payment to all sworn and non-sworn unit employees based on the following schedule (applies only to continuous service at the City of Clearlake):

Completion of Years of Service	% of Salary Longevity Payment
5	1.0%
6	2.0%
7	3.0%
8	4.0%
9	5.0%
10	6.0%

11	7.0%
12	8.0%
13	9.0%
14	10.0%
15	11.0%

Section 3.0 Medical/Dental and Life Insurance

3.1 Health Insurance Plan

The City shall provide a Medical/Dental/Vision Plan for unit employees and their dependents. The medical plan shall be offered by Operating Engineers Local No. 3 with individuals paying the associate membership fee.

The City shall be responsible for 80% of the monthly premium and the employee will be responsible for the remaining 20%.

3.2 Waiver of participation

In addition to the above provisions of this section, employees who elect to waive participation in the City's health insurance program due to participation in a spouse's insurance program or private health insurance plan shall, upon written request to waive said participation and proof of alternative health insurance coverage, shall receive from the City the equivalent of 50% of the City's contribution toward the employee's health insurance plan.

3.3 Alternative Health Insurance Plan

Further, the parties agree to work mutually toward seeking health and benefit plans which are acceptable to both parties, including counseling services provided by an independent contractor.

If an alternative Health Insurance Plan is identified by either party during the term of this agreement, the City and Association agree to re-open negotiations for the sole purpose of re-negotiating the City and employee levels of contribution and implementation of the plan.

Both parties agree to the importance of finding an alternative Health Insurance Plan that will save both the employee and the City money.

3.4 Life Insurance[2]

[2] Rev. 2021

The City shall provide a $50,000 Life Insurance Policy for each non-sworn and sworn employee, with the option for each unit employee to purchase an additional $100,000 policy as a line of duty benefit.

Section 4.0 Attendance Leave and other Benefits

4.1 **Sick Leave**

Every full-time regular employee and probationary employee shall earn sick leave accrual at the rate of eight (8) hours per month, or major fraction thereof. Permanent part-time employees shall earn sick leave at a ratio of their hours to full time positions.

4.2 **Illness while on vacation leave**

An employee who becomes ill while on vacation may have such period of illness charged to his/her accumulated sick leave instead of to vacation, provided that:

a. Immediately upon return to duty, the employee submits to the appointing authority a written statement signed by the employee's physician citing the nature and dates of the illness.

b. The appointing authority recommends, and the personnel officer approves the granting of such sick leave.

4.3 **Holidays while on sick leave**

Observed holidays occurring during sick leave shall not be counted as a day of sick leave, except for employees receiving holiday pay.

Section 5.0 Bereavement Leave

An employee shall receive forty (40) hours bereavement leave due to the death of his or her parent, stepparent, mother-in-law, father-in-law, spouse, child, step child, adopted child, grandchild, grandparent, sister, brother, sister-in-law, brother-in-law, or the death of any person residing in the immediate household of the employee at the time of death.

Section 6.0 Vacation Leave

6.1 **Vacation Accrual**

Every full time regular and probationary employee shall earn vacation leave with pay as follows:

After Years	Vacation

of Service	Hours per Year
0	88
1	92
2	96
3	100
4	104
5	108
6	112
7	116
8	120
9	124
10	128
11	132
12	136
13	140
14	144
15	148
16	152
17	156
18	160
19	164

6.2 **Maximum Vacation Leave Accrual:**

An employee may accumulate unused vacation leave up to a maximum of twice the number of days due annually. Under extraordinary circumstances and when the best interest of the City so requires, the City may permit a temporary accumulation of vacation leave in excess of the maximum accrued. Except for the above exception, annual vacationleave shall not accrue nor accumulate in excess of the following amounts:

After Years of Service	Vacation Hours per Year	Maximum Accrued Hours
0	88	176
1	92	184
2	96	192
3	100	200
4	104	208

5	108	216
6	112	224
7	116	232
8	120	240
9	124	248
10	128	256
11	132	264
12	136	272
13	140	280
14	144	288
15	148	296
16	152	304
17	156	312
18	160	320
19	164	328

6.3 **Separation:**

An employee who is eligible for vacation time shall be paid for such accumulated vacation time on the effective date of termination. It shall not be necessary to carry such employee on the payroll for the vacation period and the vacancy thus created may be filled at any time after the effective date of termination. When separation is caused by death of the employee, payment shall be made to the employee's designated beneficiary.

In addition, an employee who is eligible for executive leave shall be paid for the unused annual executive leave account balance on the effective date of termination.

6.4 **Pay for Vacation Time**:

Unit employees shall be considered as management employees for the purposes of determining the amount of vacation time a unit employee may request for pay off.

Section 7.0 Holidays

7.1 **Holidays**

The following holidays shall be observed except for the shift employees in the Police Department.

New Year's Day - January 1
Martin Luther King's Birthday - January 15
Washington's Birthday - 3rd Monday in February
Memorial Day - Last Monday in May

Independence Day - July 4
Labor Day - 1st Monday in September
Veteran's Day - November 11

Thanksgiving Day - 4th Thursday in November
Day after Thanksgiving Day
One-half day Christmas Eve
Christmas Day - December 25th
One-half day New Year's Eve
One Floating Holiday per calendar year

Section 8.0 Uniform & Safety Equipment

8.1

For a new employee to City service hired into the Sergeant classification, the City will initially provide the following uniforms and equipment, which will then be maintained and replaced by the employee :

- Two uniform shirts
- Two uniform pants
- Neck tie
- Tie bar
- Name Tag
- Uniform belt
- Duty belt

If a new employee does not pass their initial probationary period and does not remain in City service, they shall return to the city any and all uniform items that were provided by the City upon hire.

The City will provide and maintain the following items:

- Firearm
- Ballistic vest
- Flashlight
- Handcuffs

- Baton
- Pepper spray

Section 9.0 Education

9.1 Tuition and Books

The City will reimburse those classifications represented by the Association up to $600 per year for the cost of educational classes and books to encourage higher education subject to the approval of the Department Head. Employees are not eligible for both tuition and books reimbursement and the Safety Education Loan Forgiveness Program below.

9.2 Safety Education Loan Forgiveness (SELF) Program

MMA and the City agree with the interest of enhancing the training and retaining of MMA employees. Safety Education Loan Forgiveness (SELF) Program would be established to provide a forgivable loan amount of up to a maximum $10,000 per employee for a program leading to a bachelor's degree or other advanced degree (master's or doctorate). TheCity would pay an amount up to $5,000 per fiscal year on behalf of the employee to the educational institution for tuition and related direct expenses as provided below:

A. In order to be eligible for the program, an employee must have been an employee of the City or a minimum of one year and completed field training. The course of study must be approved in advance, be relevant to the City, and be from a regionally accredited, degree-granting institution. The City Manager may approve a course of study from a

nationally-accredited, degree-granting institution. The City will develop a list of preapproved courses of study in consultation with the MMA.

B. Employees would have up to a maximum of four years to successfully complete the program by obtaining their degree. The maximum loan amount is limited to $5,000 per year, with a total of $10,000 per employee within the four-year period.

C. If an employee (1) does not complete the program within the four years, (2) quits the program, or (3) leaves City service prior to completion of the program, repayment of all funds disbursed under the program would be due back to the City. The repayment would be required to be paid via a payroll deduction (presumably from paid leave cash-out). In the event of insufficient paid leave balances, employees would be permitted to spread the amount due back to the City in equal payments for up to one year, provided they are in City service during this time. If they leave City service during this repayment period, any balance remaining on the final date of employment would become immediately due.

D. Upon successful completion of the program, provided an employee remains in City service, the loan would be forgiven after the fifth year after the two-year program period. If an employee successfully completes the program, but leaves City service prior to this time, the loan would be required to be paid via a payroll deduction (presumably from paid leave cash-out) based on the following schedule:

- 100% repayment for an employee who leaves City service during the first two years after the initial two-year program period.
- 75% repayment for an employee who leaves City service during the third year after the initial two-year program period.
- 50% repayment for an employee who leaves City service during the fourth year after the initial two-year program period.
- 25% repayment for an employee who leaves City service during the fifth year after the initial two-year program period.
- 0% repayment for an employee who leaves City service after the fifth year after the initial two-year program period (loan forgiven).

9.3 Sergeant Job Description

MMA agrees to support the City's efforts to modify the job description for Sergeants to require a minimum level of 60 college credits to qualify for promotion into the Sergeant classification.

Section 10.0 Deferred Compensation

10.1 The City agrees to deposit the equivalent of five percent (5%) of the Record and Communication Supervisor's base salary into a deferred compensation plan of the City's choice and investment option. Ownership of the plan will be vested with the employee.

Section 11.0 Overtime/Compensatory Time

11.1 **Overtime:**

Overtime shall be paid at the rate of one and one-half (1-1/2) times the base rate of pay for hours worked over and above the regularly scheduled work period. All overtime shall be subject to approval of the department head. For the purpose of overtime, sick leave, holiday leave and vacation shall be included in the hours worked during the workperiod.

11.2 **Compensatory Time:**

An employee shall be compensated for overtime at the rate of one and one-half (1-1/2) times the base rate of pay. Compensatory time up to one-hundred and eighty (180) hours at any one time, in lieu of overtime, shall be accumulated with the approval of the department head and the City Manager . Employees who have accumulated compensatory time shall provide the department head with two weeks notice prior to reducing compensatory time. Exceptions may be considered by the department head on a case-by-case basis.

During the month of June of each year, unit employees may, upon recommendation of the Department Head and approval of the City Manager , request pay-off of up to 50 hours of their accumulated compensatory leave balance. Requests shall be submitted in writing to the Department Head no earlier than June 1st and no later than June 26th of each year. Approved pay off shall be issued no later than June 30th of each year.

11.3 **Call Back**:

Unit employees who are called back to work shall receive a minimum four (4) hours at an overtime rate, if not in conjunction with regularly scheduled work hours.

Section 12.0 Shift Differential Pay

12.1 Member shall receive a differential of five (5%) percent of their base pay for actual hours worked during the night shift period as defined below.

12.2 Night shift shall be 6:00 p.m. (1800 hrs) to 6:00 a.m. (0600 hrs). The start and end time for this period are based on the current 3/12 alternative work schedule for patrol.

12.3 An employee shall be compensated only for the actual hours worked within the period for which shift differential is applicable.

12.4 Shift differential pay is applicable only to the classifications of Sergeant and Records & Communications Supervisor.

12.5 The City agrees to meet and confer regarding shift differential if the City changes from the current 3/12 alternative work schedule for patrol to another schedule (eg. 4/10, 5/8).

Section 13.0 Disability

13.1 **State Disability Insurance:**

City agrees to pay 100% of the employee contribution for State Disability Insurance.

13.2 **Temporary Disability-Integrated Pay:**

An employee who is entitled to temporary disability indemnity under State Labor Code may elect to take that number of hours or portions of hours of his/her full salary. When accumulated sick leave, or vacation, or both are exhausted, the employee is still entitled to receive disability indemnity.

Section 14.0 Incentives - Certificate Incentive

The City agrees to provide a Certificate Incentive equivalent to the members of the Police Officer Association in the following manner:

14.1 Advanced Certificate Incentive

Two and one-half (2.5%) percent incentive pay shall be paid on base salary for possession of a POST Advanced Certificate.

Section 15.0 Special Duty Pay

15.1 **K-9 Care & Maintenance**

Sergeants who are assigned a K-9 shall be provided one half (1/2) hour per day of overtime pay at the base rate of $19.30 per hour for the care and maintenance of the K-9.

15.2 **Investigations Assignment**

Sergeants who are assigned to the Investigations Bureau shall receive a five (5%) percent incentive pay above their base salary during the course of the assignment. Any sergeant so assigned is expected to remain on- call, except when on approved leave, and the Stand By Pay provided in Section 16.0 is not applicable.

Section 16.0 Standby Pay

Sergeants to receive $25.00 for each twenty-four (24) hour shift when assigned by the Chief of Police or his designee, in writing, for on-call/standby duty.

Public Works Supervisor to be compensated at straight time for twohours pay for each Saturday, Sunday and holiday and three hours for the period of Monday through Friday when assigned by the Public Works Superintendent for on-call/standby duty.

Section 17.0 Wellness Program

17.1 The City will reimburse unit employees fifty percent (50%) of the covered charges up to a maximum of $80 charge, therefore, paying up to a maximum of $40 per visit, with an overall maximum of twelve (12) visits

per fiscal year for outpatient psychiatric care which is eligible and covered under the health insurance plan provided to unit employees.

Section 18.0 Day

For purposes of administering benefits such as vacation accrual, holiday leave, mental health leave, etc. a "day" shall mean an eight (8) hour period.

Section 19.0 Vehicles

The responsible Department Head may recommend that the City provide employees a take home vehicle if it has been determined a vehicle is available, and based on the approval of the City Manager.

Section 20.0 Bi-Lingual Pay

Bi-Lingual Pay up to 5% (2.5% for speaking and/or 2.5% for writing). Bilingual pay granted based upon successful passing of testing through Language Testing International and the American Council on the Teaching of Foreign Languages and proficiency of an Intermediate Mid or higher test result. Employee validations are valid for two years from the date of testing.

ARTICLE III GRIEVANCE AND DISCIPLINE

Section 1.0 Grievance Procedure

A grievance shall be a claim, filed by an employee on his/her own behalf, or the Association (for alleged violations of Association rights) contending that the City has violated or misapplied an obligation expressed, referenced and/or written in the Agreement.

Every effort shall be made to resolve a grievance through discussion between the grievant and the immediate supervisor. The grievant must bring the grievance to the attention of his/her immediate supervisor within 14____ days of the grievable event. Failure to do so will constitute a waiver of the grievance[3].

If, after such discussion, the grievant does not feel that the grievance has

[3] Rev 2021

been satisfactorily resolved, the grievant shall have the right to discuss the matter with the supervisor's superior, if any, within the departmental organization. Otherwise, the grievant shall have the right to discuss the matter with the department head.

If the grievant is not in agreement with the decision rendered in the informal grievance procedure, the grievant shall have the right to present a formal grievance, in writing, to the department head. If such a formal grievance has not been submitted within twelve (12) calendar days from the date of receiving the informal decision, the informal decision shall be considered as final.

When discussing the formal grievance with the department head, the grievant shall have the right to appear with a representative who mayalso participate in the discussion. The department head receiving the grievance shall review it, render a decision and comments in writing and return them to the grievant within twelve (12) calendar days after receiving the formal grievance. If the grievant does not agree with the decision reached, the grievant may present an appeal in writing to the City Manager within twelve (12) calendar days. Failure of the grievant totake further action within twelve (12) calendar days after receipt of the decision of the department head will constitute withdrawal of the grievance.

Upon receipt of an appeal, the City Manager or designated representative shall discuss the grievance with the grievant, the representative, if any, and other appropriate persons. The City Manager may designate a fact-finding committee, an individual not in the normal line of the grievant's supervision, or the City Attorney to render advice concerning the appeal. Within twelve (12) calendar days, the City Manager shall render a formal decision in writing to the grievant. If the grievant does not agree with the decision reached, the grievant may present an appeal in writing to the City Council within twelve (12) calendar days.

Upon receipt of an appeal, the City Council shall discuss the grievance with the grievant, the representative, if any, and other appropriate persons. The City Council shall designate a fact-finding committee, an individual not in the normal line of the grievant's supervision, or the City Attorney to render written advice concerning the appeal. Within twelve (12) calendar days, the City Council shall render a formal decision in writing to the grievant.

The time limitations mentioned above with reference to filing and response may be extended by mutual agreement between the employee and the City Manager and/or department head.

Section 2.0 Discipline

Disciplinary action may only be taken for just cause and should reflect consideration of the severity of the offense or performance problem, previous performance problems or offenses of the same nature and of the time between occurrences, overall work record and treatment of other employees in similar circumstances. Prior to any disciplinary action as defined in Government Code Section 3303 against any regular employee pursuant to provisions of the Personnel Ordinance and Rules, the following procedure shall be complied with:

Written notice of the proposed disciplinary action shall be given to the employee. Such notice shall include a statement of the reason(s) for the proposed disciplinary action, the charge(s) being considered, the time periods in which the employee may respond, and shall be signed by the appointing authority.

The employee shall be given an opportunity to review the documents or materials upon which the proposed disciplinary action is based, and, if practical, he/she shall be supplied with a copy of the documents or materials.

Within seven (7) calendar days after the employee has had the review opportunity provided above, he/she shall have the right to respond, orally or in writing, or both, at the employee's option, to the appointing authority concerning the proposed action. Upon the request of the employee or the appointing authority, the Personnel Officer may, at his/her discretion, grant an extension of such time period to facilitate fair administration of the disciplinary process. The failure of the employee to respond shall constitute the employee's waiver of the opportunity to respond. Notwithstanding the above, a reasonable request for additional time within which to respond shall not be denied.

If the employee does not agree with the decision reached by the Appointing Authority, the employee may request a hearing before the Personnel Officer within seven (7) calendar days.

Within ten (10) calendar days of receipt of a written request for hearing, the Personnel Officer will schedule a date to hear the appeal of the appointing authority's decision. The failure of the employee to appeal shall constitute the employee's waiver of the opportunity to appeal and the appointing authority decision will become final

If the employee does not agree with the decision reached by the Personnel Officer, the employee may request a hearing before the Personnel Board within seven (7) calendar days.

Appeals shall be in writing and filed with the Personnel Officer, who shall, within seven (7) days after receipt of the appeal, inform each member of the Personnel Board and other such persons named or affected by the appeal of the filing of the appeal. The appeal shall be a written statement, addressed to the Personnel Board, explaining the matter appealed from and setting forth therein a statement of the action desiredby the appellant, with his/her reason thereof. The formality of a legal pleading is not required.

Upon the filing of an appeal, the Personnel Officer shall set a date for a hearing on the appeal not less than ten (10) days, nor more than thirty (30) days, from the date of filing. The Personnel Officer shall notify all named or affected parties of the date, time, and place of hearing at such places as the Personnel Board shall prescribe.

The appellant shall appear personally unless physically unable to do so, before the Personnel Board at the time and place of the hearings. He/she may select and may at the hearing produce on his/her behalf relevant oral or documentary evidence. Cross-examination of witnesses shall be permitted. The conduct and decorum of the hearing shall be under the control of the Personnel Board by its Chairperson, unless a Hearing Officer has been appointed by the Board, with due regard to the rights and privileges of the parties appearing before it. Hearings need not be conducted according to technical rules relating to evidence and witnesses. Hearings shall be closed unless the appellant, in writing, requests an open hearing.

The Personnel Board shall, within ten (10) days after the conclusion of the hearing, certify its findings and recommendations in writing to the appellant, to the person from whose action the appeal was taken and to the Personnel Officer. The Personnel Officer shall review the findings and

recommendations of the Personnel Board with the person from whose action the appeal was made with a view toward implementing the recommendations of the Personnel Board. The actions taken by the Personnel Board shall be considered final. Any member of the Personnel Board may submit a minority or supplemental finding and recommendations. In case of suspension, discharge or demotion, the appointing authority shall reinstate any employee to his/her former status if finding is made by the Personnel Board that the action taken was unwarranted and/or in error.

Notwithstanding the provisions of this section, upon the recommendation of appointing authority, the Personnel Officer may approve the temporary assignment of an employee to a status of leave with pay pending an investigation(s) or hearing(s) as may be required to determine if disciplinary action is to be taken.

Throughout the above procedure, the employee may be represented.

ARTICLE IV TERM

Section 1.0 Term of Agreement

The term of this agreement shall be for the period July 1, 2021 through June 30, 2023.

Section 2.0 Agreement Renewal

2.1 **Renewal**:

In January of 2023 the City and Association agree to open negotiations covering the contents of the agreement to become effective July 1, 2023.

In the absence of an executed agreement for the period commencing July 1, 2023, the provisions of this agreement shall remain in effect.

2.2 **Non-Economic Negotiations**

The Association shall notify, in writing, no later than sixty (60) days prior to March 30th of each year if it wishes to change any provision in the collective bargaining agreement excluding salary, fringe benefits, or cost of living increases.

ARTICLE V IMPLEMENTATION

Section 1.0 Severability

If any article or section of this Memorandum of Understanding should be found invalid, unlawful, or unenforceable by reason of any existing or subsequent enacted legislation or judicial authority, all other articles and section of the Memorandum of Understanding shall remain in full force for the duration of this Memorandum. In the event of invalidation of any article or section, the City and Association agree to meet within thirty (30) days for the purpose of renegotiating said article or section.

Section 2.0 Ratification and Implementation

2.1 The City and Association acknowledge that this Memorandum of Understanding shall not be in full force and effect until ratified by a simple majority vote of those employees voting who are in classifications represented by the Association set forth in this agreement and adopted in the form of a resolution by the City council.

2.2 This agreement constitutes a mutual recommendation by the parties hereto, to the City Council, that one or more ordinances and/or Resolutions be adopted accepting its provisions and effecting the changes enumerated herein relating to wages, hours, fringe benefits and other terms and conditions of employment for unit employees represented by the Association.

2.3 Subject to the foregoing, this Memorandum of Understanding is hereby agreed to be recommended for approval by the authorized representative of the City and Association and entered into.

Dated: _____

Martin Snyder, Vice President Middle Management Association	Alan D. Flora City Manager

EXHIBIT A

MIDDLE MANAGEMENT ASSOCIATION

MEMORANDUM OF UNDERSTANDING

SERGEANTS

RECORDS AND COMMUNICATIONS SUPERVISOR

PUBLIC WORKS SUPERVISOR

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Agenda Item No.

Subject:	Consideration of Updates to Management Classification and Benefits Plan and City Salary Schedule	**Date: June 7, 2021** **Reviewed & Approved:**
From:	Alan D. Flora, City Manager	

Recommended Action: Adopt CPI Adjustment for Management Employees per the Management Benefit Plan

ISSUE STATEMENT AND DISCUSSION:

An updated Management Employees Classification and Benefit Plan was adopted by the Council in 2018. According to Section 6-2.1 Salary Adjustments of the Management/Confidential Employees Classification and Benefit Plan (MBP), "Management Employees shall receive a salary adjustment each July 1st. The salary adjustment shall take into consideration the March to March U.S. All Urban Cities Consumer Price Index, equity adjustments based on the labor market, and the financial condition of the City." The Consumer Price Index reflects a March 2020 to March 2021 increase of 2.6%. While this increase was slightly higher than the past couple of years and particularly through COVID, April was 4.9% and May was 5.0%. Staff recommends a 2.6% adjustment consistent with the March CPI effective July 1, 2021. All other bargaining groups are scheduled for a 3% increase effective July 1, 2021 pursuant to their MOUs.

FINANCIAL AND/OR POLICY IMPLICATIONS:

The recommended salary increases for the Management group and other previously negotiated cost of living adjustments have been included in the FY 2021-22 Budget.

RECOMMENDED ACTIONS:

Adopt Updates to the City Salary Schedule.

ATTACHMENTS:

1. Management/Confidential Employees' Classification and Benefit Plan

2. CPI Report March to March

CHAPTER 6

MANAGEMENT EMPLOYEES CLASSIFICATION AND BENEFIT PLAN SECTION 6

CHAPTER 6 2
SECTION 6.1 CLASSIFICATION PLAN 2
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CHAPTER 6

MANAGEMENT/CONFIDENTIAL EMPLOYEES CLASSIFICATION AND BENEFIT PLAN SECTION 6

SECTION 6.1 CLASSIFICATION PLAN

Section 6-1.1 Classification Plan, Management: The following Classification are considered "Management" employees:

CITY MANAGER
ASSISTANT CITY MANAGER
ADMINISTRATIVE SERVICES DIRECTOR/CITY CLERK
CHIEF OF POLICE
COMMUNITY DEVELOPMENT DIRECTOR
CITY ENGINEER
DIRECTOR OF PUBLIC WORKS
DIRECTOR OF FINANCE
POLICE CAPTAIN
POLICE LIEUTENANT

SECTION 6-2 BENEFIT PLAN

Section 6-2.1 Salary Adjustments:

Management Employees shall receive a salary adjustment each July 1st. The salary adjustment shall take into consideration the March to March U.S. All Urban Cities Consumer Price Index, equity adjustments based on the labor market, and the financial condition of the City. (Res 28-2007)

Section 6-2.2 Longevity Pay:

The City will provide a longevity payment to all sworn and non-sworn unit employees based on the following schedule:

Completion of Years of Service	% of Salary Longevity Payment
5	1.0%
6	1.5%
7	2.0%
8	2.5%
9	3.0%
10	3.5%

11	4.0%
12	4.5%
13	5.0%
14	5.5%
15	6.0%

(Res 97-04 and 2009-50)

Section 6-2.3 Medical/Dental/Vision and Life Insurance: The City will provide one hundred (100%) of the monthly premium for the employ and dependents including a $20,000 life insurance policy for each non-safety employee and $20,000 for each safety employee with an option for the employee to purchase an additional $10,000 policy. (Res 2017-45)

Section 6-2.4 Retirement Contribution: All employees shall pay 100% of the employee's share of the Public Employees Retirement System (Res 2017-45).

The City shall maintain a deferred compensation plan of the City's choice for employee's voluntary participation in said plan.
(Res 86-108, Res 93-79)

The City agrees to deposit the equivalent of five percent (5%) of the Public Works Director's gross salary into a deferred compensation plan of the City's choice. The investment option and ownership shall be vested with the Public Works Director. (Res 2009-44)

Section 6-2.5 Executive Leave Account: The City shall establish an executive leave account for management employees. Effective July 1, 2002, executive leave shall be earned and credited to the employee's executive leave account as follows:

a) For the period of January 1st through June 30th of each year forty (40) hours of executive leave shall be earned and shall be credited to the employee's executive leave account on January 1st.

b) For the period of July 1 through December 31 of each year, an additional forty (40) hours of executive leave shall be earned and shall be credited to the employee's executive leave account on July 1st.

c) Executive leave during the first six months of employment shall be pro-rated based upon the date of commencement of employment.

Unused executive leave may be accrued up to a maximum of twice the number of hours earned annually. (Res 86-108, Res 02-40)

Unused executive leave may be paid out up to forty (40) hours per calendar year (Res 2017-45).

Section 6-2.6 Sick Leave: Each employee shall accrue sick leave at the rate of eight hours per month which shall be placed in a sick leave account for each employee. (Res 86-108)

Section 6-2.7 Unused Sick Leave Conversion: The City will modify its contract with the Public Employees Retirement System (PERS) to allow management employees to convert unused sick leave to service credit upon retirement (Res 2009-50).

Section 6-2.8 Sick Leave Incentive:

(a) Management and confidential employees who have an accrued sick leave account balance on June 30th of not less than 192 hours of sick leave shall be eligible to receive benefits during the subsequent fiscal year under the Annual Sick Leave Incentive Program.

On July 1st of each year the unused portion of sick leave accrued during the previous fiscal year which is in excess of eight (8) days, but not to exceed thirty (32) hours, shall be placed in the Annual Sick Leave Incentive Program. Eligible employee may elect to:

1. receive pay-off of that portion of unused sick leave which has been placed in the Annual Sick Leave Incentive Program up to the maximum of thirty (32) hours; or

2. convert said unused sick leave which has been placed in the Annual Sick Leave Incentive Program to vacation leave up to the maximum of thirty (32) hours; or

3. return said unused sick leave which has been placed in the Annual Sick Leave Incentive Program said unused leave to the employee's sick leave account.

(b) Employees who have:

1) completed 20 years of service with the City of Clearlake; and
2) have a minimum balance of 1,000 hours of accrued unused sick leave; and
3) who separate from employment for any reason except termination for cause shall upon separation from employment with the City receive sick leave pay-off of one-hundred (100%) percent of the accrued unused sick leave balance that is in excess of 1,000 hours up to a maximum of 500 hours of sick leave pay-off.

At the City's sole discretion, sick leave pay-off may be paid to the employee spread over a period of up to three (3) fiscal years. Whenever sick leave payment is not paid in full at the time of separation, sick leave payment shall not be subject to

interest and payments shall be dispersed to the employee at a minimum rate of one-third (1/3) of the total amount of sick leave pay due the employee with the first payment to be made upon separation from employment with the City and each subsequent payment to be made on the anniversary date of separation. (Res 86-108, Res 93-79, Res 02-40)

Section 6-2.9 Vacation: Effective January 1, 1997, each employee covered under this benefit plan shall earn vacation leave with pay as follows:

Years of Service	Vacation Hours Per Year
0 - 2 yrs	96
2- 3	100
4	104
5	108
6	112
7	116
8	120
9	124
10	128
11	132
12	136
13	140
14	144
15	148
16	152
17	156
18	160
19	164
20	168

An employee may accumulate unused vacation leave up to a maximum of twice the number of days due annually. Under extraordinary circumstances and when the best interest of the City so requires, the City Manager may permit a temporary accumulation of vacation leave in excess of the maximum accrued. (Res 86-108, Res 93-79, Res 97-04)

Section 6-2.10 Holidays: The following holidays shall be observed:

New Years Day ---- January 1st
Martin Luther King's Birthday -- Third Monday in January
Washington's Birthday -- Third Monday in February
Memorial Day -- Last Monday in May
Independence Day -- July 4th
Labor Day -- 1st Monday in September
Veteran's Day -- November 11th
Thanksgiving Day - 4th Thursday in November
Day after Thanksgiving Day
Christmas Eve
Christmas Day
New Years Eve

(Res 86-108)

Section 6-2.11 Bereavement Leave: An employee shall receive five (5) days bereavement leave due to death of his or her parent, step-parent, mother-in-law, father-in-law, spouse, child, step child, adopted child, grandchild, grandparent, sister, brother, sister-in-law, brother-in-law, or the death of any person residing in the immediate household of the employee at the time of death. (Res 86-108)

Section 6-2.12 Mileage Reimbursement:

a) Effective immediately, except for the Chief of Police, Police Captain and Police Lieutenant, management employees shall receive $200 per month vehicle allowance unless otherwise provided for under the terms and conditions of an employment contract.

b) The Chief of Police shall have personal use of a City vehicle.

c) The Police Captain and Police Lieutenant shall have use of a city vehicle during the course of conducting business or events which arise as a result of city employment. The Police Captain and Police Lieutenant may have the privilege of a city vehicle while traveling to and from work of the Clearlake Police Department subject to approval by the City Manager.

d) The Public Works Director shall have the use of a City vehicle during the course of conducting business or events which arise as a result of City employment. The vehicle may be used while traveling to and from work subject to approval of the City Manager. (Res 2009-44)

Benefits provided pursuant to provisions of this section shall be subject to applicable State and Federal taxes. (Res 86-108, Res 00-96, Res 02-40)

Section 6-2.13 Legal Representation: The City will provide legal defense of its public employees pursuant to requirements set forth in Part 7 of the California Government Code commencing with Section 995. (Res 86-108, Res 02-40)

Section 6-2.14 Disability Plan: City shall provide a disability indemnity plan either through State Disability and/or a private plan. The type of plan shall be at the sole discretion of the City, however, benefits provided under said plan shall not be less than the benefits provided under the State Disability Plan. (Res 86-108, Res 02-40)

Section 6-2.15 Tuition and Books: The City will reimburse management and confidential employees up to $600 per year for the cost of educational classes and books to encourage higher education, subject to the approval of the City Manager (Res 2009-50).

Section 6-2.16 Disciplinary Action: Disciplinary action of management and confidential employee shall be subject to the disciplinary procedures set forth in the Personnel Rules of the City of Clearlake unless otherwise provided for under the terms and conditions of an "at-will" employment contract.
(Res 02-40)

Section 6-2.17 Conflicts: In the event that any of the provisions of this agreement conflict with those contained within a personal employment contract, the terms of the contract shall take precedent. (Res 02-40)

(Res 86-108) November 17, 1986
(Res 87-04) January 5, 1987
(Res 87-75) September 8, 1987
(Res 93-79) September 14, 1993
(Res 97-04) January 9, 1997
(Res 99-34) July 22, 1999
(Res 99-60) November 18, 1999
(Res 02-40) June 27, 2002
(Res 28-2007) June 28, 2007
(Res 2009-44) September 24, 2009
(Res 2009-50) October 22, 2009
(Res 2017-45) July 13, 2017

Codified and updated through July 13, 2017

Economic News Release

CPI

Consumer Price Index News Release

Transmission of material in this release is embargoed until
8:30 a.m. (ET) April 13, 2021 USDL-21-0651

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CONSUMER PRICE INDEX – MARCH 2021

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.6 percent in March on a seasonally adjusted basis after rising 0.4 percent in February, the U.S. Bureau of Labor Statistics reported today. The March 1-month increase was the largest rise since a 0.6-percent increase in August 2012. Over the last 12 months, the all items index increased 2.6 percent before seasonal adjustment.

The gasoline index continued to increase, rising 9.1 percent in March and accounting for nearly half of the seasonally adjusted increase in the all items index. The natural gas index also rose, contributing to a 5.0-percent increase in the energy index over the month. The food index rose 0.1 percent in March, with the food at home index and the food away from home index both also rising 0.1 percent.

The index for all items less food and energy rose 0.3 percent in March. The shelter index increased in March as did the motor vehicle insurance index, the recreation index, and the household furnishings and operations index. Indexes which decreased over the month include apparel and education.

The all items index rose 2.6 percent for the 12 months ending March, a much larger increase than the 1.7-percent reported for the period ending in February. The index for all items less food and energy rose 1.6 percent over the last 12 months, after increasing 1.3 percent over the 12 month period ending in February. The food index rose 3.5 percent over the last 12 months, while the energy index increased 13.2 percent over that period.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended
	Sep. 2020	Oct. 2020	Nov. 2020	Dec. 2020	Jan. 2021	Feb. 2021	Mar. 2021	Mar. 2021
All items	.2	.1	.2	.2	.3	.4	.6	2.6
Food	.1	.2	.0	.3	.1	.2	.1	3.5
Food at home	-.3	.1	-.2	.3	-.1	.3	.1	3.3
Food away from home (1)	.6	.3	.1	.4	.3	.1	.1	3.7
Energy	1.4	.6	.7	2.6	3.5	3.9	5.0	13.2
Energy commodities	1.4	.7	.5	5.1	7.3	6.6	8.9	22.0
Gasoline (all types)	1.7	.7	.5	5.2	7.4	6.4	9.1	22.5
Fuel oil (1)	-3.0	.7	3.3	10.2	5.4	9.9	3.2	20.2
Energy services	1.3	.5	.9	.2	-.3	.9	.6	4.1
Electricity	.8	.6	.3	.4	-.2	.7	.0	2.5
Utility (piped) gas service	3.1	.4	3.0	-.4	-.4	1.6	2.5	9.8
All items less food and energy	.2	.1	.2	.0	.0	.1	.3	1.6
Commodities less food and								

energy commodities....	.5	.0	.0	.1	.1	-.2	.1	1.7
New vehicles.....	.3	.3	.0	.4	-.5	.0	.0	1.5
Used cars and trucks....	5.3	.9	-1.4	-.9	-.9	-.9	.5	9.4
Apparel.....	-.4	-.9	.7	.9	2.2	-.7	-.3	-2.5
Medical care commodities (1).....	-.6	-.7	-.4	-.2	-.1	-.7	.1	-2.4
Services less energy services.....	.1	.1	.2	.0	.0	.2	.4	1.6
Shelter.....	.1	.1	.1	.1	.1	.2	.3	1.7
Transportation services	-.3	.2	1.3	-.6	-.3	-.1	1.8	-1.6
Medical care services...	.0	-.3	-.1	-.1	.5	.5	.1	2.7

1 Not seasonally adjusted.

Food

The food index increased 0.1 percent in March. The index for food at home also rose 0.1 percent over the month as two of the six major grocery store food group indexes increased. The index for fruits and vegetables rose 1.0 percent in March, following a 0.7-percent increase in February. The index for meats, poultry, fish, and eggs rose 0.1 percent in March, a smaller increase than the 0.3-percent increase in February. The index for other food at home was unchanged over the month.

The index for dairy and related products declined 0.5 percent in March, the third consecutive monthly decrease in that index. The index for nonalcoholic beverages decreased 0.2 percent over the month, while the index for cereals and bakery products declined 0.1 percent.

The food away from home index rose 0.1 percent in March, continuing a long series of increases. The index for limited service meals rose 0.5 percent, while the index for full service meals increased 0.2 percent.

The food at home index increased 3.3 percent over the past 12 months. All six major grocery store food group indexes increased over the period, with increases ranging from 1.6 percent (dairy and related products) to 5.4 percent (meats, poultry, fish, and eggs). The index for food away from home rose 3.7 percent over the last year. The index for limited service meals rose 6.5 percent, the largest 12-month increase in the history of the index, which began in 1997. The index for full service meals rose 3.2 percent over the last 12 months.

Energy

The energy index continued to rise in March, increasing 5.0 percent. The index for gasoline was again the dominant factor in the increase, rising 9.1 percent over the month. (Before seasonal adjustment, gasoline prices rose 11.7 percent in March.) The natural gas index increased 2.5 percent over the month, and the electricity index was unchanged in March.

The energy index rose 13.2 percent over the past 12 months. The gasoline index rose 22.5 percent over the last 12 months, while the index for natural gas increased 9.8 percent, and the index for electricity rose 2.5 percent over the same period. The fuel oil index increased 20.2 percent over the last 12 months.

All items less food and energy

The index for all items less food and energy rose 0.3 percent in March. The shelter index also rose 0.3 percent in March, with the index for owners’ equivalent rent and the index for rent both increasing 0.2 percent. The motor vehicle insurance index increased for the third consecutive month, rising 3.3 percent in March. The index for recreation increased 0.4 percent over the month, as did the index for household furnishings and operations. The used cars and trucks index also increased in March, rising 0.5 percent, and the index for personal care increased 0.6 percent in March.

The medical care index rose 0.1 percent in March, after rising 0.3 percent in February. The hospital services index increased 0.6 percent over the month, while the physicians’ services index rose 0.3 percent in March. The index for prescription drugs was unchanged over the month.

The index for apparel fell 0.3 percent in March, following a 0.7-percent decline

the previous month. The education index also declined over the month, falling 0.2 percent. The index for communication and the index for new vehicles were both unchanged in March.

The index for all items less food and energy rose 1.6 percent over the past 12 months. Among the indexes rising more quickly were those for shelter (+1.7 percent), used cars and trucks (+9.4 percent), and medical care (+1.8 percent). Indexes that declined over the last 12 months include lodging away from home (-6.4 percent), airline fares (-15.1 percent), and apparel (-2.5 percent).

Not seasonally adjusted CPI measures

The Consumer Price Index for All Urban Consumers (CPI-U) increased 2.6 percent over the last 12 months to an index level of 264.877 (1982-84=100). For the month, the index increased 0.7 percent prior to seasonal adjustment.

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 3.0 percent over the last 12 months to an index level of 258.935 (1982-84=100). For the month, the index rose 0.8 percent prior to seasonal adjustment.

The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 2.5 percent over the last 12 months. For the month, the index increased 0.7 percent on a not seasonally adjusted basis. Please note that the indexes for the past 10 to 12 months are subject to revision.

_____

The Consumer Price Index for April 2021 is scheduled to be released on Wednesday, May 12, 2021 at 8:30 a.m. (ET).

Coronavirus (COVID-19) Pandemic Impact on March 2021 Consumer Price Index Data

Data collection by personal visit for the Consumer Price Index (CPI) program has been suspended since March 16, 2020. When possible, data normally collected by personal visit were collected either online or by phone. Additionally, data collection in March was affected by the temporary closing or limited operations of certain types of establishments. These factors resulted in an increase in the number of prices considered temporarily unavailable and imputed. While the CPI program attempted to collect as much data as possible, many indexes are based on smaller amounts of collected prices than usual, and a small number of indexes that are normally published were not published this month. Additional information is available at www.bls.gov/covid19/effects-of-covid-19-pandemic-on-consumer-price-index.htm.

Technical Note

Brief Explanation of the CPI

The Consumer Price Index (CPI) measures the change in prices paid by consumers for goods and services. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers. The all urban consumer group represents about 93 percent of the total U.S. population. It is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed, and retired people, as well as urban wage earners and clerical workers. Not included in the CPI are the spending patterns of people living in rural nonmetropolitan areas, farming families, people in the Armed Forces, and those in institutions, such as prisons and mental hospitals. Consumer inflation for all urban consumers is measured by two indexes, namely, the Consumer Price Index for All Urban Consumers (CPI-U) and the Chained Consumer Price Index for All Urban Consumers (C-CPI-U).

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is based on the expenditures of households included in the CPI-U definition that meet two requirements: more than one-half of the household's income must

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: July 15, 2021

Subject:	Consideration of Designation of Voting Delegates and Alternate(s) For the League of California Cities Annual Conference in September	**Date:** July 9, 2021
From:	Melissa Swanson, Administrative Services Director/City Clerk	**Reviewed & Approved:**

Recommended Action: Motion to designate _____ as voting delegate, and _____ as alternate(s).

ISSUE STATEMENT AND DISCUSSION:

The League of California Cities' Annual Conference is scheduled for September 22 – 24, 2021. The Conference is scheduled to held in person in Sacramento. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, the City Council must designate a voting delegate. In the event that the designated voting delegate is unable to serve in that capacity, the Council may appoint up to two (2) alternates.

All Council Members are planning to attend. We have not received the information on the issues coming up for vote before the League delegates yet.

FINANCIAL AND/OR POLICY IMPLICATIONS:

None at this time. There may be policy implications in the future based on the issues coming up for vote at the Annual Conference.