

# CITY OF CRESCENT CITY

Mayor Blake Inscore  
Council Member Alex Fallman  
Council Member Isaiah Wright

Mayor Pro Tem Heidi Kime  
Council Member Jason Greenough

## AGENDA REGULAR COUNCIL MEETING VIRTUAL VIA ZOOM MEETINGS

**MONDAY                      JUNE 1, 2020                      6:00 P.M.**

Due to the current public health emergency resulting from COVID-19, the public may access and participate in the public meeting using one or more of the following three methods: (1) participate online via Zoom – details to join the meeting will be on both the City of Crescent City – City Hall Facebook page as well as the City of Crescent City website (www.crescentcity.org); (2) watch the meeting via livestream on YouTube (Channel: City of Crescent City, California) and submit comments via **publiccomment@crescentcity.org**; or submit a written comment by filing it with the City Clerk at 377 J Street, Crescent City, California 95531 prior to 4:00 pm, April 17, 2020. If you require a special accommodation, please contact City Clerk Robin Patch at 464-7483 ext. 223.

### **OPEN SESSION MEETING AT 6:00 p.m.**

#### **OPEN SESSION**

**Call to order  
Roll call  
Pledge of Allegiance**

#### **PUBLIC COMMENT PERIOD**

*Any member of the audience is invited to address the City Council on any matter that is within the jurisdiction of the City of Crescent City. Comments of public interest or on matters appearing on the agenda are accepted. Note, however, that the Council is not able to undertake extended discussion or act on non-agendized items. Such items can be referred to staff for appropriate action, which may include placement on a future agenda. All comments shall be directed toward the entire Council. Any comments that are not at the microphone are out of order and will not be a part of the public record. After receiving recognition from the Mayor, please state your name and city or county residency for the record. Public comment is limited to three (3) minutes. The public is additionally allotted three minutes each in which to speak on any item on the agenda prior to any action taken by the Council.*

#### **CEREMONIAL ITEMS - None**

#### **REPORTS AND PRESENTATIONS**

**1. Dr. Rehwaldt update on Del Norte County's COVID-19 Emergency**

## 2. Chamber of Commerce Report on Modified 4<sup>th</sup> of July Celebration

### CONSENT CALENDAR

#### 3. Council Meeting Minutes

- *Recommendation: Approve the May 11, 2020 special meeting minutes and the May 18, 2020 regular meeting minutes of the City Council.*

#### 4. Warrant Claims List

- *Recommendation: Receive and file the warrant claims list for the period May 9, 2020 through May 22, 2020.*

#### 5. Payroll Report

- *Recommendation: Receive and file the biweekly payroll report for the period ending May 23, 2020 paid May 29, 2020.*

### PUBLIC HEARINGS - None

### CONTINUING BUSINESS - None

### NEW BUSINESS

#### 6. Limited Use of City Facilities and Special Events During the COVID-19 Emergency

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Authorize the City Manager to permit special events that are in compliance with the California Department of Public Health (CDPH) Guidelines and that are approved by the Del Norte County Public Health Officer*
- *Authorize the City Manager to re-open the City Dog Park with guidelines posted for Safe Practices unless directed otherwise by the Del Norte County Public Health Officer*

#### 7. Amendment to Debt Policy and Discussion of Cash Flow for Grant-Funded Projects 2020 and 2021

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Adopt Resolution No. 2020-42, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY APPROVING THE CITY OF CRESCENT CITY AMENDED DEBT POLICY FOR 2020*

#### 8. Interfund Borrowing for Pebble Beach Bank Stabilization Project (Design Phase)

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Provide direction to staff regarding PE phase of the Pebble Beach Bank Stabilization Project*

### CITY COUNCIL ITEMS

- **Legislative Matters** – Consider miscellaneous legislative matters pertinent to the City of Crescent City. Authorize the Mayor to sign the appropriate letters and/or positions with respect to such matters.

- **City Manager Report and City Council Directives** - Pursuant to Crescent City Municipal Code § 2.08.200, the City Council may instruct the city manager on matters of importance to the administrative services of the City and provide direction with respect to subordinates of the City Manager. (Directives from individual Council Members that are not objected to by any member present shall be considered an order of the City Council.)
- **Reports, Concerns, Referrals, Council travel and training reports** – In accordance with Gov't Code § 54954.2(a), City Council Members may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

**ADJOURNMENT**

\*\*\*Adjourn to the regular meeting of the City Council of the City of Crescent City scheduled for Monday, June 15, 2020 at 6:00 p.m. via Zoom meetings, Crescent City, CA 95531.

**POSTED:**

May 29, 2020

/s/ Robin Patch

City Clerk/Administrative Analyst

***Vision:***

The City of Crescent City will continue to stand the test of time and promote quality of life and community pride for our residents, businesses and visitors through leadership, diversity, and teamwork.

***Mission:***

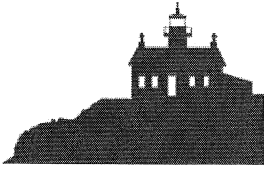
The purpose of our city is to promote a high quality of life, leadership and services to the residents, businesses, and visitors we serve. The City is dedicated to providing the most efficient, innovative and economically sound municipal services building on our diverse history, culture and unique natural resources.

***Values:***

- Accountability
- Honesty & Integrity
- Excellent Customer Service
- Effective & Active Communication
- Teamwork
- Fiscally Responsible

Dr. Rehwaldt update on  
Del Norte County's  
COVID-19 Emergency

Chamber of Commerce  
Report on  
Modified  
4<sup>th</sup> of July Celebration



# CITY OF CRESCENT CITY

Mayor Blake Inscore  
Council Member Alex Fallman  
Council Member Isaiah Wright

Mayor Pro Tem Heidi Kime  
Council Member Jason Greenough

MINUTES  
SPECIAL CITY COUNCIL MEETING  
VIRTUAL VIA ZOOM MEETINGS

MONDAY                      MAY 11, 2020                      6:00 P.M.

**OPEN SESSION**

**Call to order**                      Mayor Inscore called the meeting to order at 6:04 p.m.

**Roll call**                      Council Members present: Council Member Alex Fallman, Council Member Jason Greenough, Council Member Isaiah Wright, Mayor Pro Tem Heidi Kime, and Mayor Blake Inscore  
Staff present: City Manager Eric Wier, City Attorney Martha Rice, City Clerk/Administrative Analyst Robin Patch, Human Resources Administrator Sunny Valero, Finance Director Linda Leaver, Public Works Director Jon Olson, Recreation and Events Coordinator Director Holly Wendt, Fire Chief Bill Gillespie, Public Works Manager Jason Wylie, Housing Authority Executive Director Megan Miller, and Police Chief Richard Griffin

**Pledge of Allegiance** led by Mayor Inscore

**REPORT OUT OF CLOSED SESSION**

**PUBLIC COMMENT PERIOD**

*The following citizens addressed the Council:*

Linda Sutter: stated that she wants the City to reopen

**CEREMONIAL ITEMS**

**1. National Peace Officers Memorial Day Proclamation**

Mayor Inscore read the proclamation aloud and asked Police Chief Griffin speak on topic. Chief Griffin said this is for the heroes who have died in the line of duty.

**2. Children’s Day Proclamation**

Mayor Pro Tem Kime read the proclamation aloud. Melodee Mitchell, Executive Director of the Del Norte Child Care Council, spoke on the importance of children as they are a third of our population, but they are all our future.

**REPORTS AND PRESENTATIONS - None**

## CONSENT CALENDAR

### **3. Council Meeting Minutes**

- *Recommendation: Approve the April 6, 2020 regular meeting minutes and the April 20, 2020 regular meeting minutes of the City Council.*

### **4. Warrant Claims List**

- *Recommendation: Receive and file the warrant claims list for the period April 11, 2020 through April 24, 2020.*

### **5. Payroll Report**

- *Recommendation: Receive and file the biweekly payroll report for the period ending April 25, 2020 paid May 1, 2020.*

### **6. Quarterly Cash and Investments Report as of March 31, 2020**

- *Recommendation: Receive and file quarterly cash and investments report as of March 31, 2020.*

### **7. Grant Acceptance and Budget Amendment for Additional Economic Development Support to Assist with COVID-19 Emergency**

- *Recommendation: Authorize the City Manager to accept a grant from the Wild rivers Community Foundation in the amount of \$10,000 for Economic Development Support to assist with the COVID-19 emergency.*
- *Adopt Resolution No. 2020-32, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-2020 BUDGET*

### **8. DNSWMA Draft Budget and Approval Process for FY 2020/21**

- *Recommendation: Take no action; a lack of response is to be treated as approval of the budget as presented – or –*
- *Submit specific written comments to the DNSWMA Board before adoption of the budget*
- *If there is written objection to the proposed Authority budget, this body should also designate a representative to attend the Authority meeting scheduled for May 19<sup>th</sup> so such concerns may be resolved, and the Authority may adopt a budget for Fiscal Year 2020/21 before June 30, 2020.*

*On a motion by Council Member Fallman, seconded by Council Member Greenough, and carried on a 5-0 polled vote, the City Council of the City of Crescent City adopted the consent calendar consisting of items 3-8 as presented.*

## PUBLIC HEARINGS - None

## CONTINUING BUSINESS

### **9. Draft Ordinance RE: Recreational Vehicle Parking and Use in Residential Zones**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Discuss and provide direction on a draft ordinance establishing regulations for recreational vehicle parking and short-term residential use in residential zones.*

Public Works Director Olson went over the history of the draft ordinance and how it began with direction from the Council to look into this option. Council Member Fallman stated that he noticed

that the emergency piece wasn't in the ordinance, what was the intent; Director Olson stated the intention was to have it to be able to be used as a residence for up to 90 days. As far as parking an RV on residential lots, you can do that already as long as you have adequate space. There will not be an allowance for tarped RVs. Council Member Greenough asked what the process would be; Director Olson stated it would be similar to a short-term parking permit. Mayor Pro Tem Kime asked what prompted the need to modify this part of the municipal code; City Manager Wier stated that this goes all the way back to when we looked at camping and oversized vehicles ordinances. When we got to the subject of RVs, Council directed for staff to look into this for possible options, however other more pressing ordinances took precedence such as animal control. The Planning Commission met on this for several meetings and is now presented to the Council. City Attorney Rice stated that at the last meeting, the Council wanted the longer-term portion to be more like the ADUs (Accessory Dwelling Unit). Short term stays are being addressed now especially due to the economic conditions we are in presently; the longer-term option will come at a later date.

*The following citizens addressed the Council:*

*Received via email and read aloud by City Clerk Patch:*

Temple Buchanan: stated his opposition to RVs being used as residences and the potential for the reduction of property value.

Linda and Ernie Perry: spoke in opposition to RVs being used as residences; quoted sections of the Crescent City Municipal Code they felt this would be in violation of.

Kenyon Hensel: asked the City to do some research into why people are already placing RVs on properties; also asked for a Committee to be formed.

Jacqueline Cochran: spoke in opposition to RVs being used as residences and her negative experience with neighbors who did it.

*Spoke during Zoom meeting:*

Linda Sutter: this will cause more problems than its worth. It should be tabled

Council Member Fallman stated it is appropriate as drafted now; does not see how the short term (90 days) turns into a blight issue. Appreciates Ms. Sutter's comments that perhaps it shouldn't be done piecemeal. Council Member Wright is in favor of shelving this wants to work on the ADU portion first as a trailer is not an appropriate ADU. Council Member Greenough this is something we are looking into for a possible stopgap for helping family members in need. This was not something that was intended by the Council to be a permanent structure as a rental. Mayor Pro Tem Kime is satisfied with tabling this until we get more information. Does not want to encourage someone to live in an RV on private property. RVs should be in RV parks, if it's being stored on your property, this is an entirely different conversation. Council Member Wright asked if someone wanted to go beyond a certain date, what is the process. Mayor Inscore stated that the City Manager can sign off on it at his discretion. City Attorney Rice stated that the municode states you cannot have someone living in an RV on your property for more than 3 consecutive nights within a 90-day period. From conversations a year ago, it seemed that 3 nights was unduly restrictive, the Planning Commission came back with 90 days. Therefore, perhaps the Council should consider something in between that period of time. Mayor Inscore stated that he doesn't want ADUs to be defined as RVs. There is wide latitude that the state has laid out for ADUs. Is concerned with creating an ordinance that sets a precedence for a 90-day ordinance to be the template for a permanent ordinance. We should take a deeper look at this. Doesn't feel the public was engaged strongly enough at the Planning Commission level, but now that they are, they



should be allowed to way in before we push forward with an ordinance. Mayor Pro Tem Kime said she had a suggestion that there should be notice given to the public; what would more notice look like? City Manager Wier stated he hears consensus from the Council to table this item for now and bring it back with the housing element, of which the City just received \$160k through SB2 funds. Mayor Inscore stated that this could be a workshop topic and have the impacts fully vetted by hearing from business owners and residents.

#### **10. Pebble Beach Bank Stabilization Project**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Give direction to staff regarding project funding*
- *Authorize the City Manager to sign an agreement with COWI to begin work on the plans, specifications and estimate, required studies, and environmental documentation for Pebble Beach Bank Stabilization until such time as the currently authorized funds of \$458,000 have been expended upon final approval as to form by the City Attorney*

City Manager Wier stated that Ward Stover of Stover Engineering, Local Transportation Commission Executive Director Tamera Leighton, and COWI Consultant Jean Toilliez are present to speak on the topic. This is from the significant December 2016 storms that created problems at Margie St and Cooper as well as the Wastewater Treatment Plant, there was also significant erosion along Pebble Beach Drive. He showed several photos from years ago that showed what the area looked like and what erosion has occurred to this point. The allocated funding for each of the phases is 88.53% Federal Highways Emergency Relief Program, 8.60% California Disaster Assistance Act, and 2.87% local. Resulting in a project that is 97.13% funded. The Regional Surface Transportation Program from the Del Norte Local Transportation Commission has allocated \$85,104 to support the design phase and a portion of the possible construction phase. The PE phase of this project is funded through Federal Highways Administration FHWA, CalOES and the Del Norte Local Transportation Commission (DNLTC). However, the current project funding is \$458,000 while the proposal received from COWI is \$1,109,738. City staff submitted a revised DAF with the updated PE cost, but Caltrans chose not to accept the revision because the change was less than 20% of the total project. Caltrans staff has authorized the City to execute the contract with COWI. The City would like to move forward with the preliminary engineering (PE) phase as proposed by COWI, however, the City will need to fund the shortfall of \$651,738. If Congress choose to appropriate additional funding for this disaster, the City would be eligible for reimbursement, although there is no way to be certain if the allocation of more funding will occur, or when. It is not an ideal time for the City to fund \$650k, we would have to borrow it from one of the enterprise funds and then to pay it back. Jean Toilliez, Project Manager for COWI, stated that the project is complex, multiple stages, multiple engineering disciplines. COWI and Stover have endeavored to find consultants on this project; COWI values engaging local consultants. It is also recognized that this is a sensitive cultural site as well. Ward Stover, of Stover Engineering, stated that the complexity of the project and variety of options that need to be looked at that has been requested of Coastal Commission adds to all of this. A drill rig will be coming on June 15<sup>th</sup> from Portland for the County portion of the project, they are hard to come by. We, COWI and Stover Engineering, believe that we can appropriately scale the first piece of the project to meet the proposed budget, have a stopping point until the City is ready to move forward with the next phase of the project. Both went into details of the project and timeline required for permitting review. LTCO Executive Director Tamera Leighton stated that LTCO has funded a portion of this project; CalTrans is strongly encouraging small cities to continue forward. The stance of the California Transportation Commission is to move forward, that transportation funding is part of the economic investment in economic recovery of the State of California. They are here to support us, there has been a loosening of very stringent guidelines. The risk to the City is very low for this project, and if the City was in a position that made it difficult to meet deadlines, the California Coastal Commission stated publicly they will be supportive and flexible.

She encourages the City to move forward. Director Olson stated that any option the Council selects will be a good one. Council Member Fallman can we piggyback on the County's project; why does there need to be a lot of geotechnical studies, will they be so vastly different between the two projects; why can't the two projects be merged? Director Olson – if we were to authorize to move forward with COWI, the drill rig will be a shared cost. The County and City are unable to merge the two projects for various reasons. We do have advantages to them moving at a parallel pace. City Manager Wier stated that the proposal received pretty much had that already outlined, in their eyes this was one project. Council Member Fallman are if we too removed from the actual disaster for Congress to want to fund this disaster; City Manager Wier stated that in talking with CalTrans this situation occurs, money is moved fluidly, and this is not an uncommon scenario. They have never not seen Congress put money back into these projects. Council Member Fallman asked if there were more flexible funding options; City Manager Wier explained that from an overall standpoint, this project is a once in a lifetime opportunity to stabilize this bank and have it 97% funded, it doesn't get any better than that. Executive Director Leighton stated that if this project doesn't move forward in a very timely fashion, she does not believe the City will not be able to fund the project in 5-10 years. The City has already put in a substantial amount of work as has the partners of Transportation Commission and contractors. This is an opportunity to move this project forward and she does not believe the City will see this funding again. This funding is solid, if the City moves forward in a timely manner, the funding will not go away. If the City decides to back out of the project because it feels inconvenient or risky because of the pandemic, she doesn't think the opportunity will come again. She further cautioned the City that if this is not done in an assertive way, the funding will be lost, the project will miss its deadlines and the project will not move forward in anytime in the foreseeable future. There isn't a funding source like the one you have right now that will be able to pay for this project. Council Member Greenough asked that since we got an extension, does this show that these agencies are more flexible; City Manager Wier stated that there was a definite change with the time extension piece. The California Transportation Commission came up and visited and isn't sure if that had anything to do with it, but it helped for them to see this particular project. Then the time extension was approved; Executive Director Leighton has a good feel on state and transportation initiatives. Executive Director Leighton stated that with the Commission coming up last November along with many comments from the Rural Counties Task Force as well as other people across the state, that is why the funding has become more flexible. The time extension isn't the result of the pandemic, it is the result of constant advocacy about a timeline that wasn't reasonable to a community. Now we are in an even elevated era of flexibility and the California Transportation Commission is sending a clear message that they want to do whatever they can to help us succeed and that might mean being a little more flexible with times and extensions. She does not encourage a delay of this project at all, does not believe delays for unnecessary purposes are going to be accepted, but she does believe that the California Transportation Commission is in an era of acceptance and flexibility that she has not seen in the 14 years that she has been in her position. Mayor Pro Tem Kime what is the rough estimate of the infrastructure loss if we don't move forward with this project. City Manager Wier stated that we would have the electrical for the streetlight piece along that area, but more importantly the pinchpoint on 8<sup>th</sup> Street that shows the street starting to slough off. We will lose Pebble Beach up to the house that is south of Brother Jonathan and it will continue to erode and degrade. Pebble Beach Drive is iconic and is invaluable to our community. The infrastructure is the street and losing that would be irreplaceable.

*The following citizen addressed the Council:*

Linda Sutter: how much is in the enterprise funds? Mayor Inscore answered that while there is enough money in both enterprise funds to fund this project, the question they are asking is that the appropriate use of those funds. There is over \$5million in the sewer enterprise fund

Mayor Inscore stated that he appreciates the encouragement to move forward, but these are trying times for everyone. There should be a strategy to move forward to make this a construction

ready project. City Manager Wier said the time is now, we can sign with COWI, start the project and come back to the Council with options of borrowing from the enterprise funds to fund the rest of the project. Mayor Inscore stated that if the Council approves moving forward with the \$458k there should be staff discussion with Stover and COWI to provide a clear strategy for moving forward. City Manager Wier stated that the true value is getting a design done. City Manager Wier asked Stover and COWI if there was time to wait a week to bring back a plan like this? Jean Toilliez of COWI and Ward Stover of Stover Engineering stated that the biologists are scheduled for the 26th of May for the first round of studies, therefore the sooner the better, but we are willing to work with you to craft a plan that makes sense to work within the budget. It's not about lets take the money and see what we can do with it, there are specific things that need to be done to bring the project to fruition; a week is reasonable, they want to work with the City. Council member Greenough stated that the Council wants the whole project done. Mayor Pro Tem Kime stated that Tamera has been very clear with what CalTrans intentions are, it is a now or never.

City Manager Wier asked for City Attorney Rice's counsel on if Mayor Pro Time should recuse herself due to the proximity of her home on Pebble Beach Drive to the project area; City Attorney Rice suggested recusal.

*On a motion by Council Member Greenough, seconded by Council Member Wright, with Mayor Pro Tem Kime having recused herself, the City Council of the City of Crescent City authorized the City Manager to sign an agreement with COWI to begin the work with the authorized funds of \$458k and to direct staff to bring back to the Council by June 1<sup>st</sup> a plan for completing the PE including loans from the enterprise funds.*

**NEW BUSINESS**

**11. Contract Amendment for SHN Planning Services**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Authorize the City Manager to sign a Contract Amendment Task with SHN that will bring the total contract agreement for planning related tasks to \$123,000 for FY 2019-20*

City Manager Wier stated that we initially budgeted \$60k for this, of which \$50k was allocated to the contract with SHN. Some expenses that were not originally anticipated in the budget include commercial cannabis ordinance, small cellular sites ordinance, RV Use as residential unit ordinance, multi-family housing anti-smoking ordinance, and underground utility district updates. There was a shift midyear where these ordinances took speed and now invoices coming in, we are over budget. To meet the continued basic planning needs for the remainder of the fiscal year, an additional budget increase of \$20k is needed. However, we would not be able to take on the smoking ordinance as we do not have the budget right now. Council Member Greenough asked if this would catch us upon past bills; City Manager Wier stated that there is a budget for the routine and there will be a budget for each ordinance. Council Member Greenough asked how we went over budget; City Manager Wier stated that while we were getting through the ordinances, the multiple meetings with the Council and Planning Commission, the contractor got us through all of these meetings, this caused us to exceed our budget. Mayor Pro Tem Kime said we should not expect staff to have expertise on all of these complex issues, I feel more informed on cannabis and can speak to it based on the tour we took at the Cannabis store in Humboldt. Council Member Greenough stated that having the firsthand experience allowed for gleaning good information.

*On a motion by Council Member Greenough, seconded by Mayor Pro Tem Kime, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City authorized the City*

Manager to sign a Contract Amendment Task with SHN that will bring the total contract agreement for planning related tasks to \$123,000 for FY 2019-20.

## **12. Confirming a Local Emergency Continues to Exist**

- *Recommendations: Hear staff report*
- *Receive public comment*
- *Adopt Resolution No. 2020-33, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY CONFIRMING A LOCAL EMERGENCY CONTINUES TO EXIST*

City Manager Wier stated that it is now the 8<sup>th</sup> week of the COVID pandemic. We are still spending public funds to assist with this emergency declaration. There are changes on a daily basis, Recreation and Events Coordinator Director Wendt is doing a great job leading the Economic Resiliency Task Force and there is good feedback from the community business owners. Dr. Rehwaldt is working on a variance to Stage 2 at the end of this week, which goes to the Board of Supervisors and then to the State for final approval. Director Wendt gave an update on the Economic Resiliency Task Force; there have been several Zoom meetings to help each one of the business categories we have in our community. This is something very new, it usually happens after the crisis, but we have been navigating it the whole time. Council Member Greenough asked what the Zoom meeting with the local churches was like; Director Wendt stated that there was a lot of open communication and even connected childcare, etc. Council Member Greenough asked if they are asking what they can do to open up; Director Wendt answered that there were so many things that they have to consider, such as social distancing, how many they can have per density, sanitation, and how they greet each other. Mayor Inscore stated that as a member of the clergy and on the call, he was very encouraged by the local participations. The collaboration was very helpful and is continuing. There was a genuine desire of those to have a plan and to continue moving forward. Council Member Greenough agreed that the webinars are very encouraging.

*On a motion by Council Member Greenough, seconded by Mayor Pro Tem Kime and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted Resolution No. 2020-33, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY CONFIRMING A LOCAL EMERGENCY CONTINUES TO EXIST*

*Mayor Inscore called a 7-minute recess at 8:34 p.m.; the City Council reconvened at 8:41*

## **13. Fiscal Year 2019-20 General Fund Budget Adjustment Due to COVID-19**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Adopt Resolution No. 2020-34, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-20 BUDGET*

City Manager Wier stated that the financial situation that comes along with COVID-19 will be our "new normal". This started in mid-March, the loss of sales tax and TOT are the losses we are seeing in Crescent City. The state speaks of a backfill, however, we are not certain when or if that will come, the idea is to stop the spending until we know what this looks like. Staff will monitor revenues and expenses, which may include additional budget amendment requests as things change. Finance Director Leaver said this is being brought forward because of the emergency and there are a lot of unknowns on what the full impact to the budget will be. We know there will be a recovery from all of this, but we don't know how fast or slow it will be. The budget cuts for the next 7 weeks are ones that can be reinstated. The travel budgets have been eliminated as travel has been disallowed anyway, however, there are a couple of travel that are imperative for public safety. Code Enforcement legal expenses was removed as we do not currently have any cases that would require it, however, it's not permanently being removed. Unspent portion of the

Sister City Budget (\$7,000) will be removed, City Hall had a budget of \$75k for the architectural design, the RFQ came back much higher, so there was already a pause. Director Leaver's recommendation is that since the GF is so unsure right now, we should return the \$75k back to the GF until we have a better plan for the new City Hall. Regarding the annual payment to the Chamber, staff's recommendation is to not defer it as they are helping local businesses now and will be a big portion of the success of recovery. Total cut from the budget will be \$499,630 out of the currently authorized \$6,990,931. Director Leaver stated that it is expected to see shortfalls next year as well. We are proposing to cut spending as much as we can for right now and then continue to evaluate.

Linda Sutter: asked if the money spent on the Olympics can be returned.

Council Member Greenough stated we have no other option than to accept these changes to the budget. Council Member Wright agrees with Council Member Greenough and thanks staff for the work on the budget. Council Member Fallman agreed with praising staff; feels the Economic Resiliency Task Force is valuable. Mayor Pro Tem Kime said closing the pool this fiscal year will save \$61,500 – what about the commitment to swimming lessons for the kids? City Manager Wier said it's a great point, there are difficult decisions that we need to make. This will take us time to get the lifeguards back and will take several weeks to reopen the pool.

*The following citizen addressed the Council:*

Teena Suzuki: what about pool annual passes? *City Manager Wier stated that if there is a longer period of time that it will be closed, the issue of refunds will be discussed; no direct answer at this time, but there will be recommendations bringing it back to the Council.*

*On a motion by Council Member Fallman, seconded by Council Member Wright, and carried on a 5-0 polled vote, the City Council of the City of Crescent City adopted Resolution No. 2020-34, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-20 BUDGET*

#### **14. City-wide Energy Performance Audit and Energy Efficiency Program RFP**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Authorize the City Manager to advertise a request for proposals (RFP) for a City-wide Energy Performance Audit and Energy Efficiency Program*

Director Olson reported to the Council that this is a multi-phased project on how to become more efficient. Step one is an Energy Efficiency Audit: preparation of the energy audit and identification and analysis of potential efficiency projects; step two: Project Development: engineering, design, development of plans and specifications, project budget, financing options, and step three: Program Implementation: construction, installation, training, service, and maintenance. There are no funds being expected to be spent, the audit will be free. Once there are established budgets with guarantees, we will move forward with the project. Council Member Fallman asked if there was a worry that the City will get a half proposal and the company will say if you want the whole proposal you have to get a contract with them; Director Olson stated that is something that can happen, there will be a varying amount of proposals and types. Mayor Inscore stated he agreed with Council Member Fallman has encountered the same type of proposal; has also heard some good ones. Director Olson said we'll approach it cautiously, but it could result in some serious cost savings for the City.

*The following citizen addressed the Council:*

Linda Sutter: if its too good to be true, it probably is.

*On a motion by Council Member Fallman, seconded by Council Member Wright, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City authorized the City Manager to advertise a request for proposals (RFP) for a City-wide Energy Performance Audit and Energy Efficiency Program.*

#### **15. CCPD Cadet Program**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Receive direction from City Council to maintain donation program to fund a cadet program*
- *Adopt Resolution No. 2020-35, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-20 BUDGET*

Chief Griffin stated that this program will also be entrepreneurial, will give youth things that will help – job interviews, how to tie a tie, how to write a resume. He intends to have business leaders give presentations to the youth to help them grow. The funding will go towards uniforms, training, supplies; Chief Griffin stated his intention is to establish a budget line so we can continue the program by donations from the community. Council Member Greenough asked for what the yearly cost would be estimated to be; Chief Griffin reported it would be \$100 per youth for uniforms. Council Member Greenough supports the program in its entirety. Council Member Fallman stated as a former CCPD Explorer, he cautions having so many cooks in the kitchen, one officer assigned to his program was what made it successful. There doesn't need to be a whole command structure, one officer can lead the program successfully. Asks that the program be left up to the officer who leads it so the youth can have a solid relationship with a mentor. Chief Griffin stated that Sgt. Justin Gill will lead the program and they have already had meetings about it. Mayor Pro Tem Kime said there is a lost demographic of youth and this is a great program for our area. Council Member Wright loves the idea and the program, any opportunity we can give children to succeed is a great thing – went through a similar program that included job interviews and as a result he landed some good jobs from what he learned. Mayor Inscore stated that this is a great idea that Chief has brought and is an example of what he has done for CCPD.

*On a motion by Council Member Greenough, seconded by Council Member Fallman, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City directed staff to maintain donation program to fund a cadet program and adopted Resolution No. 2020-35, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-20 BUDGET.*

#### **CITY COUNCIL ITEMS**

- **Legislative Matters – None**
- **City Manager Report and City Council Directives –** City Manager Wier reported successful meetings/project to the Council:
  - Community Forum with Dr. Rehwaldt
  - Small Businesses Association (SBA) phone call
  - Front Street project is well under way
- **Reports, Concerns, Referrals, Council travel and training reports –**

Council Member Greenough stated the Council should offer some support to Dr. Rehwaldt in regards to what his determination would be for the next phase of reopening. Consensus from Council for the City Manager to reach out to him to discuss.

**ADJOURNMENT**

There being no further business to come before the Council, Mayor Inscore adjourned the meeting at 9:42 p.m. to the regular meeting of the City Council of the City of Crescent City scheduled for Monday, May 18, 2020 at 6:00 p.m. at the Flynn Center, 981 H Street, Crescent City, CA 95531.

**ATTEST:**

Robin Patch  
City Clerk/Administrative Analyst



# CITY OF CRESCENT CITY

Mayor Blake Inscore  
Council Member Alex Fallman  
Council Member Isaiah Wright

Mayor Pro Tem Heidi Kime  
Council Member Jason Greenough

MINUTES  
SPECIAL CITY COUNCIL MEETING  
VIRTUAL VIA ZOOM MEETINGS

**MONDAY**

**MAY 18, 2020**

**6:00 P.M.**

## **OPEN SESSION**

### **Call to order**

Mayor Inscore called the meeting to order at 6:01 p.m.

### **Roll call**

Council Members present: Council Member Alex Fallman, Council Member Jason Greenough, Mayor Pro Tem Heidi Kime, and Mayor Blake Inscore

Council Member absent: Council Member Isaiah Wright

Staff members present: City Manager Eric Wier, City Attorney Martha Rice, City Clerk/Administrative Analyst Robin Patch, Public Works Manager Jason Wylie, Fire Chief Bill Gillespie, Finance Director Linda Leaver, Public Works Director Jon Olson, Housing Authority Executive Director Megan Miller, and Police Chief Richard Griffin

### **Pledge of Allegiance**

Mayor Inscore

## **PUBLIC COMMENT PERIOD**

*The following citizens addressed the Council:*

Linda Sutter: stated that the City and County need to act as if we are our own state as we do not fit the same model that southern California has.

Robert DeRego: supports a slow and steady approach to reopening.

Alex Campbell: Thanked the Council and City for the job they are doing during these times.

Sue Calla: submitted written public comment, City Clerk Patch read it aloud for the record. Asked for more discussion from Dr. Rehwaldt for reopening.

Ralph Abernathy: submitted a written public comment, City Clerk Patch read it aloud for the record. Mr. Abernathy is in opposition to having an RV Use as Residence Ordinance approved.

No name given: submitted a written public comment via email, City Clerk Patch read it aloud for the record. This citizen is in opposition to the RV Ordinance.

Prefers to remain anonymous: submitted a written public comment via email. City Clerk Patch read it aloud for the record. Was in opposition to an RV Ordinance.



## **CEREMONIAL ITEMS - None**

## **REPORTS AND PRESENTATIONS**

### **1. Variance/Reopening Plan Presentation by Dr. Rehwaldt**

Dr. Rehwaldt addressed some of the questions submitted during public comment. He stated that the reopening plan has been accepted by the State and a lot quicker than what was expected. Public Health has received a lot of phone calls from businesses that have plans to reopen and how they intend on doing it. Clothing stores, thrift stores, in-restaurant dining, tanning beds are allowed now. The last cohort of Stage 3 is reopening schools. *Council Member Wright joined the meeting already in progress (6:23 p.m.)*. There was a jump in the cases over the weekend, some were from contact tracing and those who went to the hospital due to being sick. There has been three full days of contact testing. He said those who are at a higher risk, you should continue to shelter in place for your safety. He further said that allowing the virus to move throughout the community, keeping those at risk sheltering in place, would be best. We will be doing the sheltering in place throughout the summer. Council Member Greenough asked about those more susceptible to the virus and what steps are being taken to keep those with COVID out of nursing homes? Dr. Rehwaldt stated that there have been so many deaths and illnesses within the nursing homes in the country. The nursing homes are set up by state planning designed to accept people who are recovering from COVID-19. Our nursing homes have done a great job preparing for this. We understand that there will be cases in our nursing homes, it's to be expected. Council Member Greenough asked if those with COVID will stay at the nursing homes or moved elsewhere; Dr. Rehwaldt stated that they would stay in place, there is a section in the nursing home that they can wall off and make a self-isolated area. Council Member Greenough asked if those who are essential workers been offered the chance to test? Dr. Rehwaldt stated that is opened up to any essential worker to be tested just on the basis of their work type. City Manager Wier asked as we have more cases, what does it do to the variance, are we looking at hospital cases? Dr. Rehwaldt for now it is the best metric, if those who are more susceptible to the virus continue to shelter in place, the hospitalization rate will be low.

*The following citizens addressed the Council:*

Robert DeRego: stated that he was first against the herd mentality; pointed out how well Vietnam, China are doing recovering. Stated it is the Council's duty to make sure money gets to our local businesses.

Linda Sutter: wants to know if it is community based or travel.

Aaron Skroback: wants the reopening to be slow.

## **CONSENT CALENDAR**

### **2. Council Meeting Minutes**

- *Recommendation: Approve the April 28, 2020 special meeting minutes of the City Council.*

### **3. Warrant Claims List**

- *Recommendation: Receive and file the warrant claims list for the period April 25, 2020 through May 8, 2020.*

### **4. Payroll Report**

- *Recommendation: Receive and file the biweekly payroll report for the period ending May 9, 2020 paid May 15, 2020.*

**5. Budget-to-Actual Financial Report for April 2020**

- *Recommendation: Receive and file monthly budget-to-actual financial report of the City's major operating funds for the month of April 2020.*

**6. Consolidation of the General Municipal Election for 2020**

- *Recommendation: Adopt Resolution No. 2020-36, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY DECLARING THE DATE OF THE GENERAL MUNICIPAL ELECTION OF 2020, SPECIFYING THE OFFICES TO BE FILLED, AND REQUESTING CONSOLIDATION OF THE NOVEMBER 3, 2020 CITY OF CRESCENT CITY ELECTION WITH THE NOVEMBER 3, 2020 STATEWIDE GENERAL ELECTION*

**7. Notice of Completion for Wastewater Treatment Facility Drainage Improvement Project**

- *Recommendation: Accept the Wastewater Treatment Facility Drainage Improvement Project and Authorize the City Manager to file the Notice of Completion for the Project.*

**8. City Manager Contract Amendment**

- *Recommendation: Adopt Resolution No. 2020-37, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE EMPLOYMENT AGREEMENT WITH THE CITY MANAGER*

*On a motion by Council Member Fallman, seconded by Mayor Pro Tem Kime, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted the consent calendar consisting of items 2 – 8 as presented.*

**PUBLIC HEARINGS - None**

**CONTINUING BUSINESS - None**

**NEW BUSINESS**

**9. 2017 Community Development Block Grant (CDBG) Request for Additional Funding**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Adopt Resolution No. 2020-38, A RESOLUTION APPROVING AN APPLICATION FOR INCREASED FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2017 FUNDING YEAR OF THE STATE CDBG PROGRAM*
- *Authorize City Manager to sign CDBG Request for Supplemental Assistance Certifications and Statement of Assurances*

Finance Director Leaver reported to the Council that what is before them tonight is the next step in the process. She gave a PowerPoint presentation with the background of where the funding is for and how the City applies for the funding. This particular funding, Phase II, is for the storm drain project on F Street. Finance Director Leaver stated that HCD has funding remaining from the 2017 allocation. The resolution is to request the 20% from HCD and is for a “not to exceed \$900k”. We anticipate the project will be \$839,705. Council Member Greenough stated it was a good plan to do this project in phases; City Manager Wier agreed and stated it has put the City in a good place for funding.

Linda Sutter: asked for explanation on the map of the project.

*On a motion by Council Member Greenough, seconded by Council Member Greenough, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted Resolution No. 2020-38, A RESOLUTION APPROVING AN APPLICATION FOR INCREASED FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2017 FUNDING YEAR OF THE STATE CDBG PROGRAM and authorized the City Manager to sign CDBG Request for Supplemental Assistance Certifications and Statement of Assurances.*

#### **10. 2019-2020 Community Development Block Grant (CDBG) Application**

- *Recommendation: Hear staff report*
- *Receive public comment*
- *Consider and take the following actions:*
  - *Adopt Resolution No. 2020-39, A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2019-2020 FUNDING YEAR OF THE STATE CDBG PROGRAM*
  - *Authorize the City Manager to sign CDBG Statement of Assurances*
  - *Authorize the City Manager to execute Subrecipient Agreement with Family Resource Center of the Redwoods*
  - *Authorize the City Manager to execute Subrecipient Agreement with North Coast Rape Crisis Team*
  - *Authorize the City Manager to execute Professional Services Agreement with Claggett Wolfe Associates*
  - *Authorize the City Manager to execute Memorandum of Understanding with Del Norte County*

Finance Director Leaver went over the public hearings that were held at previous meetings to identify the projects. The deadline for the application will be June 1<sup>st</sup>. In order for the City to apply for additional funding, we must spend at least 50% of the open grants for the same program type. The budgets for North Coast Rape Crisis Team (NCRCT) and code enforcement have been reduced to reflect the actual costs of both programs, therefore the City will be eligible to apply for additional public services program under the 50% rule. The phase 3 Storm Drain project will be applied for and construction will begin next Spring. Council Member Fallman asked about the funding for NCRCT, can we ask for more money; Director Leaver stated that this budget was created by NCRCT based on the current program they are running, they had left over money that could not be spent, therefore it was adjusted for the specific need. Council Member Greenough asked what the status was of the outfall; Director Olson stated that we just got back the biological studies, are in the final part of the Coastal permit including the geotechnical study; low impact development studies are also being done.

*On a motion by Council Member Fallman, seconded by Council Member Wright, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted Resolution No. 2020-39, A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2019-2020 FUNDING YEAR OF THE STATE CDBG PROGRAM, authorized the City Manager to sign CDBG Statement of Assurances, authorized the City Manager to execute Subrecipient Agreement with Family Resource Center of the Redwoods, authorized the City Manager to execute Subrecipient Agreement with North Coast Rape Crisis Team, authorized the City Manager to execute Professional Services Agreement with Claggett Wolfe Associates, and authorized the City Manager to execute Memorandum of Understanding with Del Norte County to allow microenterprise to serve businesses continue within the County.*

## 11. Coastal Conservancy Grant for the Sunset Circle Multi-Use Trail Project

- *Recommendation: Hear staff report*
- *Take public comment*
- *Adopt Resolution 2020-40, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY APPROVING THE GRANT OF FUNDS FROM THE STATE COASTAL CONSERVANCY FOR THE SUNSET CIRCLE MULTI-USE TRAIL PROJECT.*
- *Adopt Resolution 2020-41, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-2020 BUDGET OF THE CITY OF CRESCENT CITY.*

Public Works Director Olson reported on the work being done on the coastal trail along Sunset Circle. While waiting on the California Coastal Commission to fund the project, we reached out to the Coastal Conservancy asking to cover the shortfall - \$30k - \$150k, they stated they wanted to give \$150k for the project that will mostly fill the need for the project. If more funds are required for this project, staff will work with Del Norte Local Transportation Commission to attempt to secure additional funds.

*On a motion by Mayor Pro Tem Kime, seconded by Council Member Greenough, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted Resolution 2020-40, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY APPROVING THE GRANT OF FUNDS FROM THE STATE COASTAL CONSERVANCY FOR THE SUNSET CIRCLE MULTI-USE TRAIL PROJECT.*

*On a motion by Council Member Greenough, seconded by Council Member Fallman, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted Resolution 2020-41, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AMENDING THE FISCAL YEAR 2019-2020 BUDGET OF THE CITY OF CRESCENT CITY.*

### **CITY COUNCIL ITEMS**

➤ **Legislative Matters – None**

➤ **City Manager Report and City Council Directives –**

- City Manager Wier reported on the HEROES Act that passed the House that has funding for the cities and counties across the nation, we should keep our eye on this one.
- Thanked the Council for the CDBG funding which equated to \$4million.
- He also announced that for a second year in a row, the City of Crescent City has been accredited and will be receiving \$54k back.
- CCPD is now wearing the outer carry vests that were paid for with last year's refund. Chief Griffin gave a live demonstration of the new vests as presented by Officer Cooper.

➤ **Reports, Concerns, Referrals, Council travel and training reports –**

Council Member Greenough: thankful that we are moving forward with reopening.  
Mayor Inscore: another community forum is in the works.

**ADJOURNMENT**

There being no further business to come before the Council, Mayor Inscore adjourned the meeting at 7:41 p.m. to the regular meeting of the City Council of the City of Crescent City scheduled for Monday, June 1, 2020 at 6:00 p.m. via Zoom meetings, Crescent City, CA 95531.

**ATTEST:**

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Robin Patch  
City Clerk/Administrative Analyst

# Accounts Payable

## Checks by Date - Summary by Check Number

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Check No	Vendor No	Vendor Name	Check Date	Void Checks	Check Amount
ACH	EDDTAX	State of California EDD TAX Auto Pay	05/18/2020	0.00	4,037.58
ACH	FITTAX	FIT Payroll Taxes Auto Pay	05/18/2020	0.00	17,832.38
ACH	PERS2	Public Emp Retirement Sys	05/18/2020	0.00	23,873.83
ACH	EDDTAX	State of California EDD TAX Auto Pay	05/11/2020	0.00	62.50
ACH	FITTAX	FIT Payroll Taxes Auto Pay	05/11/2020	0.00	863.63
436239	ICMARE	ICma Retirement Trust-457	05/11/2020	0.00	1,010.81
436275	EDDGarn	Employment Development Dept ATTN: W	05/18/2020	0.00	350.91
436276	CASTATE	CA State Disbursement Unit	05/18/2020	0.00	198.46
436277	WAMUTU	Crescent City Employees Association	05/18/2020	0.00	85.00
436278	CCPOLI	Crescent City Police Officer's Association	05/18/2020	0.00	550.00
436279	EDDUI	Employment Development Dept	05/18/2020	0.00	1,900.00
436280	ICMARE	ICma Retirement Trust-457	05/18/2020	0.00	1,451.52
436281	CAPLIVE	Secure Screening Solutions, Inc	05/18/2020	0.00	22.00
436282	ZCAJUSTA	ST CA Dept Of Justice	05/18/2020	0.00	32.00
436283	BOOKCTR	BookingCenter.com LLC	05/14/2020	0.00	150.00
436284	UB*05067	KALLIE BOWER	05/14/2020	0.00	87.52
436285	CURRYE	Brad Coleman Inc	05/14/2020	0.00	53.38
436286	UB*05064	FLOYD BURGESS	05/14/2020	0.00	14.35
436287	CAERBERT	David Caerbert	05/14/2020	0.00	720.00
436288	CPI	CPI-International Inc	05/14/2020	0.00	1,071.30
436289	UB*05059	LAUREN CRAMER	05/14/2020	0.00	210.03
436290	DNCOSH	D N Co Sheriffs Office	05/14/2020	0.00	25,202.00
436291	DNCOUN	D N Co Unified School Dst	05/14/2020	0.00	856.70
436292	UB*05052	IAN DE WITT	05/14/2020	0.00	75.37
436293	ENGLUN	Englund Marine Supply Co.	05/14/2020	0.00	344.66
436294	FASTENAL	Fastenal Company	05/14/2020	0.00	300.80
436295	FERGUS	Ferguson US Holdings Inc	05/14/2020	0.00	2,058.70
436296	FRESWATE	Freshwater Environmental Services Inc	05/14/2020	0.00	1,995.00
436297	GEORGE	George Petty Inc	05/14/2020	0.00	97.62
436298	UB*05055	NAYLAN GRADY	05/14/2020	0.00	154.93
436299	GRAING	Grainger	05/14/2020	0.00	198.08
436300	UB*05054	KENNA GRAUNKE	05/14/2020	0.00	87.30
436301	UB*05063	ESMERALDA GUTIERREZ	05/14/2020	0.00	78.74
436302	UB*05066	GENEVA HAINES	05/14/2020	0.00	167.90
436303	INDEPE	Independent Business Forms, Inc	05/14/2020	0.00	468.09
436304	RECALL	Iron Mountain	05/14/2020	0.00	159.82
436305	UB*05061	JOSH JACKSON	05/14/2020	0.00	48.89
436306	UB*05057	GRANT KLOPMEYER	05/14/2020	0.00	147.70
436307	LNCURT	L.N. Curtis & Sons	05/14/2020	0.00	2,773.05
436308	LACOAS	Laco Associates Consultng	05/14/2020	0.00	4,982.90
436309	LEATHE	Leathers & Associates Inc	05/14/2020	0.00	1,800.00
436310	UB*05058	MICHAEL LEE	05/14/2020	0.00	139.82
436311	LESSCH	Les Schwab Tire Centers of California Inc	05/14/2020	0.00	377.64
436312	UB*05068	JENNIFER MC RAE	05/14/2020	0.00	78.75
436313	MISSIO	Mission Linen Supply	05/14/2020	0.00	50.91
436314	UB*05053	TRACY MOYER	05/14/2020	0.00	250.00
436315	OREILLY	O'Reilly Auto Enterprises LLC	05/14/2020	0.00	6.67

Check No	Vendor No	Vendor Name	Check Date	Void Checks	Check Amount
436316	PACPOW	PacifiCorp	05/14/2020	0.00	31,815.53
436317	UB*05065	BRANDON PRESCOTT	05/14/2020	0.00	201.47
436318	RAYMOR	Ray A Morgan Company LLC	05/14/2020	0.00	630.82
436319	UB*05056	JOERINDA SEVERA	05/14/2020	0.00	155.30
436320	ZCAWTR1	St Wtr Resource Cntrl Brd	05/14/2020	0.00	55.00
436321	STJOES	St. Joseph Health Northern California, LLC	05/14/2020	0.00	1,800.00
436322	SUNRIDGE	Sun Ridge Systems, Inc.	05/14/2020	0.00	23,463.38
436323	ZCAWTR2	SWRCB	05/14/2020	0.00	200.00
436324	UB*05062	TALENA SYLVIA	05/14/2020	0.00	52.89
436325	TWOGUY	T.G. Manufacturing Inc	05/14/2020	0.00	4.52
436326	UB*05060	MAI KA YING THAO	05/14/2020	0.00	116.07
436327	UNIVAR	Univar Solutions USA Inc.	05/14/2020	0.00	5,638.50
436328	CALCARDS	US Bank Corporate Pmt Systems	05/14/2020	0.00	2,200.29
436329	ATTClets	A T & T	05/21/2020	0.00	103.29
436330	ADAMSASF	Adams Ashby Group	05/21/2020	0.00	4,900.00
436331	CURRYE	Brad Coleman Inc	05/21/2020	0.00	31.18
436332	CHARTEC	Charter Communications	05/21/2020	0.00	149.98
436333	FIRERESC	Mills Chris	05/21/2020	0.00	1,613.75
436334	COUNTRYG	Country Garden Nursery LLC	05/21/2020	0.00	5,934.00
436335	DAILYT	Country Media Inc.	05/21/2020	0.00	527.33
436336	DNSOLI	County of Del Norte	05/21/2020	0.00	161.53
436337	MISSVS	Virginia Delatorre	05/21/2020	0.00	1,540.00
436338	FASTENAL	Fastenal Company	05/21/2020	0.00	62.11
436339	FRESWATE	Freshwater Environmental Services Inc	05/21/2020	0.00	5,299.50
436340	VERIZO2	Frontier California Inc	05/21/2020	0.00	30.42
436341	GALEAWIL	Galea Wildlife Consulting Inc.	05/21/2020	0.00	225.00
436342	HEMMIN	Hemmingsen Contracting Co Inc	05/21/2020	0.00	1,730.75
436343	Home Dep	Home Depot Credit Services	05/21/2020	0.00	1,746.86
436344	INDEPE	Independent Business Forms, Inc	05/21/2020	0.00	1,403.53
436345	INFOSEND	Infosend Inc.	05/21/2020	0.00	823.38
436346	J&LLEAS	J & L Leasing	05/21/2020	0.00	5,275.00
436347	LESSLETH	Richard E. Juler	05/21/2020	0.00	999.95
436348	LEXISNEX	LexisNexis Risk Data Management Inc	05/21/2020	0.00	150.00
436349	THRIFT	Malcolm Kelly Inc.	05/21/2020	0.00	158.88
436350	MISSIO	Mission Linen Supply	05/21/2020	0.00	53.62
436351	NCCENT	NCL of Wisconsin Inc	05/21/2020	0.00	8,284.43
436352	NCLAB	North Coast Laboratories LTD	05/21/2020	0.00	50.00
436353	QUILLC	Staples	05/21/2020	0.00	47.88
436354	STOVER	Ward Stover	05/21/2020	0.00	11,669.18
436355	CALCARDS	US Bank Corporate Pmt Systems	05/21/2020	0.00	892.40
Report Total (87 checks):				0.00	217,676.96

AP  
5-9-20 to 5-22-20 Council



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check number	check date	acct 1	description	amount	selected for void
0	5/11/2020	610-000-2185-00000	PR Batch 00911.05.2020 State Income Tax	62.50	False
0	5/11/2020	610-000-2189-00000	PR Batch 00911.05.2020 Federal Income Tax	538.79	False
0	5/11/2020	610-000-2188-00000	PR Batch 00911.05.2020 Medicare Employer Portion	162.42	False
0	5/11/2020	610-000-2188-00000	PR Batch 00911.05.2020 Medicare Employee Portion	162.42	False
0	5/18/2020	610-000-2185-00000	PR Batch 00002.05.2020 State Income Tax	1,649.12	False
0	5/18/2020	610-000-2185-00000	PR Batch 00722.05.2020 State Income Tax	2,388.46	False
0	5/18/2020	610-000-2188-00000	PR Batch 00111.05.2020 Medicare Employee Portion	5.94	False
0	5/18/2020	610-000-2189-00000	PR Batch 00002.05.2020 Federal Income Tax	5,698.68	False
0	5/18/2020	610-000-2188-00000	PR Batch 00722.05.2020 Medicare Employer Portion	1,281.18	False
0	5/18/2020	610-000-2189-00000	PR Batch 00722.05.2020 Federal Income Tax	8,007.63	False
0	5/18/2020	610-000-2188-00000	PR Batch 00002.05.2020 Medicare Employer Portion	764.01	False
0	5/18/2020	610-000-2188-00000	PR Batch 00111.05.2020 Medicare Employer Portion	5.94	False
0	5/18/2020	610-000-2188-00000	PR Batch 00722.05.2020 Medicare Employee Portion	1,281.18	False
0	5/18/2020	610-000-2189-00000	PR Batch 00111.05.2020 Federal Income Tax	23.81	False
0	5/18/2020	610-000-2188-00000	PR Batch 00002.05.2020 Medicare Employee Portion	764.01	False
0	5/18/2020	610-000-2187-00000	PR Batch 00722.05.2020 EE Contribution	6,414.77	False
0	5/18/2020	610-000-2187-00000	PR Batch 00002.05.2020 Service Credit Purchase	413.20	False
0	5/18/2020	610-000-2187-00000	PR Batch 00722.05.2020 ER Contribution	8,547.90	False
0	5/18/2020	610-000-2187-00000	PR Batch 00002.05.2020 EE Contribution	3,772.67	False
0	5/18/2020	610-000-2187-00000	PR Batch 00002.05.2020 ER Contribution	4,673.73	False
0	5/18/2020	610-000-2187-00000	PR Batch 00002.05.2020 Survivor Benefit	18.60	False
0	5/18/2020	610-000-2187-00000	PR Batch 00722.05.2020 Survivor Benefit	32.96	False
436239	5/11/2020	610-000-2178-00000	Plan #300878	175.46	False
436239	5/11/2020	610-000-2186-00000	Plan #306752	690.54	False
436239	5/11/2020	610-000-2186-00000	Plan #306752	144.81	False
436275	5/18/2020	610-000-2170-00000	PR Batch 00722.05.2020 Wage Garn - EDD	350.91	False
436276	5/18/2020	610-000-2170-00000	PR Batch 00722.05.2020 Child Support-CA	198.46	False
436277	5/18/2020	610-000-2184-00000	PR Batch 00722.05.2020 Misc EE Association Fund	85.00	False
436278	5/18/2020	610-000-2181-00000	PR Batch 00722.05.2020 CCPOA Dues	550.00	False
436279	5/18/2020	001-230-4124-00000	1st Qtr 20 UI - J Cortez	147.00	False
436279	5/18/2020	001-230-4124-00000	1st Qtr 20 UI - T Rook	19.00	False
436279	5/18/2020	001-470-4124-00000	1st Qtr 20 UI - McAleenan	1,198.00	False
436279	5/18/2020	001-230-4124-00000	1st Qtr 20 UI - J Stainbrook	508.00	False



check number	check date	acct 1	description	amount	selected for void
436279	5/18/2020	001-230-4124-00000	1st Qtr 20 UI - B Thomas	6.00	False
436279	5/18/2020	001-230-4124-00000	1st Qtr 20 UI - T Rook	22.00	False
436280	5/18/2020	610-000-2178-00000	Plan #300878	774.53	False
436280	5/18/2020	610-000-2186-00000	Plan #306752	82.33	False
436280	5/18/2020	610-000-2178-00000	Plan #300878	146.29	False
436280	5/18/2020	610-000-2178-00000	Plan #300878	25.00	False
436280	5/18/2020	610-000-2186-00000	Plan #306752	25.40	False
436280	5/18/2020	610-000-2186-00000	Plan #306752	5.33	False
436280	5/18/2020	610-000-2186-00000	Plan #306752	392.64	False
436281	5/18/2020	001-240-4411-00000	Fingerprinting: Eniem	22.00	False
436282	5/18/2020	001-240-4411-00000	Fingerprinting: Eneim	32.00	False
436283	5/14/2020	412-100-4450-00000	Current booking system : Apr 2020	150.00	False
436284	5/14/2020	419-000-2110-00000	Refund Check 101956-001, 2415 MAHER AVE	87.52	False
436285	5/14/2020	001-470-4390-00000	rewind spring	11.49	False
436285	5/14/2020	412-100-4390-00000	fuel line for riding mower	23.64	False
436285	5/14/2020	001-470-4390-00000	element air cleaner	18.25	False
436286	5/14/2020	419-000-2110-00000	Refund Check 006832-000, 585 EL DORADO ST	14.35	False
436287	5/14/2020	001-240-4390-00000	Claim Settlement	720.00	False
436288	5/14/2020	413-351-4390-00000	Annual microbiology supplies	1,071.30	False
436289	5/14/2020	419-000-2110-00000	Refund Check 108787-000, 690 KELLER AVE #1	210.03	False
436290	5/14/2020	001-240-4475-00000	Dispatch services FY20: Qtr 4 (Apr-Jun 2020)	25,202.00	False
436291	5/14/2020	001-230-4330-00000	fuel: Apr 2020	856.70	False
436292	5/14/2020	419-000-2110-00000	Refund Check 103581-000, 135 DREAM ST	75.37	False
436293	5/14/2020	508-508-4390-00000	micropress sleeve; cable; hook	125.56	False
436293	5/14/2020	506-506-4390-00000	coupling	6.82	False
436293	5/14/2020	506-506-4390-00000	hose	84.37	False
436293	5/14/2020	508-508-4390-00000	cannon ball lead; cable; hook	109.98	False
436293	5/14/2020	508-508-4390-00000	cannon ball lead	17.93	False
436294	5/14/2020	508-508-4390-00000	gloves	83.30	False
436294	5/14/2020	001-364-4390-10025	gloves	27.76	False
436294	5/14/2020	413-353-4390-00000	gloves	27.76	False
436294	5/14/2020	419-371-4390-00000	gloves	27.76	False
436294	5/14/2020	506-506-4390-00000	gloves	44.74	False
436294	5/14/2020	413-353-4390-00000	gloves	44.74	False
436294	5/14/2020	419-371-4390-00000	gloves	44.74	False
436295	5/14/2020	419-371-4390-00000	Water main fittings - Northcrest	2,058.70	False
436296	5/14/2020	413-352-4409-00000	Pretreatment and outfall insection	1,995.00	False
436297	5/14/2020	001-240-4391-00000	solenoid #66	23.81	False
436297	5/14/2020	413-353-4390-00000	hose; fitting	73.81	False
436298	5/14/2020	419-000-2110-00000	Refund Check 108404-000, 2437 LE CLAIR AVE	154.93	False
436299	5/14/2020	001-364-4350-10023	load center	172.17	False
436299	5/14/2020	508-508-4390-00000	hand cut number set	25.91	False
436300	5/14/2020	419-000-2110-00000	Refund Check 108510-000, 902 FRESNO ST	87.30	False

check number	check date	acct 1	description	amount	selected for void
436301	5/14/2020	419-000-2110-00000	Refund Check 108031-000, 980 EL DORADO ST	78.74	False
436302	5/14/2020	419-000-2110-00000	Refund Check 005104-002, 375 KERN ST	167.90	False
436304	5/14/2020	001-113-4450-00000	Document shredding service: 3/25/20-4/28/20	159.82	False
436305	5/14/2020	419-000-2110-00000	Refund Check 103023-000, 966 KELLER AVE	48.89	False
436306	5/14/2020	419-000-2110-00000	Refund Check 109706-000, 565 5TH ST	147.70	False
436307	5/14/2020	001-230-4450-00000	Mako and Eagle compressor servicing	1,368.25	False
436307	5/14/2020	001-230-4450-00000	Mako and Eagle compressor servicing	1,404.80	False
436308	5/14/2020	913-352-4799-35206	Materials testing for the WWTP Improvement Project	4,982.90	False
436309	5/14/2020	001-470-4450-00000	Playground assessment for Kidstown	1,800.00	False
436310	5/14/2020	419-000-2110-00000	Refund Check 109442-000, 145 DARBY ST	139.82	False
436311	5/14/2020	508-508-4390-00000	tires/alignment #9	377.64	False
436312	5/14/2020	419-000-2110-00000	Refund Check 107701-000, 227 RUCHONG LN	78.75	False
436313	5/14/2020	413-351-4320-00000	Uniforms	13.81	False
436313	5/14/2020	508-508-4320-00000	Uniforms	13.81	False
436313	5/14/2020	413-353-4320-00000	Uniforms	23.29	False
436314	5/14/2020	419-000-2110-00000	Refund Check 109327-000, 1127 PEBBLE BEACH DR	250.00	False
436315	5/14/2020	508-508-4390-00000	hose clamp	6.67	False
436316	5/14/2020	413-353-4210-00000	Electricity FY20 03/27/20-04/27/20	32.33	False
436316	5/14/2020	412-100-4210-00000	Electricity FY20 03/27/20-04/27/20	3,669.66	False
436316	5/14/2020	413-351-4210-00000	Electricity FY20 03/27/20-04/27/20	723.73	False
436316	5/14/2020	508-508-4210-00000	Electricity FY20 03/27/20-04/27/20	1,170.86	False
436316	5/14/2020	413-353-4210-35019	Electricity FY20 03/27/20-04/27/20	322.13	False
436316	5/14/2020	413-120-4210-00000	Electricity FY20 03/27/20-04/27/20	114.23	False
436316	5/14/2020	001-240-4210-00000	Electricity FY20 03/27/20-04/27/20	459.43	False
436316	5/14/2020	001-480-4210-00000	Electricity FY20 03/27/20-04/27/20	2,783.18	False
436316	5/14/2020	001-230-4210-00000	Electricity FY20 03/27/20-04/27/20	442.23	False
436316	5/14/2020	419-120-4210-00000	Electricity FY20 03/27/20-04/27/20	107.21	False
436316	5/14/2020	420-115-4210-00000	Electricity FY20 03/27/20-04/27/20	57.12	False
436316	5/14/2020	001-313-4210-00000	Electricity FY20 03/27/20-04/27/20	15.82	False
436316	5/14/2020	001-113-4210-00000	Electricity FY20 03/27/20-04/27/20	57.12	False
436316	5/14/2020	001-111-4210-00000	Electricity FY20 03/27/20-04/27/20	21.09	False
436316	5/14/2020	001-364-4210-10023	Electricity FY20 03/27/20-04/27/20	4,633.21	False
436316	5/14/2020	001-250-4210-00000	Electricity FY20 03/27/20-04/27/20	7.03	False
436316	5/14/2020	001-114-4210-00000	Electricity FY20 03/27/20-04/27/20	57.12	False
436316	5/14/2020	001-251-4210-00000	Electricity FY20 03/27/20-04/27/20	25.48	False
436316	5/14/2020	419-371-4210-00000	Electricity FY20 03/27/20-04/27/20	13,853.20	False
436316	5/14/2020	001-350-4210-00000	Electricity FY20 03/27/20-04/27/20	42.18	False
436316	5/14/2020	413-111-4210-00000	Electricity FY20 03/27/20-04/27/20	16.70	False
436316	5/14/2020	001-470-4210-00000	Electricity FY20 03/27/20-04/27/20	751.33	False
436316	5/14/2020	413-352-4210-00000	Electricity FY20 03/27/20-04/27/20	46.57	False
436316	5/14/2020	419-111-4210-00000	Electricity FY20 03/27/20-04/27/20	18.45	False
436316	5/14/2020	001-120-4210-00000	Electricity FY20 03/27/20-04/27/20	118.64	False
436316	5/14/2020	001-471-4210-00000	Electricity FY20 03/27/20-04/27/20	2,001.37	False

check number	check date	acct 1	description	amount	selected for void
436317	5/14/2020	419-000-2110-00000	Refund Check 108917-000, 367 DEL MONTE ST	201.47	False
436318	5/14/2020	001-350-4450-00000	Quarterly maint for Samsung copier/fax- 02/09/20-05/08/20	227.47	False
436319	5/14/2020	419-000-2110-00000	Refund Check 109358-000, 640 A ST	155.30	False
436320	5/14/2020	413-351-4550-00000	Grd D1 Drinking Water Dist Oper Renewal: Regina Goodgame-Thill	55.00	False
436321	5/14/2020	001-240-4470-00000	SART EXAM - case 2020020080	1,800.00	False
436322	5/14/2020	001-240-4312-00000	RIMS records management system	23,463.38	False
436323	5/14/2020	001-364-4450-10025	storm drain permit: 4/1/20-3/31/21	200.00	False
436324	5/14/2020	419-000-2110-00000	Refund Check 108828-000, 300 MAIDEN LN #B	52.89	False
436325	5/14/2020	508-508-4390-00000	grease cap; rubber insert	4.52	False
436326	5/14/2020	419-000-2110-00000	Refund Check 109388-000, 229 OLIVE ST	116.07	False
436327	5/14/2020	419-371-4340-00000	sodium hypochloride	1,283.01	False
436327	5/14/2020	413-000-1202-00000	sodium hypochloride	4,355.49	False
436328	5/14/2020	001-480-4390-00000	AUTOMATICS N MORE: ADA Door	121.49	False
436328	5/14/2020	413-356-4390-35022	1000BULBS.COM: 10 LED bulbs	441.31	False
436328	5/14/2020	001-480-4530-00000	STARFISH AQUATICS: training	157.00	False
436328	5/14/2020	001-480-4370-00000	DOLLAR TREE: cleaning products	4.30	False
436328	5/14/2020	001-480-4340-00000	IN THE SWIM CATALOG: 45lb chemical pail	322.44	False
436328	5/14/2020	419-371-4240-00000	MAIL ROOM: meter shipping for repairs	101.75	False
436328	5/14/2020	152-485-4799-1703I	ARMOR-X ESHOP: iPad Cases	89.96	False
436328	5/14/2020	001-480-4390-00000	COASTAL CONSTRUCTION: sikaflex	149.97	False
436328	5/14/2020	001-000-2122-00000	(TAX) COASTAL CONSTRUCTION: sikaflex	-8.48	False
436328	5/14/2020	413-356-4390-35020	PACIFIC COAST BREAKER: circuit breakers	272.11	False
436328	5/14/2020	001-480-4530-00000	STARGUARD: lifeguard training	210.00	False
436328	5/14/2020	001-480-4390-00000	POOL SUPPLY UNLIMITED: O-Rings	66.33	False
436328	5/14/2020	413-356-4390-35022	PACIFIC COAST BREAKER: circuit breakers	272.11	False
436329	5/21/2020	001-240-4230-00000	DOJ/CLETS line: APR 2020	103.29	False
436330	5/21/2020	152-485-4409-1721A	Labor Standards compliance monitoring: Apr 2020	4,700.00	False
436330	5/21/2020	001-120-4409-00000	COVID Program Review	200.00	False
436331	5/21/2020	001-470-4390-00000	stihl ultra parts	31.18	False
436332	5/21/2020	412-100-4230-00000	Internet Service -05/01/20-05/31/20	149.98	False
436333	5/21/2020	001-230-4450-00000	Holmatro Tool PM service	1,613.75	False
436334	5/21/2020	001-470-4390-00000	40 flower baskets for downtown	5,934.00	False
436335	5/21/2020	001-350-4430-00000	RFP for purchase of two city-owned properties	106.80	False
436335	5/21/2020	413-120-4430-00000	Public Hearing: Fee Schedule	22.25	False
436335	5/21/2020	001-120-4430-00000	Public Hearing: Fee Schedule	22.25	False
436335	5/21/2020	419-120-4430-00000	Public Hearing: Fee Schedule	22.25	False
436335	5/21/2020	001-113-4430-00000	Summary of Proposed Ordinance 820	80.10	False
436335	5/21/2020	001-113-4430-00000	Summary of Proposed Ordinance 817	86.78	False
436335	5/21/2020	001-113-4430-00000	Summary of Proposed Ordinance 820	53.40	False
436335	5/21/2020	001-113-4430-00000	Summary of Proposed Ordinance 819	133.50	False
436336	5/21/2020	001-470-4225-00000	Refuse Disposal: Apr 2020	12.30	False
436336	5/21/2020	506-506-4225-00000	Refuse Disposal: Apr 2020	149.23	False
436337	5/21/2020	001-470-4450-00000	Cleaning service: 4/19/20-5/16/20	1,540.00	False

check number	check date	acct 1	description	amount	selected for void
436338	5/21/2020	508-508-4390-00000	misc hardware parts	62.11	False
436339	5/21/2020	419-371-4409-00000	water loss audit	3,895.00	False
436339	5/21/2020	001-364-4409-00000	Archie's Chevron soil & groundwater site inv: 12/13/19-5/12/20	787.00	False
436339	5/21/2020	419-371-4409-00000	water loss audit	617.50	False
436340	5/21/2020	413-353-4230-00000	707-465-4191Lift Station Phone 05/01/20-05/31/20	30.42	False
436341	5/21/2020	152-485-4409-1721a	Wetland Delineation for Storm Drain Project	225.00	False
436342	5/21/2020	001-364-4390-10025	3/4: minus rock for road base	225.00	False
436342	5/21/2020	419-371-4390-00000	3/4: minus rock for road base	1,280.75	False
436342	5/21/2020	413-353-4390-00000	3/4: minus rock for road base	225.00	False
436343	5/21/2020	001-480-4390-00000	bucket; rags; grout brush; goo gone; cleaning block	35.51	False
436343	5/21/2020	001-364-4390-10025	poly sheeting	13.66	False
436343	5/21/2020	419-371-4390-00000	poly sheeting	13.66	False
436343	5/21/2020	001-471-4390-00000	degreaser; cleaning blocks; cleaning brushes	36.12	False
436343	5/21/2020	419-371-4390-00000	heavy duty ratchet	19.29	False
436343	5/21/2020	001-364-4390-10025	shovels	50.05	False
436343	5/21/2020	419-371-4390-00000	rain guage	4.41	False
436343	5/21/2020	508-508-4390-00000	10 in flat free wheel (x2)	63.75	False
436343	5/21/2020	508-508-4390-00000	crate; drill bits; spray paint	60.09	False
436343	5/21/2020	001-470-4390-00000	water; bleach	8.62	False
436343	5/21/2020	508-508-4390-00000	slip hook; spring link	15.08	False
436343	5/21/2020	506-506-4390-00000	pole sander	23.08	False
436343	5/21/2020	001-470-4390-00000	controller rb; hole strap; valve box	72.76	False
436343	5/21/2020	001-470-4390-00000	paint/stain for kids town	170.50	False
436343	5/21/2020	506-506-4390-00000	brushes; primer	21.81	False
436343	5/21/2020	506-506-4390-00000	outlet wall plates	5.98	False
436343	5/21/2020	506-506-4390-00000	lite drywall	32.70	False
436343	5/21/2020	413-353-4390-00000	water	9.16	False
436343	5/21/2020	419-371-4390-00000	brushes; paint sticks	13.48	False
436343	5/21/2020	413-353-4390-00000	husky connect org; anti toolbox	32.22	False
436343	5/21/2020	419-371-4390-00000	brushes; liners; pail	25.90	False
436343	5/21/2020	506-506-4390-00000	Return: connectors	-11.62	False
436343	5/21/2020	419-371-4390-00000	water	9.16	False
436343	5/21/2020	419-371-4390-00000	husky connect org; anti toolbox	32.22	False
436343	5/21/2020	506-506-4370-00000	simple green	21.46	False
436343	5/21/2020	506-506-4390-00000	lite drywall	10.90	False
436343	5/21/2020	506-506-4390-00000	joint knife; jc box	21.22	False
436343	5/21/2020	001-470-4390-00000	paint/stain; brushes; roller trays for kids town	379.48	False
436343	5/21/2020	506-506-4390-00000	outlets; wallplates; brackets; seals; connectors	169.94	False
436343	5/21/2020	001-470-4390-00000	paint roller and cage frame	36.70	False
436343	5/21/2020	506-506-4390-00000	storeroom entry d	59.66	False
436343	5/21/2020	412-100-4390-00000	fiberglass resin; fiberglass cloth; liquid hardener	78.46	False
436343	5/21/2020	506-506-4390-00000	Return: SS Lock	-10.72	False
436343	5/21/2020	506-506-4390-00000	ant baits	10.69	False

check number	check date	acct 1	description	amount	selected for void
436343	5/21/2020	001-470-4390-00000	drill bits; hex heads	11.65	False
436343	5/21/2020	506-506-4390-00000	ss lock	10.72	False
436343	5/21/2020	001-470-4390-00000	paint/stain for kids town	170.50	False
436343	5/21/2020	508-508-4390-00000	sanding blets; grndng pt tree; metal cleaning compound	18.61	False
436345	5/21/2020	413-120-4240-00000	FY20 UB mailing service: CREDIT	-194.22	False
436345	5/21/2020	419-120-4240-00000	FY20 UB mailing service: CREDIT	-194.21	False
436345	5/21/2020	413-120-4240-00000	FY20 UB mailing service: Apr 2020	605.90	False
436345	5/21/2020	419-120-4240-00000	FY20 UB mailing service: Apr 2020	605.91	False
436346	5/21/2020	001-230-4390-00000	Lucas device, ZOLL AED annual recert	5,275.00	False
436347	5/21/2020	001-240-4390-00000	Pepperball bundle	1,074.95	False
436347	5/21/2020	001-000-2122-00000	(TAX) Pepperball bundle	-75.00	False
436348	5/21/2020	001-240-4409-00000	monthly service fee: Apr 2020	150.00	False
436349	5/21/2020	419-371-4390-00000	galv plumbing parts	61.51	False
436349	5/21/2020	001-470-4390-00000	angle valve	97.37	False
436350	5/21/2020	413-353-4320-00000	Uniforms	28.98	False
436350	5/21/2020	413-351-4320-00000	Uniforms	10.83	False
436350	5/21/2020	508-508-4320-00000	Uniforms	13.81	False
436351	5/21/2020	413-351-4390-00000	ACS chemicals, reagents, equipment, and misc supplies	1,693.67	False
436351	5/21/2020	413-351-4390-00000	ACS chemicals, reagents, equipment, and misc supplies	35.05	False
436351	5/21/2020	413-351-4390-00000	ACS chemicals, reagents, equipment, and misc supplies	2,453.41	False
436351	5/21/2020	413-351-4390-00000	ACS chemicals, reagents, equipment, and misc supplies	36.15	False
436351	5/21/2020	413-351-4390-00000	ACS chemicals, reagents, equipment, and misc supplies	592.50	False
436351	5/21/2020	413-351-4390-00000	ACS chemicals, reagents, equipment, and misc supplies	3,473.65	False
436352	5/21/2020	413-351-4685-00000	External regulatory lab tests for CCWQL	50.00	False
436353	5/21/2020	413-352-4310-00000	pens for City Hall use	5.94	False
436353	5/21/2020	419-371-4310-00000	pens for City Hall use	5.94	False
436353	5/21/2020	001-350-4310-00000	pens for City Hall use	5.94	False
436353	5/21/2020	413-352-4310-00000	kleenex for office use	10.02	False
436353	5/21/2020	001-350-4310-00000	kleenex for office use	10.02	False
436353	5/21/2020	419-371-4310-00000	kleenex for office use	10.02	False
436354	5/21/2020	913-352-4799-35206	Compaction testing for the WWTP Improvement Project	3,301.23	False
436354	5/21/2020	419-371-4409-00000	Create water model of City's water dist system: APR 2020	7,571.84	False
436354	5/21/2020	901-364-4799-00111	Right of way aquisition for Multi-Use- APR 2020	796.11	False
436355	5/21/2020	001-112-4434-00000	AMAZON: 40 fish windsocks for Japan's Children's Day	892.40	False
				215,133.88	

AP  
5-9-20 to 5-22-20 Housing



User: crawlings  
Printed: 5/27/2020 2:08:38 PM

REVIEWED  
crawlings , 14:16:24, 05/27/2020

check number	check date	acct 1	description	amount	selected for void
436303	5/14/2020	110-490-4310-00000	Forms and printing: housing discrimination book	468.09	False
436316	5/14/2020	110-490-4210-00000	Electricity FY20 03/27/20-04/27/20	268.11	False
436318	5/14/2020	110-490-4450-00000	Copier maintenance: 02/01/20-04/30/20	403.35	False
436344	5/21/2020	110-490-4310-00000	Forms and printing: lead safety book; booklets; note to file	1,403.53	False
				_____	
				_____	
				2,543.08	
				_____	
				_____	

CITY OF CRESCENT CITY  
BI-WEEKLY PAYROLL REPORT

PAYROLL END DATE  
PAYROLL PAID DATE  
CHECK NUMBERS

May 23, 2020  
May 29, 2020  
110130-110132

	Regular Pay	Overtime	Gross Pay	# Empl	Notes
Dept #110 City Council	1,409.84		1,409.84	5	
Dept #111 Admin/City Manager	16,621.45	480.63	17,102.08	3	
Dept #114 Human Resources	2,185.01	61.45	2,246.46	1	
Dept #120 Finance/Utility Billing	15,105.50		15,105.50	6	
Dept #230 Fire Department	6,585.40		6,585.40	2 + 2 part-time	
Dept #240 Police Department	32,782.45	3,627.15	36,409.60	12	
Dept #313 Planning			1,376.50	1 Part-time	
Dept #350 Public Works-All Depts	49,367.97	1,017.90	50,385.87	23+ 5 Part-time	
Dept #450 Recreation & Events			2,529.42	1 + 1 Part-time	
Dept #480 Swimming Pool Fund	1,591.44		1,591.44	1+17 Part-time	
Dept #490 Housing Authority	8,341.15		8,341.15	3 + 1 Part-time	
<b>TOTALS</b>	<b>133,990.21</b>	<b>5,187.13</b>	<b>143,083.26</b>	<b>59 + 29 Part-time</b>	

The payroll summarized above is listed where assigned. The actual costs of each employee are allocated each pay period to the department and/or fund where the actual work was performed.

5



## CITY COUNCIL AGENDA REPORT

**TO: MAYOR INSCORE & MEMBERS OF THE CITY COUNCIL**

**FROM: ERIC WIER, CITY MANAGER**

**BY: HOLLY WENDT, RECREATION DIRECTOR**

**DATE: JUNE 1, 2020**

**SUBJECT: LIMITED USE OF CITY FACILITIES AND SPECIAL EVENTS DURING THE COVID-19 EMERGENCY**

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### **RECOMMENDATION**

- Hear Staff Report
- Receive Public Comment
- Authorize the City Manager to permit special events that are in compliance with the California Department of Public Health (CDPH) Guidelines and that are approved by the Del Norte County Public Health Officer
- Authorize the City Manager to re-open the City Dog Park with guidelines posted for Safe Practices unless directed otherwise by the Del Norte County Public Health Officer

### **BACKGROUND**

Due to the COVID-19 global pandemic we are currently facing, the City Council declared a local health emergency on March 16, 2020. For the health and safety of the community, multiple City facilities including City offices, Pool, Cultural Center, and playgrounds have been closed to the public and all special events have been cancelled.

This emergency has been a constantly changing situation. Most activities and businesses were shut down by the Governor's executive order in March (Order No. N-33-20) directing all Californians to stay at home or in their place of residence to slow the spread of COVID-19, except for essential services. As stated by the Governor's Resiliency Roadmap:



*Californians have been staying home and saving lives since the start of our statewide stay-at-home order issued on March 19, 2020. These efforts have allowed the state to move forward on our roadmap for modifying the statewide order.*

*We are now in early **Stage 2**, where retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, child care, and essential businesses can open with modifications. The state is issuing guidance to help these workplaces reopen safely.*

**STAGE 1:**  
**Safety and preparedness**

**STAGE 2:**  
**Lower-risk workplaces**

**STAGE 3:**  
**Higher-risk workplaces**

**STAGE 4:**  
**End of Stay Home Order**

*County variance*

*Stage 2 expansion will be phased in gradually. Some communities may move through Stage 2 faster if they are able to show greater progress. Counties that have met the readiness criteria and worked with the California Department of Public Health can open more workplaces as outlined on the County Variance page.*

Del Norte County has received a Stage 2 variance and many local businesses (although not all) have receive authorization for a modified reopening upon approval of a reopening plan by the County Public Health Department.

Given this current status, which can and will change over time, we as a City can now start to evaluate our public facilities such as the Cultural Center, special events permits, and parks for limited events that are in compliance with the California Department of Public Health (CDPH) Guidelines and that are approved by the Del Norte County Public Health Officer.

## **ANALYSIS**

City staff have received several requests for special events that are important to the community. These requests include:

- Castle Rock School which has requested the use of the Cultural Center to provide graduates from their school an event similar to many modified graduations around the nation. They have submitted a plan that would allow a parent to drop their student off at the Cultural Center entrance who would then walk into the main area, accept their diploma, have their video taken, and then walk out the far doors and be picked up. This plan would minimize group contact but allow the school to celebrate their students' success. This plan has been approved by Dr. Rehwalddt, County Public Health Officer, with the stipulation that no more than 10 people may be in the Cultural Center at a time, and they must be social distancing.
- The Downtown Divas have also submitted a plan to start the Wednesday Farmer's Market up in June. Farmer's Markets are considered essential services as they provide fresh local produce to our community in a central location. The Downtown Diva's plan for operations has also been approved by the local health department.

City staff believe that as CDPH guidelines become less restrictive, the community will be requesting the use of City facilities and permits for special events over the summer months. After a discussion with Del Norte County Public Health, staff recommends that the City Council authorize the City Manager to approve these requests on a case by case basis if the permits are accompanied by operational plans that comply with CDPH and are approved by the County Public Health Officer.

Due to the minimization of statewide restrictions on outdoor activities and the need for safe pet exercise areas, staff is also recommending the dog park be opened for public use with the posting of new social distancing rules at entrances.

As the COVID-19 guidance is changing day by day and the Del Norte County Public Health Officer could impose more restrictive guidance without notice, we recommend that the City Manager have the authority to cancel events and close the dog park should they pose a health risk to the community.

## **FISCAL ANALYSIS**

Allowing special events that comply with the California Department of Public Health (CDPH) COVID-19 guidance and that are approved by the Del Norte County Public Health would allow the City to collect revenue for these events and support local activities that are important for the community during these trying times.

There would be minimal additional staff time associated with these events to review the operational plans to ensure that they comply with CDPH guidelines. Staff would also need to thoroughly clean facilities before and after each event.

**ATTACHMENTS**

None

EW  
CM



## CITY COUNCIL AGENDA REPORT

**TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL**

**FROM: ERIC WIER, CITY MANAGER**

**BY: LINDA LEAVER, FINANCE DIRECTOR**

**DATE: JUNE 1, 2020**

**SUBJECT: AMENDMENT TO DEBT POLICY AND DISCUSSION OF CASH FLOW FOR GRANT-FUNDED PROJECTS 2020 AND 2021**

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### **RECOMMENDATION**

- Hear staff report
- Receive public comment
- Adopt Resolution No. 2020-42, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY APPROVING THE CITY OF CRESCENT CITY AMENDED DEBT POLICY FOR 2020

### **BACKGROUND**

The City has several significant capital improvement projects currently underway and more are planned. Currently awarded projects with significant project budgets include:

- Front Street and C Street Storm Drain (CDBG)
- Sunset Circle Multi-Use Trail (Cal Trans)
- Pebble Beach Bank Stabilization Design Phase (Cal OES)

The City is also currently working on grant applications for the next round of CDBG funding, including the next phase of the storm drain project, micro-enterprise assistance, food bank, and sexual assault survivor services.

These are great opportunities for the City and its residents and staff is excited to move forward with them. However, having all of these projects going at one time creates a cash flow issue especially given the current financial uncertainties with the revenue impacts from the COVID-19 crisis. Generally, the Grant Fund pays for projects upfront and then waits to be reimbursed from the funding agency. The timing of the reimbursement depends upon the funding source, but it typically occurs a few months after the reimbursement is requested. While waiting for reimbursement, the Grant Fund will show a negative cash balance.

7

Normally, the General Fund carries plenty of cash to cover short-term negative cash balances for other funds. However, the General Fund may not have sufficient cash to cover all expenditures when the City has multiple large projects open at one time. In that case, the City has two options for the General Fund: (1) take on debt in order to cover the required cash flow; or (2) borrow the funds internally if sufficient cash exists in other enterprise funds (most likely the Water or Sewer Enterprise Funds). If the City were to take on debt (for example, take a loan from a financial institution or issue bonds) there would be associated costs including financial advisors, issuance costs, and interest, as well as the fact that such actions take time to implement. If the City's Enterprise Funds have sufficient reserves to cover the shortage internally, then the City's administrative burden is much lower and there are no additional costs.

The City's Debt Policy, most recently updated in January 2020 and adopted by Resolution 2020-02, states in Section 2.3 "Interfund Borrowing":

The City may borrow internally from funds with surplus cash. This type of funding may be used to cover short-term cash flow imbalances (less than one year) without requiring City Council approval. Such short-term borrowing will be governed by Finance Department policies and will carry 0% interest. Long-term interfund borrowing (more than one year) shall require City Council approval. Such long-term interfund borrowing requires a repayment schedule with interest not lower than the Local Agency Investment Fund rate when the loan is approved, unless the City Council authorizes otherwise to meet City goals.

The purpose of interfund borrowing is to finance high-priority needs and to reduce the costs of interest, debt issuance, and administration.

### **ITEM ANALYSIS**

As stated above, the City has several significant capital improvement projects currently underway and more are planned. Most of these are grant-funded, which means the City will not ultimately be expending fund balances to complete the projects (except for any required local match). However, the City will need to cover the cash flow while waiting for grant reimbursement.

To analyze the City's ability to provide the cash for these projects, staff has created a cash flow projection for the next 12 to 15 months. This projection includes all of the projects currently underway (Storm Drain Project phase 1, Sunset Circle, Pebble Beach Bank Stabilization design as currently authorized) as well as the current grant applications for the next round of CDBG funding (phases 2 and 3 of the storm drain project, micro-enterprise assistance, food bank, and sexual assault survivor services). This provides a conservative picture of the City's cash position, to ensure the City has sufficient liquidity to manage all of the projects as well as routine operations.

Cash flow projections necessarily involve uncertainty. The timing of project expenditures and reimbursements, in addition to the timing of regular revenues and expenses, must be estimated using various assumptions and then be updated periodically. Developing a cash flow projection at this time involves additional uncertainty due to COVID-19. The City is preparing for significant revenue shortfalls without knowing whether the federal or state governments will provide relief to

cities coping with reduced tax revenues. Crescent City's General Fund heavily relies on sales tax and transient occupancy tax, both of which are expected to be seriously impacted by the declared emergency.

Staff has addressed these uncertainties by developing a cash projection using conservative estimating techniques. General Fund cash is projected using low revenue assumptions, and the Sewer Fund and Water Fund are projected using reduced revenue assumptions. Project budgets are estimated with all projects (including the 2020 CDBG application projects) included. The General Fund projection also assumes some expense reductions, which will be discussed further at the budget workshop scheduled for June 8th. Note this does not include the issue raised at the May 11 Council meeting regarding additional funding for the Pebble Beach Bank Stabilization Design Phase. This report includes only the originally authorized \$458,000 for that project. The remaining amount for the design project will be discussed in a separate report.

Staff's recommendation is to use cash from the Sewer Fund to cover the anticipated negative cash for these projects, as the General Fund is not projected to have sufficient cash to cover the needed amounts. The cash flow coverage is expected to begin in July 2020 and last through January 2021 (seven months). The monthly amount will vary depending on the schedule of each project and grant reimbursement but is expected to range between \$900,000 and \$2,400,000. The General Fund will always have some cash balance, but it is not expected to be enough to cover the full amounts needed for these grant projects. The General Fund will cover as much of the project balances as it reasonably can while still leaving sufficient liquidity in the General Fund to meet expenses. The remainder would be borrowed on a short-term basis from the Sewer Fund and repaid as grant reimbursements are received. During this time, the Sewer Fund is projected to have cash balances over \$4,000,000. If the 2020 CDBG projects are awarded and the next phase of the storm drain project begins construction in Spring 2021, there is a projected need for cash flow coverage again from April 2021 through August 2021. The amount is expected to range from \$400,000 to \$1,000,000, and the Sewer Fund is projected to have cash balances over \$2,500,000.

As discussed in previous Council meetings, the Sewer Fund currently has a healthy reserve, even though long-term projections show a deficit, largely because CIP has yet to be completed. Due to both transitioning to contract operations and now the COVID-19 crisis no significant CIP for the Sewer Fund is planned until at least the second half of FY 20-21. This will allow the City to focus on the already planned projects (which are grant-funded and do not decrease fund balance) and defer making additional financial commitments until more is known about the City's revenues and expenses in all funds.

Although the City's Debt Policy expressly allows for this type of interfund borrowing, staff finds it necessary to recommend updating the Debt Policy to provide specific guidance for interfund borrowing from sewer and water enterprise funds. Because the use of those two enterprise funds is restricted to the purpose for which the fund is established, there are more stringent legal requirements when "loaning" cash to another fund. First and foremost, the enterprise fund cannot "lose" money on the loan, which means that any cash lent must be repaid with interest at the same rate as the cash would have earned if it remained in the enterprise fund.

The proposed changes to the Debt Policy – Interfund Borrowing for borrowing from the sewer or water enterprise funds include the following terms:

- All “loans” will earn interest at the rate the cash would have earned in the enterprise fund
- Loans that will be made and repaid within the same fiscal year do not require Council approval
- Loans that will span more than one fiscal year must be approved by Council resolution and if the loan is for longer than 12 months, the resolution must also include a repayment schedule and a dedicated source of funds that will be used to repay the loan

Staff will bring regular updates back to the Council during the projects and will also inform the Council of any significant changes to the assumptions used. Significant changes could include:

- Changes to General Fund projected revenues and/or expenses
- Changes in project schedules, total amounts, or reimbursement timeframes
- Changes to enterprise fund projected revenues and/or expenses
- Addition of other CIP projects

### **FISCAL ANALYSIS**

Approval of short-term interfund borrowing for cash flow purposes does not have a significant net financial impact on the City as a whole. The planned projects are grant-funded and do not reduce fund balance. However, the General Fund will incur interest charges if cash is borrowed from an enterprise fund. The most recent LAIF quarterly rate is 2.03%. If approved, the Sewer Fund will have sufficient cash to maintain all planned operational expenses but may be temporarily limited in its ability to take on its own CIP projects.

### **STRATEGIC PLAN ASSESSMENT**

This action supports the following Strategic Plan goals:

- Goal 1(D): Provide and maintain an efficient, adequate infrastructure to provide for both current and future community needs
- Goal 3(B): Maintain responsible fiscal management and accountability

### **ATTACHMENTS**

- Resolution No. 2020-42; Amended Debt Policy for 2020
- City Attorney memorandum

Staff review:

EW  
CM

**RESOLUTION NO. 2020-42**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY  
APPROVING THE CITY OF CRESCENT CITY AMENDED DEBT POLICY FOR 2020**

**WHEREAS**, it is the policy of the City of Crescent City to adhere to sound financial practices;  
and

**WHEREAS**, a policy governing the appropriate use of debt is essential for the long-term financial  
health of the City; and

**WHEREAS**, it is the policy of the City of Crescent City to conform to all state and local statutes  
governing the use of public debt; and

**WHEREAS**, the adoption of a written debt policy is required by Senate Bill 1029 prior to the  
issuance of any new debt; and

**WHEREAS**, staff has identified a need to update the policy to specifically address interfund  
borrowing from water and sewer enterprise funds.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Crescent City that  
the City of Crescent City Amended Debt Policy for 2020, attached hereto as Exhibit A, is hereby  
approved.

**PASSED AND ADOPTED** and made effective the same day by the City Council of the City of  
Crescent City on this the 1st day of June 2020, by the following polled vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Blake Inscore, Mayor

ATTEST:

\_\_\_\_\_  
Robin Patch, City Clerk



# City of Crescent City



## Debt Policy

Amended June 1, 2020

377 J Street  
Crescent City, CA 95531  
[www.crescentcity.org](http://www.crescentcity.org)

- 1.0 Introduction**
  - 1.1 Purpose**
  - 1.2 Scope and Authority**
  - 1.3 Objectives**
  - 1.4 Conflicts of Interest**
  
- 2.0 Methods of Funding**
  - 2.1 Cash**
  - 2.2 Grants**
  - 2.3 Interfund Borrowing**
  - 2.4 Bank Loans and Lines of Credit**
  - 2.5 Other Loans**
  - 2.6 Bonds**
  - 2.7 Bond, Grant, and Tax and Revenue Anticipation Notes**
  - 2.8 Conduit Financing**
  - 2.9 Other**
  
- 3.0 Purposes for Which Debt May Be Issued**
  - 3.1 Long-Term Debt**
  - 3.2 Short-Term Debt**
  
- 4.0 Relationship to Capital Improvement Plan and Budget**
  
- 5.0 Policy Goals Related to Planning Goals and Objectives**
  
- 6.0 Financing Team**
  - 6.1 City Staff**
  - 6.2 Consultants**
  - 6.3 Selection of Consultants**
  
- 7.0 Structure and Term**
  - 7.1 Term**
  - 7.2 Repayment Structure**
  - 7.3 Interest Rate Structure**
  - 7.4 Call Option**
  - 7.5 Debt Limitations**
  - 7.6 Capitalized Interest**
  - 7.7 Investment of Bond Proceeds**
  - 7.8 Arbitrage Rebate Monitoring**
  
- 8.0 Credit Enhancement**
  - 8.1 Bond Insurance**
  - 8.2 Debt Service Reserve Fund or Surety Bond**

- 8.3 Letters of Credit**
  
- 9.0 Method of Issuance**
  - 9.1 Competitive Sale**
  - 9.2 Negotiated Sale**
  - 9.3 Private Placement**
  
- 10.0 Disclosure Requirements**
  - 10.1 Initial Disclosure**
  - 10.2 Ongoing Disclosure**
  
- 11.0 Internal Controls**
  
- 12.0 Market Relationships**

**1.0 Introduction**

This Debt Policy is intended to comply with Government Code Section 8855(i).

**1.1 Purpose**

The purpose of this Debt Policy is to establish guidelines for the issuance and management of the City’s debt. This Debt Policy confirms the commitment of the City Council, management, staff, and other decision makers to adhere to sound financial practices.

**1.2 Scope and Authority**

This Debt Policy shall guide the issuance and management of the City’s debt, including the selection and management of related financial and advisory services and products.

This Policy shall be reviewed annually and updated as needed. Any changes to the Policy are subject to City Council approval at a public meeting. Overall policy direction shall be provided by the City Council. The City Manager or his/her designee (typically the Director of Finance) shall be responsible for the implementation of the Policy, including day-to-day responsibility and authority for structuring, implementing, and managing the City’s debt and finance program.

The City Council is required to specifically authorize each debt financing at a public meeting, and such authorization may not be on the consent calendar. The City Council’s adoption of the City’s Annual Budget and/or Capital Improvement Plans does not, in and of itself, constitute authorization for debt issuance.

While adherence to this Policy is required in applicable circumstances, the City recognizes that changes in the capital markets, City programs, and other unforeseen circumstances may, from time to time, produce situations that are not covered by the Debt Policy or require exceptions to meet the City’s goals. In these cases, flexibility is appropriate, provided that specific authorization from the City Council is obtained. The City Council may authorize debt that is not consistent with this Policy without amending this Policy.

This Policy is applicable to all entities for which the City Council acts as legislative body, and the term “City” shall refer to each of these entities. This includes but is not limited to the City of Crescent City, the Housing Authority of Crescent City, the Crescent City Public Financing Authority, and the Successor Agency to the Redevelopment Agency of the City of Crescent City.

**1.3 Objectives**

When issuing new debt or refinancing existing debt, the City seeks to:

- Provide for the City’s infrastructure, capital project, and other financing needs
- Minimize debt service and issuance costs
- Maintain access to cost-effective borrowing
- Protect the City’s fiscal position and creditworthiness
- Ensure the City has the flexibility to respond to changes in priorities, revenue levels, and operating expenses
- Provide full and complete financial disclosure
- Ensure compliance with applicable state and federal laws

**1.4 Conflicts of Interest**

Elected officials, officers, and employees of the City involved in the debt management program shall not engage in any activity that could conflict, or appear to conflict, with the proper and lawful execution of this Policy.

**2.0 Methods of Funding**

The City is authorized to utilize the following methods of funding:

**2.1 Cash**

The City funds a significant portion of capital improvements and projects on a “pay-as-you-go” or cash basis. As part of this strategy, the City will first look for grant funding for capital projects.

**2.2 Grants**

The City actively pursues grant funding for projects, as outlined in the City’s Grant Management Policy.

**2.3 Interfund Borrowing**

The purpose of interfund borrowing is to finance high-priority needs and to reduce the costs of interest, debt issuance, and administration.

Borrowing from the General Fund

The City may borrow internally from funds with surplus cash. This type of funding may be used to cover short-term cash flow imbalances (less than one year) without requiring City Council approval. Such short-term borrowing will be governed by Finance Department policies and will carry 0% interest. Long-term interfund borrowing (more than one year) shall require City Council approval. Such long-term interfund borrowing requires a repayment schedule with interest not lower than the Local Agency Investment Fund rate when the loan is approved, unless the City Council authorizes otherwise to meet City goals.

Borrowing from the Water or Sewer Enterprise Funds

If funds are borrowed internally from either the water or sewer enterprise funds, then the following rules apply: (1) the money borrowed will earn interest at the rate the cash would have earned in the enterprise fund; (2) money that is borrowed and repaid within the same fiscal year do require staff documentation but do not require City Council approval; and (3) money that is borrowed and will not be repaid within the same fiscal year must be approved by resolution of the City Council; and (4) money that will not be repaid within 12 months must be approved by resolution of the City Council, which shall include the rate of interest, a repayment schedule and a dedicated source of funds that will be used to repay the enterprise fund.

**2.4 Bank Loans and Lines of Credit**

Financial institution credit is not typically used by the City but may be evaluated as an option when circumstances dictate. This type of financing is generally used for cash flow coverage, including but not limited to providing liquidity while the City is engaged in a capital improvement project and waiting for grant reimbursement or loan disbursement, or financial emergencies. The City will first negotiate with its existing financial institution(s); if the City's needs cannot be met through its existing financial institution(s), the City will then seek alternative financing.

**2.5 Other Loans and Leases**

The City may utilize other loan programs, including but not limited to State loans such as the Water Resource Control Board Revolving Fund Loan program and the U.S. Department of Agriculture loan program. The City may also enter into installment sale agreements, lease agreements, lease-purchase agreements, and may issue certificates of participation.

**2.6 Bonds**

The City may issue any bonds which are allowed under federal and state law, including but not limited to general obligation bonds, revenue bonds, assessment district bonds, tax increment financing bonds, and special tax bonds.

**2.7 Bond, Grant, and Tax and Revenue Anticipation Notes**

The City may issue short-term notes to provide interim financing in anticipation of bond issuance or the receipt of grant or tax and revenue funds.

**2.8 Conduit Financing**

The City may issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the City. In such cases, the City will take reasonable steps to confirm the financial feasibility of the project to be

financed and the financial solvency of any borrower and that issuance of such debt is consistent with this policy.

### **2.9 Other**

The City may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt on a case-by-case basis without amending this Debt Policy.

## **3.0 Purposes for Which Debt May Be Issued**

The City recognizes that debt can provide an equitable means of financing projects for its customers and provide access to new capital needed for infrastructure and projects that meet City goals. The City will give due consideration to all available funding sources and utilize the most cost advantageous alternative available while limiting the City's risk exposure.

### **3.1 Long-Term Debt**

Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements, facilities, equipment, and land to be owned and operated by the City. Long-term debt financing may be appropriate in the following circumstances:

- The project to be financed is necessary to provide basic services
- The project to be financed will provide benefit to taxpayers and/or ratepayers over multiple years
- Debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring

The use of long-term debt is subject to the following conditions:

- Issuance of long-term debt must be approved by the City Council as described in Section 1.2 of this policy
- The City estimates that sufficient revenues will be available to service the debt through its maturity
- Total debt should not constitute an unreasonable burden on the City and its taxpayers and ratepayers
- Long-term debt financings will not be issued for current operating expenses or routine maintenance expenses

### **3.2 Short-Term Debt**

Short-term debt may be used to provide financing for short-lived capital projects, such as lease-purchase financing for equipment.

Although the City does not typically utilize lines of credit, this type of short-term debt is available and may be evaluated as a financing option. Lines of credit are typically used to provide financing for operational cash flows or emergencies.

Short-term interfund borrowing to cover cash flows is not intended to be governed by this Debt Policy and does not require City Council approval.

**4.0 Relationship to Capital Improvement Plan and Budget**

The City is committed to long-term capital planning. New debt issues and refinancing of existing debt will be analyzed for compatibility with the City's capital improvement plan. The City will not use debt to fund operational expenses and routine maintenance. The City will seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its General Fund.

**5.0 Policy Goals Related to Planning Goals and Objectives**

The City is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in this Policy and, in doing so, to implement policy decisions incorporated in the City's long-term financial plans and its annual operating budget.

It is a policy goal of the City to protect taxpayers, ratepayers, and constituents by utilizing conservative financing methods so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with all applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes assessments, rates, and charges.

When refinancing debt, the City's policy will be to realize, whenever possible, a minimum net present value savings equal to or greater than 3% of the refunded principal amount. This goal is subject to any overriding non-financial policy considerations, such as the removal of restrictive bond covenants.

**6.0 Financing Team**

The Financing Team is the working group of City staff and outside consultants necessary to complete a particular debt issuance.

**6.1 City Staff**

Typically, the Director of Finance, City Attorney, City Manager, and appropriate Department Head(s) form the City staff portion of the Financing Team. Other staff members may be appointed to the Financing Team by the City Manager.



## **6.2 Consultants**

The City may utilize the services of experienced professionals to assist in debt issuance and debt administrative processes. The consultants most commonly used for debt issuance are described below. From time to time, the City may determine that additional professional services are appropriate for a particular debt issuance.

### **6.2.1 Financial Advisor**

Financial advisory services may include but are not limited to the following:

- Providing advice on the structuring, pricing, timing, terms and related matters for bond issues
- Assisting in review of all legal documents related to the City's bond issues
- Evaluation of risks and opportunities associated with debt issuance
- Monitoring market opportunities
- Evaluating proposals submitted to the City by investment banking firms
- Preparation of Requests for Proposals (RFP) for other financial services
- Advice, assistance, and preparation for presentations with rating agencies and investors

### **6.2.2 Bond Counsel**

Bond counsel services may include but are not limited to the following:

- Rendering a legal opinion with respect to the authorization and valid issuance of debt obligations, including whether the interest paid on the debt is tax exempt under federal and State of California law
- Preparing all necessary legal documents in connection with authorization, sale, issuance, and delivery of bonds and other obligations
- Assisting in the preparation of preliminary and final official statements and offering memoranda
- Participating in discussions with potential investors, insurers, and credit rating agencies
- Providing continuing advice on the proper use and administration of bond proceeds under applicable laws and bond documents

### **6.2.3 Disclosure Counsel**

Disclosure counsel services may include but are not limited to preparing official statements for a bond sale, providing advice on disclosure obligations, and preparing the continuing disclosure undertaking.

**6.2.4 Underwriter**

An underwriter is a broker-dealer who purchases a new issue of municipal securities from the issuer for resale in a primary offering.

**6.2.5 Trustee**

A trustee is a bank retained by the issuer as custodian of bond proceeds and the official representative of the bondholders. In many cases, the trustee also acts as the paying agent and is responsible for transmitting payments of interest and principal to the bondholders.

**6.2.6 Pricing Consultant**

A pricing consultant provides a fairness letter regarding the pricing of a new bond issue.

**6.3 Selection of Consultants**

The City will select consultants on an as-needed basis for each particular bond issue or other financing under consideration. Generally, the City will issue a Request for Proposals (RFP) to select consultants. Consultants will be selected based on criteria including but not limited to professional qualifications, knowledge and experience, reputation, and fees.

**6.3.1 Conflict of Interest**

Any consultant proposals will be evaluated by the Financing Team for potential or perceived conflicts of interest.

**6.3.2 Compensation**

Many consultants may be compensated on an hourly or fixed-fee basis, or as a percentage of bonds sold. The City's preference will be hourly or fixed-fee basis unless compelling reasons exist for using a percentage of bonds basis. First, compensation based on the amount of bonds sold may not accurately reflect the amount of work involved in the bond issue. Second, this type of compensation could provide incentive to the consultant to advocate the issuance of bonds whether or not the issuance is in the City's best interests.

Underwriters are compensated by gross spread, also called underwriter's discount. Gross spread is a percentage of the amount of bonds sold and is expressed as a certain dollar amount per \$1,000 bond. In a competitive sale, gross spread will be reflected in the underwriter's bid. By selecting the most competitive overall bid, the City can have confidence that it is paying a fair price for

underwriting services for the given market conditions. In a negotiated sale, gross spread is negotiated between the City and the underwriter(s).

## **7.0 Structure and Term**

The City will establish all terms and conditions relating to the issuance of debt, and will control, manage, and invest debt proceeds. The following restrictions will apply unless otherwise authorized by the City Council:

### **7.1 Term**

Debt will be structured to be consistent with a fair allocation of costs to current and future users. Debt repayment should relate to the expected useful life of the project being financed and should coincide with the stream of benefits provided by the project.

Capital projects financed through debt issuance will typically be structured with a term not to exceed the expected useful life of the project. If the revenue source to repay the debt is a tax measure, the term shall not extend beyond the expiration date of the tax measure.

In the event obligations are issued to refinance existing debt, the maximum maturity of the new debt shall not be longer than the maturity of the debt being refinanced, unless a longer term is approved by the City Council.

### **7.2 Repayment Structure**

In structuring a bond issue, the City will manage the amortization of the debt, and to the extent possible match its cash flow to the anticipated debt service payments. The City will generally utilize a level payment structure, unless valid reasons for an unlevel payment structure exist. Reasons for an unlevel payment structure may include

- Natural disaster or other extraordinary factors make payments on the debt in the early years prohibitive
- Unlevel payment structure is beneficial to the City's overall aggregate debt payment schedule
- Such structuring will allow debt service to more closely match project revenues

### **7.3 Interest Rate Structure**

To maintain a predictable debt service burden, the City will give preference to debt that carries a fixed interest rate. Variable rate debt may be considered to diversify the City's debt portfolio, reduce interest costs, provide interim funding for capital projects, and improve the match of assets to liabilities.

Should the City choose to issue variable rate debt, the following guidelines will apply:

- The City will first analyze the risks associated with variable rate debt products and the impact on the City’s overall debt portfolio
- Annual debt service on variable rate debt will be budgeted at 1.5 times the prior year’s actual debt service to ensure adequate funds are available should interest rates rise materially
- The City will maintain a conservative level of outstanding variable rate debt, not more than 20% of all outstanding debt

#### **7.4 Call Option**

A call option gives the City the right to prepay or retire debt prior to its maturity date. Often the City will pay a higher interest rate as compensation to the buyer for the risk of having the bond called. Because the cost of call options can vary depending on market conditions, this option will be evaluated on a case-by-case basis.

#### **7.5 Debt Limitations**

All long-term debt will be structured to comply with applicable statutory regulations, City policies, and existing debt covenants.

The City will maintain compliance with California Government Code Section 43605 limiting bonds payable from the proceeds of property tax to 15% of the assessed valuation of real and personal property in the City.

Annual debt service of all long-term debt paid from the General Fund will be restricted to no more than 5% of annual General Fund revenue.

Debt service coverage is defined as projected operating revenues in excess of operating expenses, less capital expenditures, depreciation, and amortization. Debt service coverage for an Enterprise Fund should be at least 1.2 times the annual debt service.

#### **7.6 Capitalized Interest**

Subject to federal and state law, interest may be capitalized from the date of issuance through the completion of construction.

#### **7.7 Investment of Bond Proceeds**

When bonds are issued, proceeds are typically deposited into accounts such as a construction fund, debt service fund, and debt service reserve fund. Monies deposited into these accounts are invested until needed.

Bond proceeds will be invested only as permitted by the applicable governing document of the bond issue. When placing such investments, the Finance Team’s primary objectives will mirror the City’s Investment Policy objectives which are, in order of priority, safety, liquidity, and yield. Particular attention will be paid to ensure there is sufficient liquidity to meet the underlying needs (i.e. construction funds or debt service reserve funds).

**7.8 Arbitrage Rebate Monitoring**

The Financing Team will comply with arbitrage rebate and monitoring requirements set forth by the U.S. Treasury Department. Arbitrage rebate analysis may be performed more frequently than once every five years as required, if the Financing Team deems it beneficial. If arbitrage liabilities are determined to exist, a reserve will be established for future remittance to the Internal Revenue Service.

**8.0 Credit Enhancements**

Credit enhancement may be used to improve or establish a credit rating on a City debt obligation. The Financing Team will recommend the use of a credit enhancement if it reduces the overall cost of the proposed financing or otherwise furthers the City's overall objectives.

**8.1 Bond Insurance**

Under a bond insurance policy, the insurer agrees to pay principal and interest to investors should the City fail to do so.

**8.2 Debt Service Reserve Fund or Surety Bond**

Debt service reserve funds are held by the Trustee to make principal and interest payments to bondholders in the event that pledged revenues are insufficient to do so.

**8.3 Letters of Credit**

A Letter of Credit is an unconditional pledge of the bank's credit which is used to guarantee payment of principal and interest.

**9.0 Method of Issuance**

The City will determine the method of issuance on a case-by-case basis. The criteria for this determination will be net interest rate, financial structure, and market conditions.

**9.1 Competitive Sale**

In a competitive sale, interested underwriters or syndicates of underwriters submit sealed bids to purchase the bonds. Bids are awarded based on true interest cost, providing that other bidding requirements are satisfied. Competitive sales are recommended for simple financings, stable market, strong investor demand, and strong underlying credit rating.

**9.2 Negotiated Sale**

In a negotiated sale, the City selects an underwriter through a competitive process prior to the sale of bonds. The terms of the bond issuance are then negotiated directly with the underwriter. Negotiated sales are recommended for new or infrequent issuers, unusual financing terms, periods of market volatility, low investor demand, and weaker credit rating.

### **9.3 Private Placement**

Private placement is a type of negotiated sale in which the bond issue is structured specifically for one purchaser. Private placement may be considered when it is demonstrated to result in cost savings or other advantages compared to other methods of issuance or access to the public market is unavailable in the timeframe required for the project.

## **10.0 Disclosure Requirements**

The City acknowledges its disclosure responsibilities. The Director of Finance will be the disclosure coordinator for the City. When appropriate, the disclosure coordinator may also use the services of a professional consultant.

### **10.1 Initial Disclosure**

Initial disclosure documents, particularly the Official Statement, will provide the potential investor with full and accurate information necessary to make prudent investment decisions. Information for City debt issuance typically includes the following:

- Description of City government
- Description of project being financed, various liabilities of the City, tax base, current debt burden, history of tax collection and bond repayment, future borrowing plans, and the source of funds for the proposed debt repayments
- Annual financial data and financial statements
- Specific bond data and bond holder risk factors

All primary disclosure documents which are a part of the bond offering documents (e.g. Preliminary Official Statement and Official Statement) will be approved by the Financing Team before being taken to the City Council for approval.

### **10.2 Ongoing Disclosure**

The City will meet ongoing disclosure requirements in a timely and comprehensive manner in accordance with SEC Rule 15c2-12 and California Government Code 8855(i).

The City is required to file annual reports for all debt issues with the Municipal Securities Rulemaking Board (MSRB) via the Electronic Municipal Market Access (EMMA) system. The City is also required to file notices of certain material events on EMMA.

The City is required to file annual debt reports with the California Debt and Investment Advisory Commission (CDIAC) for any issue of debt during the reporting period. The reporting period is defined as July 1<sup>st</sup> through June 30<sup>th</sup>, and annual reports are due within seven months (January 31<sup>st</sup>).

The disclosure coordinator will work with the Financing Team as appropriate to ensure that all reports are accurate and complete and filed timely.

### **11.0 Internal Controls**

The Director of Finance is responsible for establishing and maintaining internal controls over the proceeds of debt issuance and assets constructed or purchased with the proceeds of debt issuance. Such controls include

- Monitoring the use of bond proceeds and the use of bond-financed assets throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in applicable City resolutions and tax certificates
- Recording and tracking bond-financed assets in accordance with the City’s Capital Asset Policy
- Maintaining records identifying the assets or portions of assets that are financed or refinanced with proceeds of debt issuance
- Consulting with Bond Counsel or other professional experts in the review of any contracts or arrangements involving the use of bond-financed assets to ensure compliance with all covenants and restrictions set forth in applicable City resolutions and tax certificates
- Whenever reasonably possible, and for the purpose of ensuring that proceeds of debt will be used for its intended purpose, proceeds of debt will be held by a third-party trustee or fiscal agent and the City will submit written requisitions for such proceeds. The City will submit a requisition signed by the Director of Finance and the City Manager. If it is not reasonably possible for debt proceeds to be held by a third-party trustee or fiscal agent, the Director of Finance will ensure that written records are kept about the use of the debt proceeds through the final payment date of the debt.

### **12.0 Market Relationships**

The City will actively provide requested information and maintain relationships with rating agencies, investors, and other market participants as needed. The City Manager and Director of Finance will be primarily responsible for maintaining relationships with rating agencies from whom the City requests and holds ratings.

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## MEMORANDUM

TO: MAYOR INSCORE AND ALL MEMBERS OF THE CRESCENT CITY CITY COUNCIL;  
ERIC WIER, CITY MANAGER; LINDA LEAVER, CITY FINANCE DIRECTOR

FR: MARTHA D. RICE, CITY ATTORNEY 

DT: MAY 26, 2020

RE: INTERFUND LOANS FROM SEWER/WATER ENTERPRISE FUNDS TO THE GENERAL FUND

---

### QUESTION:

Is it legally permissible for the sewer or water enterprise funds to loan the general fund money?

### SUMMARY:

Yes, it is legally permissible for the sewer or water enterprise funds ("enterprise funds") to loan money to the general fund for any general fund purpose. It is also acceptable for that loan to extend beyond one fiscal year. There are, however, mandatory terms and conditions for the loans and steps that must be taken in order to accomplish this task without offending other legal principles. Those terms, conditions and steps are outlined below in the discussion.

### DISCUSSION:

Interfund loans are a recognized and necessary aspect of municipal finance. They are typically short-term in nature and constitute the allocation of resources between individual funds for purposes of cash flow. Provided all statutory restrictions are observed, California state law does not prohibit interfund loans from a city's enterprise accounts to its general fund. The governing principle, however, is that the interfund loan must not interfere with the purpose for which the enterprise fund was established.<sup>1</sup>

City Council members are fiduciaries subject to the prudent investor standard when making investment decisions on behalf of the City. The prudent investor standard requires that the City Council act with the care, skill, prudence, and diligence under the circumstances, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use to safeguard the principal and maintain the liquidity needs

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<sup>1</sup> *Tomra Pacific, Inc. v. Chiang* (2011) 199 Cal.App.4th 463, at 489.



of the City.<sup>2</sup> When investing public funds, the primary objective of the City Council is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of the City. The third objective is to achieve a return on the funds invested.<sup>3</sup> When the City has cash on hand that is not required for its immediate needs, it may invest that money in certain authorized investments including “bonds, notes, warrants, or other evidences of indebtedness of a local agency within this State.”<sup>4</sup>

A loan from an enterprise fund to the general fund must follow certain investment standards because enterprise funds can only be used for enterprise purposes and cannot be used for general fund purposes. A loan from an enterprise fund to the general fund qualifies as an authorized investment under Government Code § 53601(e). All “investments” should follow certain rules, including:

1. Safeguard the Principal.
  - a. Repayment Source. The general fund must identify a specific stream of revenue as the repayment source for the loan.
  - b. Amortization / Payment Schedule. The loan terms must include a specific amortization and repayment schedule.
  - c. Risk. Loans must be relatively low risk as the Council’s number one priority is to safeguard its principal.
2. Meet the Liquidity needs of the Enterprise Fund.
  - a. The funds that are being loaned must not impair the needs of the enterprise fund. In other words, the enterprise fund will not miss the funds during the period of the loan repayment.
3. Achieve a Return on the Investment.
  - a. At a minimum, the money must earn at least as much interest as it did in the original fund. Therefore, if the enterprise fund cash reserves are earning 2.0% annual interest, then the interfund loan must earn at least 2.0% annual interest.

Best practice dictates that the City adopt a written policy to guide the approval of interfund loans from an enterprise fund to any other fund. This policy can be made by way of amending the City’s Debt Policy which governs interfund borrowing. In addition, all interfund loans from an enterprise fund that spans one or more fiscal years should be approved by resolution. Any interfund loan with a repayment period of longer than 12 months should also include a specified repayment schedule and the general fund revenue source that will repay the loan.

#### CONCLUSION:

Loans from the sewer or water enterprise funds to the general fund are permissible. However, the Council must keep in mind the prudent investor standards when considering the approval of such a loan and its terms. All loans must earn interest at the rate that the cash would learn in the enterprise fund.

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<sup>2</sup> CAL. GOV. CODE § 53600.3.

<sup>3</sup> CAL. GOV. CODE § 53600.5.

<sup>4</sup> CAL. GOV. CODE § 53601.



# CITY COUNCIL AGENDA REPORT

**TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL**

**FROM: ERIC WIER, CITY MANAGER**

**BY: LINDA LEAVER, FINANCE DIRECTOR  
MARTHA RICE, CITY ATTORNEY**

**DATE: JUNE 1, 2020**

**SUBJECT: INTERFUND BORROWING FOR PEBBLE BEACH BANK STABILIZATION PROJECT (DESIGN PHASE)**

## RECOMMENDATION

- Hear staff report
- Receive public comment
- Provide direction to staff regarding PE phase of the Pebble Beach Bank Stabilization Project

## BACKGROUND

As discussed at multiple City Council meetings, the City is undertaking a project to stabilize the Pebble Beach bank which was damaged by a December 2016 storm. The storm event was declared a federal disaster, and funding for repairs was made available through the Federal Highways Administration, California Office of Emergency Services, and the Del Norte Local Transportation Commission. The project is divided into two phases: (1) Preliminary Engineering (PE), which includes environmental review, project design, permitting, and plans, specifications, and construction estimate, and (2) Construction (CON). The total funding currently allocated for the PE phase is broken down as follows:

Phase	Total Funding	FHWA	CalOES	Local
PE	\$ 458,000.00	\$ 405,467.40	\$ 39,399.45	\$ 13,133.15

The City received a proposal from COWI for the PE phase. However, COWI's proposal for the full PE phase work was \$1,109,738. Therefore, the City Council authorized the contract for \$458,000 initially (the amount currently funded) and directed staff to bring back information on options for funding the remaining \$651,738, potentially using a loan from one of the City's enterprise funds.

## **ITEM ANALYSIS**

City staff has been in communication with the Local Assistance division of Caltrans, which is the agency overseeing the City's project. Local Assistance has stated that in cases where allocated disaster funding is not sufficient for the project, cities may proceed with the project using city funds and then request additional funding from the federal government using a process called Advanced Construction. In the past, Congress has seen the use of Advanced Construction as a signal that additional funds are needed for a specific disaster recovery and has authorized the additional funds. The cities are then reimbursed, typically in 12 – 24 months. Caltrans has recommended Crescent City move forward with the PE phase of the project using the \$458,000 already authorized and use the Advanced Construction process for the remaining \$651,738.

There are two risks associated with using Advanced Construction. First, the City's cash flow will be impacted. The City will be required to provide the \$651,738 to complete the PE phase of the project and wait for reimbursement, which could take 12 – 24 months or longer. Due to the COVID-19 pandemic and related economic impacts, the City is currently facing a high level of uncertainty regarding future revenues, expenses, and cash flow. If the City moves forward with Advanced Construction, the \$651,738 will not be available to meet ongoing City needs until it is reimbursed at some future time. Secondly, there is a risk that Congress may not allocate additional funds to the 2016 storm disaster. Staff has been assured by Caltrans that this is a low risk because Congress has always authorized additional disaster funds in the past when Advanced Construction was used. However, there is no requirement for Congress to do so, and therefore some risk does exist.

In terms of cash flow, the City's General Fund is not in a position to pay for this project. If the Council decides to proceed with Advanced Construction, there are two options: external or internal borrowing. The City could take on debt from an external source (borrowing from a financial institution or private lender) or issue bonds. In that case, the City would need to go through a process to determine the best source of funding (by procuring and hiring an advisor) and then the process of the debt issuance itself (which would depend on the type of debt). This would take significant time, and there would be costs involved due to consultants, debt issuance costs, and interest expense. The second option, internal borrowing, is more simplified. The City Council may choose to authorize a loan from one of the enterprise funds to the General Fund. The City Attorney has prepared a memo outlining the legality and requirements of such a loan.

The City Attorney's opinion is that an interfund loan from an enterprise fund to the General Fund is permissible, provided it meets certain requirements. The full memo is attached to this staff report, and the main requirements include:

- Loan must not interfere with the purpose for which the enterprise fund was established
- Council must meet the "prudent investor standard"
- Loan must earn interest at least equal to what it would have earned by staying in the enterprise fund

Staff recommends that if the City Council chooses to authorize an interfund loan, it should have the following terms:

- 20-year repayment schedule

- Interest-only for the first three years, then equal payments for 17 years
- No prepayment penalty
- Interest equal to most recent quarterly LAIF rate (2.03%)

The 20-year term is recommended because the loan should not be longer than the useful life of the asset being financed. The proposed loan is for the design of a street project, and the useful life of the street to be constructed will not be known until the design is complete. However, 20 years is a reasonable estimate at this time. Staff is recommending interest-only payments for the first three years to provide time for the design to be completed and a strategy for the construction phase to be put together. It will also provide time for the City to request the Advanced Construction amount to be reimbursed by Federal Highways Administration and California OES, which would allow the City to repay the loan early. During that time, the enterprise fund would be earning interest equal to what it would have earned in LAIF. Should the Advanced Construction reimbursement not be approved, the City's General Fund would need to pay back the loan according to the terms outlined above.

If the City Council decides to authorize an interfund loan to finance the Advanced Construction portion of the project for \$651,738, it must not negatively impact the enterprise fund making the loan. Therefore, the enterprise fund must be in a position to operate effectively without the use of that cash while the loan is being repaid. Staff has analyzed a projection of working capital for the Sewer Fund and the Water Fund over the next five years, which provides a reasonable basis for decision-making. Under this analysis, the Water Fund is better able to provide this loan. Although the Sewer Fund currently has a higher working capital balance than the Water Fund, the Sewer Fund has a high debt burden to meet. The Water Fund's outstanding debt has a much lower annual payment and will be paid off in FY 23-24.

### **FISCAL ANALYSIS**

If the Council chooses to proceed with the full PE phase using Advanced Construction by authorizing an interfund loan from the Water Fund to the General Fund, there will be impacts to both funds.

The impact to the Water Fund is projected to be minimal. The Water Fund will have sufficient working capital to meet its ongoing operational needs as well as estimated CIP needs over the next five years. The Water Fund will earn interest on the loan equal to 2.03%, the most recent quarterly LAIF rate.

The impact to the General Fund will depend on whether the Advanced Construction reimbursement is approved.

- Scenario One – Reimbursement is approved by Congress
  - The General Fund will take on a liability of \$651,738. This is a direct reduction to fund balance in the year the loan is authorized. When Congress reimburses the City, the General Fund balance will recover the \$651,738.
  - The General Fund will also incur annual interest expense for however many years the loan is outstanding. A sample repayment schedule is attached to the staff report, with the terms suggested above.

- Scenario Two – Reimbursement is not approved by Congress
  - The General Fund will take on a liability of \$651,738. This is a direct reduction to fund balance in the year the loan is authorized, which will not be recovered.
  - The General Fund will also incur annual interest expense.

The General Fund is in an uncertain situation due to the COVID-19 emergency and its economic impacts. Staff is currently anticipating fund balance at the end of the current fiscal year to be \$1,585,340, which is 25% of the current fiscal year budget. This number can and likely will change, as revenues are extremely uncertain at this time. If the proposed loan is approved, the projected fund balance would decrease by the full \$651,738 this fiscal year, even though the actual loan payment would be much smaller (between \$13,251 – \$45,716) possibly over the next twenty years. This difference between fund balance and cash balance is discussed in more detail later in this report. However, for accounting purposes, the full \$651,738 liability would be recognized in this fiscal year and result in a General Fund balance of \$933,602, or about 15% reserve as of June 30, 2020. This is lower than the minimum reserve set by Council policy in 2013, which requires a 25% reserve. The policy further states that “[i]n years in which the reserve has not achieved this 25% target, City Council establishes a budget policy to increase its reserve by a minimum of 1% per year.” If actual results for the current fiscal year are close to current projections, authorization of the proposed loan would reduce the reserve below the policy requirement. If the Council wishes to proceed, staff recommends developing an update to the reserve policy outlining the circumstances under which the reserve may drop below the minimum reserve requirement.

Projections for the next several years for the General Fund are extremely difficult, as they depend on both decisions regarding expenses and choices about how to project future tax revenues. Depending on how the City manages expenses over the next few years and the timing of economic recovery, the General Fund could rebound quickly or could face extreme hardship in only a few years. It would be prudent to expect that fund balance will continue to decrease for at least a few years, regardless of this proposed interfund loan, unless COVID-19 funding for cities is approved by the federal and/or state government. In a worst-case scenario, it is possible that the General Fund balance could be eliminated or go into the negative in a relatively short time period. Staff will be monitoring revenues and expenses very closely during the emergency and recovery and will provide frequent updates to Council. It should be anticipated that recommended actions and budgets will change multiple times throughout the fiscal year as we navigate this crisis.

If the interfund loan is authorized and the full PE phase moves forward, the impact to General Fund cash will be relatively small. Under the suggested loan terms, the General Fund would need to pay \$13,230 in interest payments each year for the first three years. If the project shortfall is funded by Congress and CalOES within that time frame, there would be no further impact on the General Fund. If the shortfall is not funded, the General Fund would need to pay \$45,716 per year beginning in FY 23-24 and continuing through FY 39-40. That amount would need to be budgeted, which could mean a need to reduce other expenses by that amount.

In terms of fund balance, if the PE phase shortfall is reimbursed, the General Fund will experience a reduced fund balance until the reimbursement is received. This will be in addition to anticipated fund balance reductions due to COVID-19 and its economic impacts. If the shortfall is not funded, the General Fund will not recover that portion of fund balance and will need to recover in some

other way (increase revenues, decrease expenses, or both) in order to rebuild to a 25% reserve. This is in addition to the City's need to recover the portion of fund balance that is expected to be lost due to COVID-19.

Maintaining a healthy fund balance is important for several reasons. As we are seeing now, having a healthy reserve is essential in times of crisis to allow the City to continue providing essential services while finding a strategy to get through the emergency. The current health and economic emergency has the potential to drastically use up the City's General Fund reserve, which has been built up over the last 10 years. In addition, fund balance is one measure of the health of a City's overall finances. If the City finds itself needing to issue bonds or seek outside loans, a low fund balance will be a mark against it. That could result in higher debt financing costs, or in a worst-case scenario make it unfeasible for the City obtain such financing.

The Council must consider whether to invest \$651,738 out of fund balance (either until reimbursed by Congress, or until the City can recover through revenue increases or expense reductions if not reimbursed). Given the importance of the proposed project and the reasonably high probability that the reimbursement will happen, the Council may determine this is in the best interest of the City.

It is also important for the Council to understand that the funding for the 2016 storm disaster has mostly been reallocated. There is currently no funding allocated to the City for the construction phase of the project. If Congress does not allocate funds for construction, the City will need to either abandon the project or find another source of funding. If Advanced Construction is considered for the construction phase, the City's enterprise funds are not likely to be able to provide the funding. Depending on the construction estimate, which is extremely uncertain until the project is designed, and the state of the City's finances at that time, the City would likely need to look to external financing for the construction phase. That would include financing costs such as hiring a financial advisor, interest, and debt issuance costs.

### **STRATEGIC PLAN ASSESSMENT**

This action supports the following Strategic Plan goals:

- Goal 1: Support quality services, community safety, and health to enhance the quality of life and experience of our residents and visitors
- Goal 1(D): Provide and maintain an efficient, adequate infrastructure to provide for both current and future community needs
- Goal 3(B): Maintain responsible fiscal management and accountability

### **ATTACHMENTS**

1. Memo from City Attorney
2. Sample loan repayment schedule
3. General Fund Reserve Policy 2013

Staff review: CM EW

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## MEMORANDUM

TO: MAYOR INSCORE AND ALL MEMBERS OF THE CRESCENT CITY CITY COUNCIL;  
ERIC WIER, CITY MANAGER; LINDA LEAVER, CITY FINANCE DIRECTOR

FR: MARTHA D. RICE, CITY ATTORNEY 

DT: MAY 26, 2020

RE: INTERFUND LOANS FROM SEWER/WATER ENTERPRISE FUNDS TO THE GENERAL FUND

---

### QUESTION:

Is it legally permissible for the sewer or water enterprise funds to loan the general fund money?

### SUMMARY:

Yes, it is legally permissible for the sewer or water enterprise funds ("enterprise funds") to loan money to the general fund for any general fund purpose. It is also acceptable for that loan to extend beyond one fiscal year. There are, however, mandatory terms and conditions for the loans and steps that must be taken in order to accomplish this task without offending other legal principles. Those terms, conditions and steps are outlined below in the discussion.

### DISCUSSION:

Interfund loans are a recognized and necessary aspect of municipal finance. They are typically short-term in nature and constitute the allocation of resources between individual funds for purposes of cash flow. Provided all statutory restrictions are observed, California state law does not prohibit interfund loans from a city's enterprise accounts to its general fund. The governing principle, however, is that the interfund loan must not interfere with the purpose for which the enterprise fund was established.<sup>1</sup>

City Council members are fiduciaries subject to the prudent investor standard when making investment decisions on behalf of the City. The prudent investor standard requires that the City Council act with the care, skill, prudence, and diligence under the circumstances, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use to safeguard the principal and maintain the liquidity needs

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<sup>1</sup> *Tomra Pacific, Inc. v. Chiang* (2011) 199 Cal.App.4th 463, at 489.

of the City.<sup>2</sup> When investing public funds, the primary objective of the City Council is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of the City. The third objective is to achieve a return on the funds invested.<sup>3</sup> When the City has cash on hand that is not required for its immediate needs, it may invest that money in certain authorized investments including “bonds, notes, warrants, or other evidences of indebtedness of a local agency within this State.”<sup>4</sup>

A loan from an enterprise fund to the general fund must follow certain investment standards because enterprise funds can only be used for enterprise purposes and cannot be used for general fund purposes. A loan from an enterprise fund to the general fund qualifies as an authorized investment under Government Code § 53601(e). All “investments” should follow certain rules, including:

1. Safeguard the Principal.
  - a. Repayment Source. The general fund must identify a specific stream of revenue as the repayment source for the loan.
  - b. Amortization / Payment Schedule. The loan terms must include a specific amortization and repayment schedule.
  - c. Risk. Loans must be relatively low risk as the Council’s number one priority is to safeguard its principal.
2. Meet the Liquidity needs of the Enterprise Fund.
  - a. The funds that are being loaned must not impair the needs of the enterprise fund. In other words, the enterprise fund will not miss the funds during the period of the loan repayment.
3. Achieve a Return on the Investment.
  - a. At a minimum, the money must earn at least as much interest as it did in the original fund. Therefore, if the enterprise fund cash reserves are earning 2.0% annual interest, then the interfund loan must earn at least 2.0% annual interest.

Best practice dictates that the City adopt a written policy to guide the approval of interfund loans from an enterprise fund to any other fund. This policy can be made by way of amending the City’s Debt Policy which governs interfund borrowing. In addition, all interfund loans from an enterprise fund that spans one or more fiscal years should be approved by resolution. Any interfund loan with a repayment period of longer than 12 months should also include a specified repayment schedule and the general fund revenue source that will repay the loan.

#### CONCLUSION:

Loans from the sewer or water enterprise funds to the general fund are permissible. However, the Council must keep in mind the prudent investor standards when considering the approval of such a loan and its terms. All loans must earn interest at the rate that the cash would learn in the enterprise fund.

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<sup>2</sup> CAL. GOV. CODE § 53600.3.

<sup>3</sup> CAL. GOV. CODE § 53600.5.

<sup>4</sup> CAL. GOV. CODE § 53601.



Loan Payment Schedule

Principle	651,738.00
Interest Rate	2.03%
Total Years	20
Years of Principle Payments	17
Payments per Year	1

Payment #	Payment Date	Principle	Interest	Total Payment	Balance
					651,738.00
1	6/30/2021	-	13,230.28	13,230.28	651,738.00
2	6/30/2022	-	13,230.28	13,230.28	651,738.00
3	6/30/2023	-	13,230.28	13,230.28	651,738.00
4	6/30/2024	32,486.15	13,230.28	45,716.43	619,251.85
5	6/30/2025	33,145.62	12,570.81	45,716.43	586,106.23
6	6/30/2026	33,818.48	11,897.96	45,716.43	552,287.75
7	6/30/2027	34,504.99	11,211.44	45,716.43	517,782.76
8	6/30/2028	35,205.44	10,510.99	45,716.43	482,577.32
9	6/30/2029	35,920.11	9,796.32	45,716.43	446,657.21
10	6/30/2030	36,649.29	9,067.14	45,716.43	410,007.92
11	6/30/2031	37,393.27	8,323.16	45,716.43	372,614.64
12	6/30/2032	38,152.36	7,564.08	45,716.43	334,462.29
13	6/30/2033	38,926.85	6,789.58	45,716.43	295,535.44
14	6/30/2034	39,717.06	5,999.37	45,716.43	255,818.38
15	6/30/2035	40,523.32	5,193.11	45,716.43	215,295.06
16	6/30/2036	41,345.94	4,370.49	45,716.43	173,949.12
17	6/30/2037	42,185.27	3,531.17	45,716.43	131,763.85
18	6/30/2038	43,041.63	2,674.81	45,716.43	88,722.22
19	6/30/2039	43,915.37	1,801.06	45,716.43	44,806.85
20	6/30/2040	44,806.85	909.58	45,716.43	-
<b>Total</b>		<b>651,738.00</b>	<b>165,132.20</b>	<b>816,870.20</b>	

**General Fund Reserve Policy**

**October 21, 2013**

**Objective**

The City Council establishes a budget policy to build and maintain a **Fund Balance Operating Reserve** equal to 25% of the General Fund annual expenditure budget. This reserve will be available to cover cash flow requirements; meet unanticipated revenue shortfalls; protect against economic cycles, invest in strategic projects; and ensure resources during periods of physical or natural disasters.

**Criteria**

The Government Finance Officers of America (GFOA) recommends that reserve levels be directly related to the degree of uncertainty the local government faces: the greater the uncertainty, the greater the financial resources necessary to be held in reserve to ensure continuity of municipal services. The following criteria have been considered in establishing this 25% reserve target:

- Diversity of revenue base
- Volatility of revenue structure
- Risk of physical and natural disasters
- Timing of cash flows

*Revenue Base and Structure:* Crescent City depends heavily upon Sales and Transient Occupancy Tax revenues. These revenues are particularly sensitive to economic cycles that impact the tourism and visitor flow into local hotels, restaurants, gas stations, and retail outlets.

*Physical and Natural Disasters:* As a coastal community, the City faces a high exposure to physical and natural forces that have and will continue to present disruptions to the local infrastructure and economy. Storm and rain surges contribute to flooding and put local bridges and roadways at risk. The main Highway 101 access from the south includes an unstable section of roadway in need of frequent repair. Failure of this highway would cause an extended disruption to traffic and commerce flow into the City.

*Cash Flows:* The City receipts a substantial portion of its annual revenues in arrears, after the end of the fiscal year. For example, sales tax is distributed by the Board of Equalization two months in arrears. Transient Occupancy Taxes are remitted by local hotels quarterly, after the end of the quarter. A minimum reserve of approximately \$700,000, or 15%, is necessary to

**Page 2**

**General Fund Reserve Policy**

**October 21, 2013**

cover this revenue collection period. This leaves 10%, within the 25% reserve objective, to address other contingencies and opportunities.

**Building and Replenishing Reserve**

In years in which the reserve has not achieved this 25% target, City Council establishes a budget policy to increase its reserve by a minimum of 1% per year.

**Re-benchmarking Reserve to Operating Activity Level**

Each year during the budget development process, the reserve target will be re-benchmarked as a percentage of the expenditure budget proposed for the upcoming fiscal year.

**Distinction from Other Program-Specific Reserves**

This reserve shall be in addition to any capital or other program-specific project or program balances. Specifically, it is separate and addition to any balances held for completion of capital projects, funds accumulated for vehicle and equipment replacement, and balances held within restricted programs such as Utilities, Gas Tax, CDBG, Housing, and other grant programs