



Willows City Council Regular Meeting

May 14, 2024
Willows City Hall
6:00 PM

City Council
Gary Hansen, Mayor
Evan Hutson, Vice Mayor
Rick Thomas, Council Member
David Vodden, Council Member
Forrest Sprague, Council Member

City Manager
Marti Brown

City Clerk
Amos Hoover

201 North Lassen Street
Willows, CA 95988
(530) 934-7041

Agenda

Watch the Council meeting online via Zoom (Passcode 95988):

<https://us06web.zoom.us/j/82502956349?pwd=Xpp4bDRYrpiU6LCXEpgvIxB1wA47E3.1>

Remote viewing of the City Council meeting for members of the public is provided for convenience only. In the event that the remote viewing connection malfunctions for any reason, the City Council reserves the right to conduct the meeting without remote viewing.

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **CHANGES TO THE AGENDA**
5. **CEREMONIAL MATTERS**
 - a. Proclamation – National Police Week
 - b. Proclamation – Public Works Week
 - c. Proclamation – Memorial Day

6. **PUBLIC COMMENT & CONSENT CALENDAR FORUM**

All matters on the Consent Calendar are considered routine and are approved by one motion and vote, unless Councilmembers or the City Manager first requests that a matter be removed for separate discussion and action. Individuals wishing to address the City Council concerning Consent Calendar items or regarding matters that are not already on the agenda are invited to make oral comments of up to three minutes at this time. Please address your comments to the Mayor and Councilmembers, and not to staff and/or the audience. By State law, the Council is not permitted to undertake any action or discussion on any item not appearing on the posted agenda. If you have any documentation that you would like distributed to the City Council, please mail it to the City Clerk at 201 North Lassen Street, Willows, CA 95988 or email it to: ahoover@cityofwillows.org.

- a. **Register Approval**

Recommended Action: Approve general checking, payroll, and direct deposit check registers.
Contact: Amos Hoover, City Clerk, ahoover@cityofwillows.org
- b. **Minutes Approval**

Recommended Action: Approve the April 23, 2024, meeting minutes.
Contact: Amos Hoover, City Clerk, ahoover@cityofwillows.org

c. **Update to Finance Director Job Classification & Salary Schedule**

Recommended Action: Authorize the City Manager to update the Finance Director Classification and Salary Schedule.

Contact: Marti Brown, City Manager, mbrown@cityofwillows.org

7. PUBLIC HEARING

All matters in this section of the agenda are formal public hearings and will be acted on individually. Once the Mayor opens the public hearing, members of the public may request to speak. When you are called on by the Mayor, please state your name clearly for the audio recording. If you have any documentation that you would like to be distributed to the Council, please give it to the City Clerk for distribution.

a. **Weed Abatement Declaration - Public Hearing for Protest**

Recommended Action: Upon opening the Public Hearing, listen to protest from property owners concerning declared nuisances, direct staff accordingly, and approve the attached resolution with any necessary amendments.

Contact: Nate Monck, Fire Chief, nmonck@cityofwillows.org

8. DISCUSSION & ACTION CALENDAR

All matters in this section of the agenda are discussed and will be acted on individually. Individuals wishing to address the City Council concerning any of these items are invited to make oral comments of up to three minutes at this time. Please address your comments to the Mayor and Councilmembers, and not to staff and/or the audience. When the Mayor calls for public comment, please raise your hand to be acknowledged. While not required, the City requests that you please state your name clearly for the audio recording. By State law, the Council is not permitted to undertake any action or discussion on any item not appearing on the posted agenda. If you have any documentation that you would like distributed to the City Council, please mail it to the City Clerk at 201 North Lassen Street, Willows, CA 95988 or email it to: ahover@cityofwillows.org.

a. **FY 2022-23 Audit**

Recommended Action: Receive presentation and approve the FY 2022-2023 audit.

Presented by: Smith & Newell, Auditors

Contact: Marti Brown, City Manager, mbrown@cityofwillows.org

b. **Preliminary Engineer's Report - Landscape and Lighting Assessment District**

Recommended Action: Receive the Preliminary Annual Engineer's Report as prepared by Coastland Civil Engineering; provide any direction to staff regarding desired changes; adopt the Resolution of Intention to levy and collect assessments; and set the time and date of the required public protest hearing for the City of Willows Landscaping and Lighting Assessment District.

Contact: John Wanger, City Engineer, jwanger@cityofwillows.org

c. **Weed Abatement Contract Award**

Recommended Action: Award contract for weed abatement services to the lowest responsible bidder.

Contact: Nate Monck, Fire Chief, nmonck@cityofwillows.org

d. **Retail/Dispensary Cannabis Businesses – Modify Distance Requirements**

Recommended Action: Adopt a resolution eliminating distance requirements between retail/dispensary cannabis businesses and churches, licensed daycare or preschool facilities, playgrounds, and/or parks; and reducing the distance requirements to 500 feet between retail/dispensary cannabis businesses and kindergarten through grade 12 schools.

Contact: Joe Bettencourt, Community Development & Services Director,
jbettencourt@cityofwillows.org

e. **Glenn Groundwater Authority – Council Policy Direction on Surface Water User Classification Definition**

Recommended Action: Receive update on the Glenn Groundwater Authority 218 process and provide policy direction on the surface water user classification definition options.

Requested and presented by: Mayor Hansen

Contact: Marti Brown, City Manager, mbrown@cityofwillows.org

9. COMMENTS & REPORTS

- a. Council Correspondence
- b. City Council Comments & Reports
- c. City Manager’s Report

10. CLOSED SESSION

Pursuant to Government Code Sections §54954.3, the public will have an opportunity to directly address the legislative body on the item below prior to the Council convening into closed session. Public Comments are generally restricted to three minutes.

a. **Conference with Labor Negotiators (§54957.6)**

Agency Designated Representatives:

Marti Brown, City Manager and Carolyn Walker, City Attorney

Employee Organizations: WEA, UPEC, and Management

11. ADJOURNMENT

This agenda was posted on May 14, 2024.

Amos Hoover, City Clerk

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall at 201 North Lassen Street in Willows or on the City’s website at www.cityofwillows.org.

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk’s office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider.



CEREMONIAL MATTERS

City of Willows
Proclamation
National Police Week

WHEREAS, of all the promises America offers, none is more precious or elusive than the right to be free from crime; and

WHEREAS, the dedicated men and women who have chosen law enforcement as a career face extraordinary risk and danger preserving our freedom and security; and

WHEREAS, during the week of May 12 through May 18, 2024, National Police Week is observed throughout the nation in order to recognize hazardous work, serious responsibilities, and strong commitment of our nation's officers; and

WHEREAS, in conjunction with this important observance, the City of Willows is observing May 15 as Peace Officer's Memorial Day in commemoration of those noble officers who have tragically sacrificed their lives in the line of duty; and

WHEREAS, in 2023 alone, 137 peace officers across the nation were killed in the line of duty. Furthermore, it is recognized that seven of those officers killed were California Peace Officers.

NOW THEREFORE BE IT RESOLVED, I, Gary Hansen, Mayor of the City of Willows and on behalf of the Willows City Council and the Citizens of Willows, do hereby proclaim the week of May 12 through May 18, 2024 as National Police Week and with special recognition of May 15, 2024 as National Peace Officer Memorial Day in the City of Willows and direct all American flags to be displayed at half-staff during this honorable date and week recognizing the loss of these peace officers in preserving our liberty, and encourage all citizens to remember those individuals who gave their lives for our safety and express our appreciation to those who continue to dedicate themselves to making Willows a safer place in which to live.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 14th day of May 2024.

Gary Hansen, Mayor



City of Willows

Proclamation

National Public Works Week

WHEREAS, Public Works professionals focus on infrastructure maintenance, facilities and services that are of vital importance to sustainable and resilient communities and to the public health, high quality of life and well-being of the people of the City of Willows; and

WHEREAS, these infrastructures, facilities and services could not be maintained without the dedicated efforts of Public Works professionals, who are Maintenance and Field Workers, Managers, Engineers, and contractors at all levels of government and in the private sector; and

WHEREAS, they are responsible for rebuilding, improving, maintaining, and protecting our nation's roadways and streets, parks, landscapes, water supply, water treatment, solid waste systems, public buildings, and other structures and facilities essential for our citizens; and

WHEREAS, Public Works professionals must frequently partake in an array of duties that are unsanitary and threatening to their health and safety such as manually cleaning up drug needles and human and animal waste in parks and other public rights-of-way, unclogging municipal sewer systems and manholes, and removing belongings from homeless encampments and derelict buildings; and

WHEREAS, it is in the public interest for the citizens, civic leaders and children in the City of Willows to gain knowledge of and to maintain an ongoing interest and understanding of the importance of public works and its projects, programs and services in Willows; and

WHEREAS, the year 2024 marks the 64th annual National Public Works Week sponsored by the American Public Works Association/Canadian Public Works Association.

NOW THEREFORE BE IT RESOLVED, I, Gary Hansen, Mayor of the City of Willows and on behalf of the Willows City Council and the Citizens of Willows, do hereby designate the week May 21–27, 2024 as National Public Works Week; I urge all citizens to join with representatives of the American Public Works Association and government agencies to celebrate and participate in activities designed to pay tribute to and “thank” our public works professionals, engineers, managers, and employees and to recognize the substantial contributions they make to protecting our national health, safety, and quality of life.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 14th day of May 2024.

Gary Hansen, Mayor



City of Willows
Proclamation
Memorial Day

WHEREAS, Memorial Day each year serves as a solemn reminder of the scourge of war and its bitter aftermath of sorrow; and

WHEREAS, this day has traditionally been devoted to paying homage to loved ones who lie in hallowed graves throughout the land, having sacrificed their lives that war might end; and

WHEREAS, in tribute to these silent dead it is fitting that we lift up our voices together in supplication to Almighty God for wisdom in our search for enduring peace; and

WHEREAS, the Congress, in a joint resolution approved May 11, 1950, provided that Memorial Day should be set aside as a day of prayer for permanent peace; and

WHEREAS, Today, and every day, let us remember the servicemen and women we have lost and let us honor them by rededicating ourselves to strengthening our Nation's promise. With love, grace, and reflection, let us honor our fallen fellow Americans, known and unknown, who sacrificed their freedom to ensure our own.

NOW THEREFORE, I, Gary Hansen, Mayor of the City of Willows and on behalf of the Willows City Council and the Citizens of Willows, do hereby proclaim Memorial Day, Monday, May 27, 2024, as day of City-wide prayer for permanent peace. In commemoration of this event, urge all citizens to join together in their homes, places of work and places of worship to pray for permanent peace and to continue to pray for our city, state, and nation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 14th day of May 2024.

Gary Hansen, Mayor





PUBLIC COMMENT & CONSENT CALENDAR FORUM



| | | <u>PERIOD</u> | |
|------------------------|-------------|---------------|----------|
| | 4/18/2024 | TO | 5/2/2024 |
| Payroll | 577 | TO | 603 |
| Payroll Check Register | 40915 | TO | 40918 |
| Check Register | 54331&54376 | TO | 54414 |

APPROVAL DATE 5/14/2024

APPROVED _____



City of Willows

Check Register

Packet: APPKT00195 - AP CHECK RUN 04.18.24

By Check Number

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---------------|---------------------------|--------------|--------------|-----------------|----------------|--------|
| 2183 | TIMIOS TITLE, A CALIFORNI | 04/18/2024 | Regular | 0.00 | 241.00 | 54331 |

Bank Code Gen Chk Summary

| Payment Type | Payable Count | Payment Count | Discount | Payment |
|----------------|---------------|---------------|-------------|---------------|
| Regular Checks | 1 | 1 | 0.00 | 241.00 |
| Manual Checks | 0 | 0 | 0.00 | 0.00 |
| Voided Checks | 0 | 0 | 0.00 | 0.00 |
| Bank Drafts | 0 | 0 | 0.00 | 0.00 |
| EFT's | 0 | 0 | 0.00 | 0.00 |
| | 1 | 1 | 0.00 | 241.00 |



City of Willows

Payroll Check Register

Employee Pay Summary

Pay Perio : 4/8/2024-4/21/2024

Packet: PYPKT00208 - Payroll 4/8/24 to 4/21/24

Payroll Set: Payroll Set 01 - 01

| Employee | Employee # | Payment Date | Number | Earnings |
|-------------------------|------------------------|--------------|----------------|------------------|
| ABOLD, STEVEN B | AB 00 | 04/26/2024 | 596 | 1,930.11 |
| ARELLANES, ASHLEY MARIE | ARE00 | 04/26/2024 | 582 | 1,303.05 |
| BETTENCOURT, JOSEPH | BET01 | 04/26/2024 | 601 | 4,690.62 |
| BOBADILLA, TAVIAN | B B02 | 04/26/2024 | 588 | 40.00 |
| BRIONES, BRENDA VALENZU | BR 00 | 04/26/2024 | 583 | 320.00 |
| BROWN, MARTHA | BR 01 | 04/26/2024 | 577 | 5,676.92 |
| CANO, GABRIELA M | CAN01 | 04/26/2024 | 40915 | 72.00 |
| CASTORENA, SOFIA | CA T01 | 04/26/2024 | 40916 | 56.00 |
| EHORN, CAITLIN A | EH 02 | 04/26/2024 | 584 | 1,428.01 |
| ENOS, KYLE | EN 00 | 04/26/2024 | 592 | 2,254.24 |
| FLOWERDEW, NICK | 00 | 04/26/2024 | 591 | 56.00 |
| FUENTES, JAIME | UE01 | 04/26/2024 | 593 | 2,349.10 |
| GALLARDO-CANO, NATALY | A 01 | 04/26/2024 | 589 | 56.00 |
| GAMBOA, YADIRA | AM00 | 04/26/2024 | 585 | 352.00 |
| Hazlett, Robin | HA 01 | 04/26/2024 | 579 | 1,988.62 |
| HOOVER , AMOS | H 00 | 04/26/2024 | 578 | 2,388.00 |
| LOMBARD, TYLER JOSEPH | M00 | 04/26/2024 | 594 | 2,284.08 |
| MCDERMOTT, ELLA G | MC E01 | 04/26/2024 | 40917 | 16.00 |
| MINGS, MICHAEL E | M N00 | 04/26/2024 | 597 | 2,000.21 |
| MONCK, NATHANIAL T | M N00 | 04/26/2024 | 602 | 4,651.38 |
| MOORE, JOANNE | M 01 | 04/26/2024 | 580 | 3,940.15 |
| PETERICH, JOHN | PET01 | 04/26/2024 | 595 | 317.16 |
| PFYL, NATISA N | P 00 | 04/26/2024 | 603 | 2,961.51 |
| RANDOLPH, MATTHEW | RAN01 | 04/26/2024 | 598 | 1,636.15 |
| RANDOLPH, CORA | RAN02 | 04/26/2024 | 40918 | 56.00 |
| RAYGOZA, RODRIGO | RA 00 | 04/26/2024 | 590 | 76.50 |
| REED, JOSHUA | REE00 | 04/26/2024 | 599 | 1,636.15 |
| RUSTENHOVEN, TARA L | RU 01 | 04/26/2024 | 581 | 2,628.92 |
| SPENCE, KYLIEGH C | PE02 | 04/26/2024 | 586 | 544.00 |
| VARGAS, GIOVANI | AR00 | 04/26/2024 | 587 | 592.00 |
| VASQUEZ, PEDRO CEASAR | A 01 | 04/26/2024 | 600 | 2,849.78 |
| | | | Totals: | 51,150.66 |



By Check Number

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|--|---------------------------|--------------|--------------|-----------------|----------------|--------|
| Bank Code: Gen Chk-General Checking | | | | | | |
| 1008 | A.T.& T. | 04/30/2024 | Regular | 0.00 | 1,103.80 | 54376 |
| 1023 | ADAMS ASHBY GROUP INC | 04/30/2024 | Regular | 0.00 | 3,400.00 | 54377 |
| 2414 | BATTERIES PLUS+ | 04/30/2024 | Regular | 0.00 | 27.22 | 54378 |
| 1196 | CALIFORNIA DEPT. OF JUSTI | 04/30/2024 | Regular | 0.00 | 15.00 | 54379 |
| 1252 | CLEARWAY ENERGY LLC | 04/30/2024 | Regular | 0.00 | 9,184.92 | 54380 |
| 1275 | CORBIN WILLITS SYSTEMS | 04/30/2024 | Regular | 0.00 | 480.52 | 54381 |
| 1277 | CORNING LUMBER WILLOWS | 04/30/2024 | Regular | 0.00 | 44.93 | 54382 |
| 2415 | JAIME FUENTES | 04/30/2024 | Regular | 0.00 | 125.00 | 54383 |
| 1606 | JEREMY'S PEST STOMPERS | 04/30/2024 | Regular | 0.00 | 55.00 | 54384 |
| 1665 | KNIFE RIVER CONSTRUCTION | 04/30/2024 | Regular | 0.00 | 444.50 | 54385 |
| 2363 | LACO Associates | 04/30/2024 | Regular | 0.00 | 13,922.19 | 54386 |
| 1760 | MATSON & ISOM TECHNOLOGY | 04/30/2024 | Regular | 0.00 | 4,443.80 | 54387 |
| 1770 | MENDES SUPPLY COMPANY | 04/30/2024 | Regular | 0.00 | 452.55 | 54388 |
| 1810 | MUNICIPAL EMERGENCY SERVI | 04/30/2024 | Regular | 0.00 | 1,451.93 | 54389 |
| 2312 | NAPA AUTO PARTS | 04/30/2024 | Regular | 0.00 | 97.69 | 54390 |
| 1820 | NATHANIAL MONCK | 04/30/2024 | Regular | 0.00 | 118.00 | 54391 |
| 1829 | NCCSIF | 04/30/2024 | Regular | 0.00 | 29,392.00 | 54392 |
| 1852 | NORTHERN CALIF. GLOVES | 04/30/2024 | Regular | 0.00 | 119.63 | 54393 |
| 1866 | OFFICE DEPOT, INC. | 04/30/2024 | Regular | 0.00 | 81.98 | 54394 |
| 1917 | PG & E | 04/30/2024 | Regular | 0.00 | 12,116.82 | 54395 |
| | **Void** | 04/30/2024 | Regular | 0.00 | 0.00 | 54396 |
| | **Void** | 04/30/2024 | Regular | 0.00 | 0.00 | 54397 |
| | **Void** | 04/30/2024 | Regular | 0.00 | 0.00 | 54398 |
| 2390 | QUENCH USA, INC | 04/30/2024 | Regular | 0.00 | 63.28 | 54399 |
| 1978 | REGIONAL GOVERNMENT SERVI | 04/30/2024 | Regular | 0.00 | 1,725.00 | 54400 |
| 2342 | ROBERT BURT CONSTRUCTION | 04/30/2024 | Regular | 0.00 | 6,969.50 | 54401 |
| 2041 | SACRAMENTO VALLEY MIRROR | 04/30/2024 | Regular | 0.00 | 164.60 | 54402 |
| 2044 | SAFETY TIRE SERVICE | 04/30/2024 | Regular | 0.00 | 45.26 | 54403 |
| 2059 | SCHOOL LIFE | 04/30/2024 | Regular | 0.00 | 66.38 | 54404 |
| 2132 | SUN LIFE FINANCIAL | 04/30/2024 | Regular | 0.00 | 483.40 | 54405 |
| 2142 | T & C CARPET CLEANING | 04/30/2024 | Regular | 0.00 | 1,820.00 | 54406 |
| 1439 | THE FIRST CHOICE COFFEE S | 04/30/2024 | Regular | 0.00 | 45.00 | 54407 |
| 2189 | TOTAL IMAGING SOLUTIONS, | 04/30/2024 | Regular | 0.00 | 435.00 | 54408 |
| 2207 | TYLER TECHNOLOGIES, INC | 04/30/2024 | Regular | 0.00 | 1,305.00 | 54409 |
| 2261 | WALBERG | 04/30/2024 | Regular | 0.00 | 15,763.09 | 54410 |
| 2284 | WILLDAN | 04/30/2024 | Regular | 0.00 | 9,485.00 | 54411 |
| 2295 | WILLOWS ACE HARDWARE | 04/30/2024 | Regular | 0.00 | 566.82 | 54412 |
| 2282 | WILLOWS HARDWARE, INC. | 04/30/2024 | Regular | 0.00 | 104.76 | 54413 |

Bank Code Gen Chk Summary

| Payment Type | Payable Count | Payment Count | Discount | Payment |
|----------------|---------------|---------------|-------------|-------------------|
| Regular Checks | 57 | 35 | 0.00 | 116,119.57 |
| Manual Checks | 0 | 0 | 0.00 | 0.00 |
| Voided Checks | 0 | 3 | 0.00 | 0.00 |
| Bank Drafts | 0 | 0 | 0.00 | 0.00 |
| EFT's | 0 | 0 | 0.00 | 0.00 |
| | 57 | 38 | 0.00 | 116,119.57 |



City of Willows

Check Register

Packet: APPKT00207 - 5-2-24 CHECK RUN

By Check Number

| Vendor Number | Vendor Name | Payment Date | Payment Type | Discount Amount | Payment Amount | Number |
|---|---------------------------|--------------|--------------|-----------------|----------------|--------|
| Bank Code: Gen Chk-General Checking 2418 | WILLOWS LAMB DERBY PARADE | 05/02/2024 | Regular | 0.00 | 30.00 | 54414 |

Bank Code Gen Chk Summary

| Payment Type | Payable Count | Payment Count | Discount | Payment |
|----------------|---------------|---------------|-------------|--------------|
| Regular Checks | 1 | 1 | 0.00 | 30.00 |
| Manual Checks | 0 | 0 | 0.00 | 0.00 |
| Voided Checks | 0 | 0 | 0.00 | 0.00 |
| Bank Drafts | 0 | 0 | 0.00 | 0.00 |
| EFT's | 0 | 0 | 0.00 | 0.00 |
| | 1 | 1 | 0.00 | 30.00 |



Willows City Council Regular Meeting Action Minutes

Agenda Item #6b.

April 23, 2024
Willows City Hall
6:00 PM

City Council
Gary Hansen, Mayor
Evan Hutson, Vice Mayor
Rick Thomas, Council Member
David Vodden, Council Member
Forrest Sprague, Council Member

City Manager
Marti Brown

City Clerk
Amos Hoover

201 North Lassen Street
Willows, CA 95988
(530) 934-7041

1. CALL TO ORDER – 6:00 PM

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Councilmembers Present: Mayor Hansen, Vice Mayor Hutson and Councilmembers Thomas and Vodden

Councilmembers Absent: Councilmember Sprague

4. CHANGES TO THE AGENDA

5. CEREMONIAL MATTERS

- a. Proclamation – Poppy Day Proclamation received by the VFW Auxiliary.

6. PRESENTATION

a. Senior Fair Presentation

Action: Received presentation on the upcoming Senior Fair by County Supervisor Monica Rossman

7. PUBLIC COMMENT & CONSENT CALENDAR FORUM

a. Register Approval

Action: Approved general checking, payroll, and direct deposit check registers.

b. Minutes Approval

Action: Approved the April 9, 2024, meeting minutes.

c. Emergency Vehicle Operations Course (EVO) Liability Waiver

Action: Authorized the City Manager to sign an indemnification agreement, to allow for use of the county facility located at 453 East County Road 49 1/2, Willows CA, for EVO training.

d. Annual Weed and Rubbish Abatement Schedule

Action: Adopted a resolution declaring weeds, rubbish, refuse, and dirt public nuisances; and approved the Weed and Rubbish Abatement Schedule for the 2024 fire season.

Moved/Seconded: Councilmembers Thomas and Vodden

Yes: Councilmembers Thomas and Vodden, Vice Mayor Hutson, and Mayor Hansen

No: None

Absent: Councilmember Sprague

8. DISCUSSION AND ACTION CALENDAR

a. **Solar Power Purchase Agreement - Wastewater Treatment Plant**

Action: Authorized the City Manager to execute a Power Purchase Agreement with RP Willows Solar 1, LLC to install ground mount solar panels at the City's Wastewater Treatment Plant.

Moved/Seconded: Councilmembers Thomas and Vodden

Yes: Councilmembers Thomas and Vodden, Vice Mayor Hutson, and Mayor Hansen

No: None

Absent: Councilmember Sprague

b. **Financial Sustainability Advisory Committee**

Action: Established a Financial Sustainability Advisory Committee and directed staff to invite civic groups to participate.

c. **Library Board of Trustees Vacancy and Appointment Process**

Action: Directed staff to solicit applications to fill a Library Board of Trustees vacancy.

Moved/Seconded: Vice Mayor Hutson and Councilmember Thomas

Yes: Councilmembers Thomas and Vodden, Vice Mayor Hutson, and Mayor Hansen

No: None

Absent: Councilmember Sprague

9. COMMENTS & REPORTS

a. Council Correspondence

b. City Council Comments & Reports

c. City Manager's Report

10. CLOSED SESSION

Public Employee Performance Evaluation (§ 54957)

Title: City Manager

Report Out: No Reportable Action.

11. ADJOURNMENT - 7:54PM

Amos Hoover, City Clerk



Date: May 14, 2024

To: Honorable Mayor and Councilmembers

From: Marti Brown, City Manager

Subject: Update to Finance Director Job Classification and Salary Schedule

Recommendation:

Authorize the City Manager to update the Finance Director Job Classification and Salary Schedule.

Rationale for Recommendation:

There has not been a permanent Finance Director in the City of Willows since the summer of 2020 (previously referred to as Administrative Services Director). The core responsibilities of the Finance Director are city finances and, therefore, it is recommended that the title be changed to Finance Director. In addition, market-rate salaries for this position have increased since then, warranting an update and increase in the salary schedule for this job classification.

Background:

The City's last Administrative Services Director (also known as Finance Director) departed from the City of Willows in the summer of 2020 and there has been a vacancy in the department ever since. In addition, the last Council approved salary schedule for this position ranged between \$81,000 and \$98,460 annually. As the City would greatly benefit by filling this vacancy, staff recommend Council consideration and approval to update the job classification and salary schedule.

Discussion & Analysis:

The last time this position was occupied, it was titled Administrative Services Director, which is common in smaller cities when other duties beyond municipal finance are included such as risk management, insurance, business licenses, human resources, and information technology.

While any potential new hire to fill this position will also be responsible for some of the previously mentioned duties, staff recommends changing the title from Administrative Services Director to Finance Director as the former is often misleading (e.g., confused with the City Manager position) and rather generic leaving the public confused about the role and duties of the job classification.

In addition, staff also strongly recommend updating the salary schedule for this job classification and bringing it in closer proximity to the region's market-rate salary. For example, according to Transparent California, the 2022 salaries for the Finance Director/Administrative Services Director position with comparable duties in surrounding cities is as follows:

- City of Williams - \$138,526/annually
- City of Colusa - \$116,736/annually
- City of Red Bluff – \$113,224/annually (2021)
- City of Anderson - \$155,216/annually

Please note, the Cities of Orland and Corning rely on finance consultants/contractors to prepare the City's budget and mid-year budget updates. Other Finance Department duties are shared with other permanent city staff and the City Managers.

Fiscal Impact:

There is no fiscal impact by approving the attached job classification and salary schedule.

Attachments:

- Attachment 1: Finance Director Job Classification
- Attachment 2: Salary Schedule

CITY OF WILLOWS
FINANCE DIRECTOR

This position is designated as un-represented for Labor Relations purposes and is considered exempt under the Fair Labor Standards Act (FLSA).

*Class specifications are only intended to present a descriptive summary of the range of duties and responsibilities associated with specified positions. Therefore, specifications **may not include all** duties performed by individuals within a classification. In addition, specifications are intended to outline the **minimum** qualifications necessary for entry into the class and do not necessarily convey the qualifications of incumbents within the position.*

DEFINITION:

Under general direction of the City Manager, the Finance Director is responsible executive direction and management of the Administrative Services Department, which may include day-to-day activities of finance, payroll, annual budgeting, audit processes, human resources, information technology, customer service, community and media relations, and Council support services functions. The position advises the City Manager on all City financial matters and assists the City Manager with the overall formulation and administration of City programs and activities in support of and to fulfill the City's mission, vision and strategic goals. This position supervises personnel conducting the work of and participates in the finance, procurement, payroll, and administrative activities of the City. The Finance Director may act as City Manager in his/her absence, and perform other job-related duties, as required.

DISTINGUISHING CHARACTERISTICS:

This is a department director classification providing highly responsible and complex administrative assistance to the City Manager. Duties and responsibilities are performed in accordance with law, ordinance, and City policy.

Serves as a member of the City executive team with responsibilities for establishing and overseeing programs and policies that affect multiple departments and the City as a whole. Demonstrates professional competence while working as a team member and exercise independent judgment in a number of confidential and sensitive areas. Duties and responsibilities are performed in accordance with municipal codes, ordinances, City policy, federal, and state regulating entities.

SUPERVISION RECEIVED/EXERCISED:

General direction is provided by the City Manager. The job incumbent directly supervises staff responsible for divisions in finance, payroll, human resources, and general City administration.

ESSENTIAL FUNCTIONS: *(include but are not limited to the following)*

- Ensures the completion of work activities in a manner consistent with City policies and procedures, applicable laws, codes, statutes, and regulations. Identifies revised or new policies and procedures to address changes in work processes, legal requirements, and regulatory considerations.
- Plans, organizes, directs, and manages activities related to financial, accounting, payroll, treasury, investment, debts, cash activities, and related administrative activities. Secures capital project financing, such as planning and implementing a bonding program, if needed.

FINANCE DIRECTOR

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- Presents financial plans to the Council and directs the development, preparation, and presentation of financial reports and monthly and annual financial statements.
- Maintains strong relationships with banking and investor communities. Develops selection processes and contracts with financial advisors and auditors. Provides presentations to bond and rating agencies. Prepares financial portions of annual reports, and multi-year capital improvement program reports.
- Implements financial risk mitigation measures.
- Provides advice and consultation on the development of financial resources; assists the City Manager with long-range financial planning and protection of City assets; assumes responsibility for the proper investment of City funds.
- Develops, plans, and implements department goals and objectives; recommends and administers policies and procedures.
- Directs, oversees, and participates in the development of the Department's work plan; assigns work activities, projects, and programs; monitors workflow; reviews and evaluates work products, methods, and procedures.
- Coordinates Department activities with those of other departments and outside agencies and organizations; provides staff assistance to the City Manager and Council; prepares and presents staff reports and other necessary correspondence.
- Reviews budget components prepared by subordinates and peers and finalizes budget presentation documents.
- Tracks budget expenditures and revenue for each Department and oversees impact on City operations.
- Selects, trains, motivates, and evaluates departmental staff; provides or coordinates staff training; conducts performance evaluations; implements discipline procedures; maintains discipline and high standards necessary for the efficient and professional operation of the Department.
- Oversees, reviews, ensures accuracy of and reporting for, and administers payroll processes for the City.
- Prepares resolutions and makes necessary adjustments and fund transfers related to budget adjustments.
- Directs and implements the City's insurance programs.
- Administers the City's purchasing system as assigned.
- Analyzes, develops, presents, and monitors the City's annual budget; develops and maintains budget controls.
- Oversees the recording of assets and ensures timely and accurate posting to the general and subsidiary ledgers.
- Serves as the staff liaison for the Council Finance and Audit Committee.
- Makes public presentations to the Council and public.
- Develops, directs, and oversees operational audits of District services and activities.
- Develops and maintains automated systems to account for City financial activities and transactions, cash flows, debt, and investment trades; ensures the availability of necessary financial and statistical information.
- Represents the City by attending and participating in meetings with financial regulators and local agencies; serves on technical committees with representatives of other agencies; attends Council and Finance and Audit Committee meetings.
- Researches and prepares technical, financial, and administrative reports and studies.

FINANCE DIRECTOR

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- Builds and maintains positive working relationships with coworkers, other City employees, and the public using principles of good customer service.
- Serves as City Manager Pro Tempore in Accordance with Willows City Code 2.10.050
- Originates all Fiscal Reports subject to State and Federal Requirements/Mandates
- Serve as Public Information Officer when called upon
- In conjunction with City Clerk, provide financial related information deemed legally appropriate under California Public Records Act
- Other duties as assigned

PHYSICAL, MENTAL AND ENVIRONMENTAL WORKING CONDITIONS:

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

Environment: Work is performed primarily in a standard office environment; incumbents may be required to work extended hours including evenings and weekends and may be required to travel outside City boundaries to attend meetings.

Physical: Primary functions require sufficient physical ability and mobility to work in an office setting; to stand or sit for prolonged periods of time; to occasionally stoop, bend, kneel, crouch, reach, and twist; to lift, carry, push, and/or pull light to moderate amounts of weight; to operate office equipment requiring repetitive hand movement and fine coordination including use of a computer keyboard; to travel to other locations using various modes of private and commercial transportation; and to verbally communicate to exchange information.

Vision: See in the normal visual range with or without correction.

Hearing: Hear in the normal audio range with or without correction.

QUALIFICATIONS: *(The following are minimal qualifications necessary for entry into the classification.)*

Education and/or Experience:

Possession of a Bachelors' degree from an accredited college or university in finance, accounting, business, or public administration or a closely related field. Five years of increasingly responsible experience in municipal financial planning and administration; including two years of managerial and supervisory responsibility that would have provided the opportunity to develop the required skills, knowledge, and abilities.

License/Certificate:

Possession of, or ability to obtain, a valid California driver's license.

KNOWLEDGE/ABILITIES/SKILLS: *(The following are a representative sample of the KAS's necessary to perform essential duties of the position.)*

Knowledge of:

- Principles and practices of governmental accounting, financing and generally accepted accounting practices, and debt financing.
- Financial statements, financial modeling, cash flow analysis, financial securities, financial risk measures, accounting requirements, and investment principles and management.
- Cost estimating and contract administration.
- Principles and techniques of budget development and administration.
- Principles and practices of computerized financial information systems.
- Principles and practices of organization, administration, and personnel management.
- Organizational and management practices as applied to the analysis and evaluation of programs, policies, and operational needs.
- Advanced principles, practices and techniques of public program administration and human resources management.
- Pertinent Federal, State, and local laws, codes and regulations.
- Municipal structure and organization in a Mayor-Council/City Manager form of government.
- Principles of employee supervision, career development and training.
- The concepts of word processing, spreadsheets, micro-computer, and mainframe computer applications.
- Modern methods of records management.
- Safe work practices and related regulations.
- Principles of supervision, training, and management.
- Principles of public speaking, conflict resolution and excellent customer service.
- Modern office methods, procedures, and equipment including the Microsoft Suite of Programs (Word, Excel, Outlook, Access, and PowerPoint) and Crystal Reports.
- Techniques and principles of effective interpersonal communication.
- Principles and practices of good customer service.

Ability and Skills to:

- Plan, direct, prepare, and coordinate the administration and operations of the Administrative Services Department.
- Organize, coordinate, prepare, and direct the financial, debt, and investment functions of the City.
- Write complex reports in a logical, comprehensive, and concise manner.
- Make effective oral and written presentations to staff and the Council.
- Coordinate City budget development and fiscal controls.
- Direct the maintenance of ledgers and journals; oversee the preparation of financial reports and statements.
- Conduct performance audits of City services and functions.
- Compile, prepare, and analyze financial reports and make revenue estimates within reasonable limits.
- Analyze problems, identify alternative solutions, project consequences of proposed actions, and implement recommendations in support of agency goals.
- Effectively and fairly negotiate appropriate solutions and contracts.
- Manage resources within budget and policy parameters.
- Plan, organize, direct, and supervise the work professional, technical and office support staff.
- Read and comprehend complex laws and regulations and initiate policies and procedures for their implementation.
- Operate a computer for word processing, database, and department specific software.

FINANCE DIRECTOR

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- Communicate effectively, orally, electronically and in writing.

ACKNOWLEDGMENT:

I acknowledge that I have read the job description and requirements for the Finance Director position and I certify that I have the necessary education, knowledge, experience and physical requirements required to perform the essential functions of this position.

Applicant Signature

Date

**Finance Director
Salary Schedule**

| Time Frame | Salary Schedule Steps – 2.5% | | | | | | | | |
|----------------|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Annual | \$106,697.01 | \$109,364.48 | \$112,098.59 | \$114,901.01 | \$117,773.58 | \$120,717.92 | \$123,735.87 | \$126,829.27 | \$130,000.00 |
| Monthly | \$8,891.42 | \$9,113.71 | \$9,341.55 | \$9,575.01 | \$9,814.47 | \$10,059.83 | \$10,311.32 | \$10,569.11 | \$10,833.33 |



PUBLIC HEARING



Date: May 14, 2024
To: Honorable Mayor and Councilmembers
From: Nathan Monck, Fire Chief
Marti Brown, City Manager
Subject: Weed Abatement Declaration - Public Hearing for Protest

Recommendation:

Upon opening the Public Hearing, listen to protest from property owners concerning declared nuisances, direct staff accordingly, and approve the attached resolution with any necessary amendments.

Rationale for Recommendation:

The public hearing process affords members of the public to contest declared weed abatement nuisances that were adopted at the April 23, 2024, City Council meeting.

Background:

On April 23, 2023, the City Council adopted a resolution declaring rubbish, refuse, and weeds to be a public nuisance. The Willow's Fire Department surveyed areas of the City with reported and/or observed nuisances. Property owners were notified that they must remove all nuisances, or the City would perform the task for them and bill the property owner accordingly. This public hearing is the opportunity for property owners to contest the declaration of any and all nuisances. This public hearing was published in the local newspaper of general circulation.

Discussion and Analysis:

In early 2024, there was significant rainfall leading to greater than normal weed growth. As a result, many more notices were issued in 2024 than in prior years due to weather conditions. It is anticipated that many of the properties on the list have already been abated based on received self-abatement declarations. The weed abatement survey was completed the week of April 15, 2024.

Fiscal Impact:

There is no fiscal impact.

Attachment:

- Attachment 1: Resolution XX-2024



**City of Willows
Resolution xx-2024**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS CONFIRMING DECLARATIONS OF
NUISANCES AS AMENDED AND CONFIRMING ORDER FOR ABATEMENT**

WHEREAS, the parcels listed and adopted by resolution were declared a nuisance and ordered to abate as of the council meeting of April 23, 2024; and

WHEREAS the required notices as set forth in section 39500 through 39588 of the Government Code have been sent as required by law; and

WHEREAS the owners of said parcels have had an opportunity to protest at public hearing.

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Willows held the required public protest hearing on May 14 2024, and hereby confirms the findings of the April 23rd 2024 declarations set forth in Resolution 16-2024 ordering abatement of referenced parcels.

PASSED AND ADOPTED by the City Council of the City of Willows this 14th day of May 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

Gary Hansen, Mayor

Amos Hoover, City Clerk



DISCUSSION & ACTION CALENDAR



Date: May 14, 2024
To: Honorable Mayor and Councilmembers
From: Marti Brown, City Manager
Subject: FY 2022-23 Audit

Recommendation:

Receive presentation and approve the FY 2022-2023 audit.

Rationale for Recommendation:

State law requires an audit of city finances annually.

Background:

The audit of the FY 2022-23 finances was completed by Smith & Newell CPAs on February 16, 2024.

Discussion and Analysis:

Please see Attachment 1 for further discussion and analysis.

Attachment:

Attachment 1: FY 2022-23 Audit

**CITY OF WILLOWS,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

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CITY OF WILLOWS
Annual Financial Report
For the Year Ended June 30, 2023

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Annual Financial Report
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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF WILLOWS
List of Officials
For the Year Ended June 30, 2023

City Council

| | |
|----------------|----------------|
| Richard Thomas | Mayor |
| David Vodden | Vice Mayor |
| Gary Hansen | Council Member |
| Jeff Williams | Council Member |
| Casey Hofhenke | Council Member |

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Report on the Audit of the Financial Statements**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

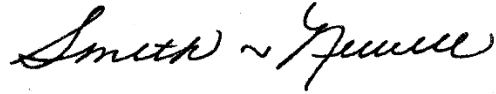
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
February 16, 2024

**Management's Discussion and Analysis
(Unaudited)**

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CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

INTRODUCTION

As management of the City of Willows (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2023. Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the City's financial statements that follow this discussion.

FINANCIAL HIGHLIGHTS

Government-Wide:

- The City's total net position (assets minus liabilities) decreased \$4,004,438 as of June 30, 2023. Governmental activities decreased the City's net position by \$3,633,114 and business-type activities decreased the City's net position by \$371,324.
- Government-wide *governmental* revenues include program revenues of \$3,337,080 and general revenues of \$5,366,368 for a total of \$8,703,448.
- Government-wide *governmental* expenses were \$12,318,848 – note: this amount includes a pension liability expenditure adjustment of \$5,557,933; which offsets a large negative adjustment from the previous year.
- Government-wide *business-type* revenues include program revenues of \$1,859,537 and general revenues of \$117,240 for a total of \$1,976,777.
- Government-wide *business-type* expenses were \$2,348,101 – note: this amount includes a pension liability expenditure adjustment of \$506,368; which offsets a large negative adjustment from the previous year.

Fund Level:

- Governmental fund balance decreased to \$11,500,380 in fiscal year (FY) 2022-23, down from \$12,276,389 in the prior year, primarily due to the use of reserves towards operations in the City's General Fund; using Gas Tax and RMRA (SB-1) funding towards multiple streets-related projects; and use of remaining funds available in the EDA and Basin Street Grant Funds to close out the South Willows Infrastructure Projects.
- Governmental fund revenues were \$8,661,363 in FY 2022-23, slightly lower than the \$8,974,071 received in the prior fiscal year. This decrease can be primarily attributed to one-time grants received in the General Fund towards fire and public works equipment and apparatus, offset by a reduction in one-time CDBG over-the-counter funding received towards a grant in the prior fiscal year and various increases and decreases in all other governmental funds.
- Governmental fund expenditures were \$9,419,658 in FY 2022-23, significantly higher than the \$6,241,359 reported in the prior fiscal year mainly due to the expenditure of grant funds towards fire and public works equipment and apparatus; the expenditure of transportation-related funding towards the Pacific Avenue and Lassen Street projects; and an increase in the public safety contract with the County of Glenn.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

General Fund:

- General Fund revenues of \$6,268,508 were higher by \$989,783 from the prior fiscal year mainly due to the recognition of one-time grant-related revenues in FY 2022-23 used towards fire and public works apparatus.
- General Fund expenditures of \$7,053,467 represented an increase of \$2,004,698 over the prior fiscal year. This increase is due to the use of grant-related funding towards fire and public works equipment and apparatus and an increase in the public safety contract with the County of Glenn.
- The fund balance of the General Fund was \$2,020,444 as of June 30, 2023, compared to the fund balance of \$2,442,458 reported for FY 2021-22.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements separate the City's activities into two areas:

Governmental Activities – these services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered governmental activities including public safety, community development, public works, parks and recreation, education and general administration.

Business-Type Activities – these services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater systems are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year revenues and expenses are taken into account regardless of when the cash is received or paid. The two statements can be generally described as follows:

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Willows is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the City (including infrastructure) and all liabilities (including long-term debt) and exclude certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. A reconciliation between the two is provided on pages 17 and 19 of this report.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Willows, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds in the City of Willows can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in the reconciliations on pages 17 and 19.

Proprietary Funds – when the City charges customers for services it provides, whether outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business-type activities), only in more detail. The City uses proprietary funds to account for its water and wastewater operations.

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

Supplemental Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information and supplemental information.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial conditions. This analysis addresses the financial statements of the City as a whole.

City of Willows
Net Position

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|---|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Current and other assets | \$ 17,705,881 | \$ 13,201,171 | \$ 5,064,574 | \$ 4,994,638 | \$ 22,770,455 | \$ 18,195,809 |
| Capital assets | 11,716,209 | 13,673,541 | 9,098,142 | 8,829,329 | 20,814,351 | 22,502,870 |
| Total Assets | <u>29,422,090</u> | <u>26,874,712</u> | <u>14,162,716</u> | <u>13,823,967</u> | <u>43,584,806</u> | <u>40,698,679</u> |
| Employer pension contributions | 7,991,816 | 6,045,963 | 728,114 | 550,833 | 8,719,930 | 6,596,796 |
| Employer OPEB contributions | 8,456 | 10,569 | 2,385 | 2,981 | 10,841 | 13,550 |
| Total Deferred Outflows of Resources | <u>8,000,272</u> | <u>6,056,532</u> | <u>730,499</u> | <u>553,814</u> | <u>8,730,771</u> | <u>6,610,346</u> |
| Current liabilities | 1,411,372 | 1,661,758 | 81,399 | 92,561 | 1,492,771 | 1,754,319 |
| Long-term liabilities | 8,159,677 | 8,180,638 | 10,469,318 | 10,408,894 | 18,628,995 | 18,589,532 |
| Total Liabilities | <u>9,571,049</u> | <u>9,842,396</u> | <u>10,550,717</u> | <u>10,501,455</u> | <u>20,121,766</u> | <u>20,343,851</u> |
| Deferred pension adjustments | 5,102,046 | 3,930,561 | 464,835 | 358,103 | 5,566,881 | 4,288,664 |
| Deferred OPEB adjustments | 14,155 | 56,289 | 3,993 | 15,877 | 18,148 | 72,166 |
| Total Deferred Inflows of Resources | <u>5,116,201</u> | <u>3,986,850</u> | <u>468,828</u> | <u>373,980</u> | <u>5,585,029</u> | <u>4,360,830</u> |
| Net position | | | | | | |
| Invested in capital assets net of related debt | 11,012,336 | 13,189,034 | (681,504) | (877,731) | 10,330,832 | 12,311,303 |
| Restricted | 10,003,053 | 9,831,088 | - | - | 10,003,053 | 9,831,088 |
| Unrestricted | 1,719,723 | (3,918,124) | 4,555,174 | 4,380,077 | 6,274,897 | 461,953 |
| Total Net Position | <u>\$ 22,735,112</u> | <u>\$ 19,101,998</u> | <u>\$ 3,873,670</u> | <u>\$ 3,502,346</u> | <u>\$ 26,608,782</u> | <u>\$ 22,604,344</u> |

Net position represents the difference between the City's resources and its obligations. On June 30, 2023, the largest portion of the City's total net position, 54.4% (\$12,311,303), reflects net position invested in capital assets (the value of city-wide assets less any outstanding debt issued to purchase/construct assets). Restricted net position makes up the second largest component of net position (\$9,831,088) and represents the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position of \$461,953 represents the portion of net position that can be used towards day-to-day operations and other programmatic and one-time expenditures as determined by the City Council.

Overall, the net position for the governmental portion of the City funds has decreased \$4,004,438 mainly due a one-time annual adjustment related to the CalPERS Unfunded Liability due to a large investment gain from FY 2021-22 ultimately resulting in the City having a net pension liability of \$831,852 (note: City had a net pension asset of \$4,387,531 in the prior year).

Restricted net position of \$9,831,088 represents resources subject to external restrictions as to how they may be used. The Governmental Activities unrestricted net position of (\$3,918,124) – a negative amount - represents amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors. This amount is negative in the governmental funds only due to the pension liability adjustment and debt service in the governmental fund group (these are non-cash items long-

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

term). The business-type activities unrestricted net position of \$4,380,077 represents amounts that may be used to meet the ongoing operations and capital replacement for the City's water and wastewater systems.

City of Willows
Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Revenues | | | | | | |
| <i>Program Revenues</i> | | | | | | |
| Charges for services | \$ 492,761 | \$ 402,212 | \$ 1,488,397 | \$ 1,859,537 | \$ 1,981,158 | \$ 2,261,749 |
| Operating grants and contributions | 4,485,048 | 2,934,868 | - | - | 4,485,048 | 2,934,868 |
| Capital grants and contributions | - | - | - | - | - | - |
| <i>General Revenues</i> | | | | | | |
| Property taxes | 1,331,884 | 1,648,725 | - | - | 1,331,884 | 1,648,725 |
| Property transfer taxes | 22,753 | 21,425 | - | - | 22,753 | 21,425 |
| Sales and use taxes | 1,645,030 | 1,811,320 | - | - | 1,645,030 | 1,811,320 |
| Transient Occupancy Taxes | 821,944 | 707,395 | - | - | 821,944 | 707,395 |
| Franchise fees | - | 369,287 | - | - | - | 369,287 |
| Interest and investment earnings | 77,394 | 79,870 | 3,199 | 116,825 | 80,593 | 196,695 |
| Other revenues | 97,257 | 728,346 | 10,000 | 415 | 107,257 | 728,761 |
| Total Revenues | \$ 8,974,071 | \$ 8,703,448 | \$ 1,501,596 | \$ 1,976,777 | \$ 10,475,667 | \$ 10,680,225 |

City of Willows
Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|--|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Expenses | | | | | | |
| General government | \$ (4,816,095) | \$ 7,302,236 | \$ - | \$ - | \$ (4,816,095) | \$ 7,302,236 |
| Public protection | 2,386,539 | 3,141,007 | - | - | 2,386,539 | 3,141,007 |
| Public ways and facilities | 1,005,859 | 1,226,007 | - | - | 1,005,859 | 1,226,007 |
| Community development | 524,418 | 28,205 | - | - | 524,418 | 28,205 |
| Recreation and culture | 211,868 | 176,325 | - | - | 211,868 | 176,325 |
| Education | 304,254 | 256,146 | - | - | 304,254 | 256,146 |
| Water operations | - | - | 23,293 | 25,459 | 23,293 | 25,459 |
| Sewer operations | - | - | 1,266,201 | 2,045,870 | 1,266,201 | 2,045,870 |
| Interest on long term debt | 143,451 | 188,922 | 259,164 | 276,772 | 402,615 | 465,694 |
| Total Expenses | (239,706) | 12,318,848 | 1,548,658 | 2,348,101 | 1,308,952 | 14,666,949 |
| Excess (deficiency) before transfers | 9,213,777 | (3,615,400) | (47,062) | (371,324) | 9,166,715 | (3,986,724) |
| Transfers | - | - | - | - | - | - |
| Change in net position | 9,213,777 | (3,615,400) | (47,062) | (371,324) | 9,166,715 | (3,986,724) |
| Net Position - Beginning of year | 13,521,335 | 22,735,112 | 3,920,732 | 3,873,670 | 17,442,067 | 26,608,782 |
| Prior Period Adjustment | - | (17,714) | - | - | - | (17,714) |
| Net Position - Beginning of year as restated | 13,521,335 | 22,717,398 | 3,920,732 | 3,873,670 | 17,442,067 | 26,591,068 |
| Net Position - End of year | \$ 22,735,112 | \$ 19,101,998 | \$ 3,873,670 | \$ 3,502,346 | \$ 26,608,782 | \$ 22,604,344 |

Governmental Activities:

The City's governmental activities decreased the City's net position by \$3,633,114. Revenues were \$8,703,448 which represented a slight decrease of \$270,623 or 3.0 percent over the prior fiscal year. This slight decrease can be primarily attributed to the one-time recognition of revenues in the General Fund during FY 2021-22 for Fire and Public Works apparatus and equipment; offset by the closeout of the EDA/Basin Street Grant (used to pay Gap Loan) and the annual CalPERS Liability (GASB 68) adjustment. Governmental activities highlights include the following:

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

- Discretionary revenue sources including all taxes, franchise fees, and interest and other revenues in the amount of \$5,366,368 represent 61.7 percent of the total governmental activity revenue of the City. This amount is up from the \$3,996,262 recognized in the prior fiscal year mainly due to one-time intergovernmental revenues and increases in property and sales taxes.
- Charges for services, operating grants, and capital grants provided \$3,337,080 or 38.3 percent of the total governmental activity revenue of the City. This amount represents a decrease of \$1,640,729 from the prior fiscal year amount of \$4,977,809. One-time grants received in the prior fiscal year (CDBG OTC represents the largest source) make up the majority of this decrease.

Business-Type Activities:

The City's business-type activities decreased the City's net position by \$371,324. This decrease is mainly due to the receipt of two years of sewer use fees from the Northeast Willows Community Services District offset by a one-time increase in GASB 68 pension unfunded liability costs. Revenues were \$1,976,777 which represents an increase of \$475,181, primarily due to the of Northeast Willows Community Services District sewer use fees noted above. Business-type activities highlights include the following:

- Charges for services provided \$1,859,537 or 94.0 percent of the total business-type activities revenue of the City (these are rates charged to users of both the sewer and water enterprises).

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. The City's governmental funds reported combined fund balance on June 30, 2023, of \$11,500,380. The General Fund decreased \$422,014 and other Governmental Funds decreased by \$353,995. The General Fund decrease was mainly due to the need to use reserves towards operating activities and the increase in the Glenn County public safety contract. The Other Governmental Funds decrease of \$353,995 was primarily due to the use of close-out funding available in the EDA and Basin Street Funds originally used towards the South Willows Infrastructure Projects to pay down the City's Gap Loan.

Analysis of the General Fund

The General Fund is the primary operating fund of the City. It accounts for revenues and expenditures associated with fire services, public works, engineering, planning, building inspections, finance, parks, city clerk, city attorney, and city administration; and a contract for police services.

General fund revenues totaled \$6,268,508 in fiscal year 2022-23, an increase of \$1,089,783 over the prior fiscal year. This was primarily due to the receipt of one-time funding to purchase Fire and Public Works equipment and apparatus; and increases in property and sales tax revenues.

General fund expenditures totaled \$7,053,467 in fiscal year 2022-23 an increase of \$2,004,698 over last fiscal year. This increase was primarily related to purchase of Fire and Public Works equipment and apparatus (as previously discussed) and an increase in the Glenn County public safety contract.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

At the end of fiscal year 2022-23, the fund balance for the City's General Fund was \$2,020,444, a decrease of \$442,014 from the prior fiscal year. The fund balance in the General Fund was comprised of \$158,941 which is non-spendable for long-term receivables and prepaid items; \$205,000 which is committed for contingencies and future capital; and \$1,656,503 which is unassigned. The unassigned portion of the fund balance in the General Fund increased \$480,703 when compared to the FY 2021-22 unassigned balance.

Analysis of Major Proprietary Funds

Water

- The Water Fund is financed and operated in a manner similar to that of a private business. The Fund's net position went from \$59,430 in fiscal year 2021-22 to \$41,652 in fiscal year 2022-23 representing a decrease of \$17,778. Operating revenues were \$7,680, a 26.8 percent decrease due mainly to the timing of receipt of payment. Operating expenses were \$25,459, a 9.3 percent increase over the prior fiscal year mainly due to operating and permit costs incurred in FY 2022-23. The Fund's net investment in capital assets went from \$66,099 in fiscal year 2021-22 to \$61,981 in fiscal year 2022-23. The Fund ended the fiscal year with a negative unrestricted net position of (\$20,329). This fund may be ultimately be reviewed for sustainability as a going concern.

Wastewater

- The Wastewater fund is financed and operated in a manner similar to that of a private business. The Fund's fiscal year 2021-22 net position of \$3,814,240 decreased \$353,546 in fiscal year 2022-23 to \$3,460,694. Operating revenues were \$1,852,272, a 24.1 percent increase over the prior fiscal year mainly due to receiving two years of sewer use fees from the Northeast Willows Community Services District. Operating expenses were \$2,045,870, a 110.7 percent increase over the prior fiscal year mainly due to a one-time CalPERS expenditure adjustment related to the recognition of a net pension liability from CalPERS in FY 2022-23. The Fund's net investment in capital assets went from a negative (\$747,603) in fiscal year 2021-22 to a negative (\$939,712) in fiscal year 2022-23, recognizing the refunding of the USDA debt and issuance of new debt to upgrade the City's Sewer infrastructure. The Fund ended the fiscal year with an unrestricted net position of \$4,400,406.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of fiscal year 2022-23, the City had invested \$31.0 million (net of depreciation = \$2.5 million) in a broad range of capital assets, including fire equipment, buildings, park facilities, street and storm drainage improvements and water and wastewater facilities. Additional detailed information on the City's capital assets is presented Note 4 to the financial statements on pages 38 and 39.

The financial statements summarize the City's accounting policies regarding capital assets in Note 1 of the note disclosures. In general terms, the city capitalizes assets in governmental funds at the \$500 level. These capital assets are depreciated on a straight-line basis varied from 3 years to 75 years.

CITY OF WILLOWS
Management’s Discussion and Analysis
For the Year Ended June 30, 2023

City of Willows
Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Construction in progress | \$ 16,017 | \$ 1,869,181 | \$ - | \$ - | \$ 16,017 | \$ 1,869,181 |
| Infrastructure | 9,965,200 | 9,731,141 | 515,213 | 500,597 | 10,480,413 | 10,231,738 |
| Buildings and improvements | 725,860 | 687,734 | 8,582,929 | 8,328,732 | 9,308,789 | 9,016,466 |
| Equipment and vehicles | 1,009,132 | 1,385,485 | - | - | 1,009,132 | 1,385,485 |
| Totals | \$ 11,716,209 | \$ 13,673,541 | \$ 9,098,142 | \$ 8,829,329 | \$ 20,814,351 | \$ 22,502,870 |

Long-Term Debt

At fiscal year-end, the City had \$17,705,059 in loans and leases payable, and compensated absences outstanding compared to \$18,520,881 outstanding on June 30, 2022. Governmental activities long-term debt decreased \$698,146 due to a decrease in capital lease and compensated absences obligations; payment on the CalPERS Pension Obligation Bonds and payment on the UMPQUA “Gap” Loan. Business-type activities long-term debt decreased \$117,676 mainly due to debt service payments made towards the wastewater bonds and payment on the CalPERS Pension Obligation Bonds. Additional detailed information on the City’s long-term debt is presented Note 6 to the financial statements on pages 40 through 43.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

While the City has mostly recovered from the effects of the COVID-19 pandemic; management is cognizant of the recent increases in operations costs that could impact near- and long-term budgets. Costs for the Glenn County public safety contract are expected to rise significantly in FY 2023-24, without the benefit of a commensurate revenue increase. Staff will continue to monitor fiscal activity and make adjustment as appropriate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any information provided in this report or request for additional financial information should be directed to:

City of Willows Finance Department
201 N. Lassen Street, Willows, CA 95988
(530) 934-7041
mbrown@cityofwillows.org

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF WILLOWS
Statement of Net Position
June 30, 2023

| | Governmental Activities | Business-Type Activities | Totals |
|---|------------------------------------|-------------------------------------|-------------------|
| ASSETS | | | |
| Cash and investments | \$ 5,226,316 | \$ 940,358 | \$ 6,166,674 |
| Receivables: | | | |
| Accounts | 85,753 | 58,937 | 144,690 |
| Interest | 2,234 | 307 | 2,541 |
| Taxes | 503,767 | - | 503,767 |
| Intergovernmental | 193,826 | - | 193,826 |
| Investment in JPA | 141,003 | - | 141,003 |
| Prepaid costs | 17,938 | - | 17,938 |
| Internal balances | 20,118 | (20,118) | - |
| Due from external agencies | 163 | - | 163 |
| Restricted cash and investments | - | 4,015,154 | 4,015,154 |
| Loans receivable | 7,010,053 | - | 7,010,053 |
| Capital assets: | | | |
| Non-depreciable | 1,869,181 | - | 1,869,181 |
| Depreciable, net | 11,804,360 | 8,829,329 | 20,633,689 |
| Total capital assets | <u>13,673,541</u> | <u>8,829,329</u> | <u>22,502,870</u> |
| Total Assets | <u>26,874,712</u> | <u>13,823,967</u> | <u>40,698,679</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred pension adjustments | 6,045,963 | 550,833 | 6,596,796 |
| Deferred OPEB adjustments | 10,569 | 2,981 | 13,550 |
| Total Deferred Outflows of Resources | <u>6,056,532</u> | <u>553,814</u> | <u>6,610,346</u> |
| LIABILITIES | | | |
| Accounts payable | 408,968 | 16,899 | 425,867 |
| Salaries and benefits payable | 52,969 | - | 52,969 |
| Retention payable | 40,151 | - | 40,151 |
| Unearned revenue | 1,092,048 | - | 1,092,048 |
| Other liabilities | 64,570 | - | 64,570 |
| Interest payable | 3,052 | 75,662 | 78,714 |
| Long-term liabilities: | | | |
| Due within one year | 766,975 | 261,851 | 1,028,826 |
| Due in more than one year | 6,610,227 | 10,066,006 | 16,676,233 |
| Net pension liability | 762,392 | 69,460 | 831,852 |
| Net OPEB liability | 41,044 | 11,577 | 52,621 |
| Total Liabilities | <u>9,842,396</u> | <u>10,501,455</u> | <u>20,343,851</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred pension adjustments | 3,930,561 | 358,103 | 4,288,664 |
| Deferred OPEB adjustments | 56,289 | 15,877 | 72,166 |
| Total Deferred Inflows of Resources | <u>3,986,850</u> | <u>373,980</u> | <u>4,360,830</u> |

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

CITY OF WILLOWS
Statement of Net Position
June 30, 2023

| NET POSITION | Governmental Activities | Business-Type Activities | Totals |
|----------------------------------|------------------------------------|-------------------------------------|----------------------|
| Net investment in capital assets | 13,189,034 | (877,731) | 12,311,303 |
| Restricted for: | | | |
| General government | 270,716 | - | 270,716 |
| Public protection | 65,228 | - | 65,228 |
| Public ways and facilities | 1,521,826 | - | 1,521,826 |
| Community development | 7,186,046 | - | 7,186,046 |
| Recreation and culture | 415,005 | - | 415,005 |
| Education | 372,267 | - | 372,267 |
| Unrestricted | (3,918,124) | 4,380,077 | 461,953 |
| Total Net Position | \$ 19,101,998 | \$ 3,502,346 | \$ 22,604,344 |

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

CITY OF WILLOWS
Statement of Activities
For the Year Ended June 30, 2023

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | |
|---------------------------------------|-------------------------|-----------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental activities: | | | | |
| General government | \$ 7,302,236 | \$ 111,622 | \$ 30,752 | \$ - |
| Public protection | 3,141,007 | 166,529 | 1,217,023 | - |
| Public ways and facilities | 1,226,007 | 94,737 | 1,290,442 | - |
| Community development | 28,205 | - | 332,146 | - |
| Recreation and culture | 176,325 | 28,719 | - | - |
| Education | 256,146 | 605 | 64,505 | - |
| Interest on long-term debt | 188,922 | - | - | - |
| Total Governmental Activities | 12,318,848 | 402,212 | 2,934,868 | - |
| Business-type activities: | | | | |
| Water | 25,459 | 7,680 | - | - |
| Sewer | 2,045,870 | 1,851,857 | - | - |
| Interest on long-term debt | 276,772 | - | - | - |
| Total Business-Type Activities | 2,348,101 | 1,859,537 | - | - |
| Total | \$ 14,666,949 | \$ 2,261,749 | \$ 2,934,868 | \$ - |

General revenues:

Taxes:

 Property taxes

 Property transfer taxes

 Sales and use taxes

 Transient occupancy taxes

Franchise fees

Interest and investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (7,159,862) | \$ - | \$ (7,159,862) |
| (1,757,455) | - | (1,757,455) |
| 159,172 | - | 159,172 |
| 303,941 | - | 303,941 |
| (147,606) | - | (147,606) |
| (191,036) | - | (191,036) |
| (188,922) | - | (188,922) |
| <u>(8,981,768)</u> | <u>-</u> | <u>(8,981,768)</u> |
| - | (17,779) | (17,779) |
| - | (194,013) | (194,013) |
| <u>-</u> | <u>(276,772)</u> | <u>(276,772)</u> |
| - | (488,564) | (488,564) |
| <u>(8,981,768)</u> | <u>(488,564)</u> | <u>(9,470,332)</u> |
| 1,648,725 | - | 1,648,725 |
| 21,425 | - | 21,425 |
| 1,811,320 | - | 1,811,320 |
| 707,395 | - | 707,395 |
| 369,287 | - | 369,287 |
| 79,870 | 116,825 | 196,695 |
| 728,346 | 415 | 728,761 |
| <u>5,366,368</u> | <u>117,240</u> | <u>5,483,608</u> |
| <u>(3,615,400)</u> | <u>(371,324)</u> | <u>(3,986,724)</u> |
| 22,735,112 | 3,873,670 | 26,608,782 |
| <u>(17,714)</u> | <u>-</u> | <u>(17,714)</u> |
| <u>22,717,398</u> | <u>3,873,670</u> | <u>26,591,068</u> |
| <u>\$ 19,101,998</u> | <u>\$ 3,502,346</u> | <u>\$ 22,604,344</u> |

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF WILLOWS
Balance Sheet
Governmental Funds
June 30, 2023

| | General | CDBG OTC | CDBG HOME Grant | COVID-19 Fisc Rec |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 1,715,593 | \$ 128,132 | \$ 19,317 | \$ 1,092,048 |
| Receivables: | | | | |
| Accounts | 85,753 | - | - | - |
| Interest | 1,187 | 38 | 8 | - |
| Taxes | 503,767 | - | - | - |
| Intergovernmental | - | - | - | - |
| Investment in JPA | 141,003 | - | - | - |
| Prepaid costs | 17,938 | - | - | - |
| Due from other funds | 27,797 | - | - | - |
| Loans receivable | - | 1,760,975 | 5,000,000 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | \$ 2,493,038 | \$ 1,889,145 | \$ 5,019,325 | \$ 1,092,048 |
| LIABILITIES | | | | |
| Accounts payable | \$ 312,970 | \$ 500 | \$ - | \$ - |
| Salaries and benefits payable | 52,969 | - | - | - |
| Retention payable | - | - | - | - |
| Other liabilities | 64,570 | - | - | - |
| Due to other funds | - | - | - | - |
| Unearned revenue | - | - | - | 1,092,048 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | 430,509 | 500 | - | 1,092,048 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 42,085 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Deferred Inflows of Resources | 42,085 | - | - | - |
| FUND BALANCES | | | | |
| Nonspendable | 158,941 | 1,760,975 | 5,000,000 | - |
| Restricted | - | 127,670 | 19,325 | - |
| Committed | 205,000 | - | - | - |
| Unassigned | 1,656,503 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | 2,020,444 | 1,888,645 | 5,019,325 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 2,493,038 | \$ 1,889,145 | \$ 5,019,325 | \$ 1,092,048 |

The notes to the basic financial statements are an integral part of this statement.

| Other Governmental Funds | Totals |
|---|----------------------|
| \$ 2,271,226 | \$ 5,226,316 |
| - | 85,753 |
| 1,001 | 2,234 |
| - | 503,767 |
| 193,826 | 193,826 |
| - | 141,003 |
| - | 17,938 |
| 134,361 | 162,158 |
| 249,078 | 7,010,053 |
| <u>\$ 2,849,492</u> | <u>\$ 13,343,048</u> |
| | |
| \$ 95,498 | \$ 408,968 |
| - | 52,969 |
| 40,151 | 40,151 |
| - | 64,570 |
| 141,877 | 141,877 |
| - | 1,092,048 |
| <u>277,526</u> | <u>1,800,583</u> |
| | |
| - | 42,085 |
| | |
| - | 42,085 |
| | |
| 249,078 | 7,168,994 |
| 2,473,014 | 2,620,009 |
| - | 205,000 |
| (150,126) | 1,506,377 |
| <u>2,571,966</u> | <u>11,500,380</u> |
| | |
| <u>\$ 2,849,492</u> | <u>\$ 13,343,048</u> |

CITY OF WILLOWS
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2023

| | |
|---|-----------------------------|
| Total Fund Balance - Total Governmental Funds | \$ 11,500,380 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet. | 13,673,541 |
| Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds. | 42,085 |
| Interest payable on long-term debt does not require the use of current financial resources and therefore is not accrued as a liability in the governmental funds balance sheet. | (3,052) |
| Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds. | 6,056,532 |
| Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds. | (3,986,850) |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | |
| Loans payable | (416,334) |
| Pension obligation bonds | (6,824,203) |
| Capital leases payable | (68,173) |
| Compensated absences payable | (68,492) |
| Net pension liability | (762,392) |
| Net OPEB liability | (41,044) |
| Net Position of Governmental Activities | <u>\$ 19,101,998</u> |

The notes to the basic financial statements are an integral part of this statement.

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CITY OF WILLOWS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

| | General | CDBG OTC | CDBG HOME Grant | COVID-19 Fisc Rec |
|---|---------------------|---------------------|---------------------|-------------------------|
| REVENUES | | | | |
| Taxes | \$ 4,516,067 | \$ - | \$ - | \$ - |
| Licenses and permits | 137,782 | - | - | - |
| Fines and forfeitures | 6,370 | - | - | - |
| Intergovernmental revenues | 1,212,321 | 36,060 | 10,794 | 285,292 |
| Use of money and property | 61,514 | 628 | 139 | - |
| Charges for services | 247,446 | - | - | - |
| Other revenues | 87,008 | - | - | - |
| Total Revenues | 6,268,508 | 36,688 | 10,933 | 285,292 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,662,729 | - | - | - |
| Public protection | 2,977,644 | - | - | 15,500 |
| Public ways and facilities | 855,413 | - | - | - |
| Community development | - | 4,750 | 485 | - |
| Education | 237,635 | - | - | - |
| Recreation and culture | 128,145 | - | - | - |
| Debt service: | | | | |
| Principal | 494,910 | - | - | - |
| Interest and other charges | 168,213 | - | - | - |
| Capital outlay | 528,778 | - | - | - |
| Total Expenditures | 7,053,467 | 4,750 | 485 | 15,500 |
| Excess of Revenues Over (Under) Expenditures | (784,959) | 31,938 | 10,448 | 269,792 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 426,437 | - | - | - |
| Transfers out | (45,778) | - | - | (269,792) |
| Total Other Financing Sources (Uses) | 380,659 | - | - | (269,792) |
| Net Change in Fund Balances | (404,300) | 31,938 | 10,448 | - |
| Fund Balances - Beginning | 2,442,458 | 1,856,707 | 5,008,877 | - |
| Prior period adjustment | (17,714) | - | - | - |
| Fund Balances - Beginning, Restated | 2,424,744 | 1,856,707 | 5,008,877 | - |
| Fund Balances - Ending | \$ 2,020,444 | \$ 1,888,645 | \$ 5,019,325 | \$ - |

The notes to the basic financial statements are an integral part of this statement.

| Other Governmental Funds | Totals |
|---|---------------|
| \$ - | \$ 4,516,067 |
| - | 137,782 |
| - | 6,370 |
| 1,390,401 | 2,934,868 |
| 17,589 | 79,870 |
| 10,614 | 258,060 |
| 641,338 | 728,346 |
| 2,059,942 | 8,661,363 |
| 59,303 | 1,722,032 |
| 83,592 | 3,076,736 |
| 108,809 | 964,222 |
| 22,970 | 28,205 |
| 18,511 | 256,146 |
| 15,242 | 143,387 |
| 219,366 | 714,276 |
| 20,709 | 188,922 |
| 1,796,954 | 2,325,732 |
| 2,345,456 | 9,419,658 |
| (285,514) | (758,295) |
| 228,827 | 655,264 |
| (339,694) | (655,264) |
| (110,867) | - |
| (396,381) | (758,295) |
| 2,968,347 | 12,276,389 |
| - | (17,714) |
| 2,968,347 | 12,258,675 |
| \$ 2,571,966 | \$ 11,500,380 |

CITY OF WILLOWS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (758,295)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|---------------------------------|-----------|
| Expenditures for capital outlay | 2,325,732 |
| Less current year depreciation | (368,400) |

Some revenues reported in the Statement of Activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

| | |
|--------------------------------|--------|
| Change in unavailable revenues | 42,085 |
|--------------------------------|--------|

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

| | |
|-----------------------|---------|
| Principal retirements | 714,276 |
|-----------------------|---------|

Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

| | |
|--|-------------|
| Change in deferred outflows of resources related to pension and OPEB | (1,943,740) |
| Change in deferred inflows of resources related to pension and OPEB | 1,129,351 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

| | |
|---------------------------------|-------------|
| Change in compensated absences | (16,130) |
| Change in net pension liability | (4,783,564) |
| Change in net OPEB liability | 43,285 |

Change in Net Position of Governmental Activities \$ (3,615,400)

The notes to the basic financial statements are an integral part of this statement.

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CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2023

| | <u>Sewer Maintenance</u> | <u>Sewer Construction</u> | <u>Water</u> | <u>Totals</u> |
|---|------------------------------|-------------------------------|---------------|-------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 667,929 | \$ 272,429 | \$ - | \$ 940,358 |
| Receivables: | | | | |
| Accounts | 58,754 | - | 183 | 58,937 |
| Interest | 191 | 116 | - | 307 |
| Total Current Assets | <u>726,874</u> | <u>272,545</u> | <u>183</u> | <u>999,602</u> |
| Noncurrent Assets: | | | | |
| Restricted cash and investments | 4,015,154 | - | - | 4,015,154 |
| Depreciable, net | 8,328,732 | 438,616 | 61,981 | 8,829,329 |
| Total Noncurrent Assets | <u>12,343,886</u> | <u>438,616</u> | <u>61,981</u> | <u>12,844,483</u> |
| Total Assets | <u>13,070,760</u> | <u>711,161</u> | <u>62,164</u> | <u>13,844,085</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred pension adjustments | 550,833 | - | - | 550,833 |
| Deferred OPEB adjustments | 2,981 | - | - | 2,981 |
| Total Deferred Outflows of Resources | <u>553,814</u> | <u>-</u> | <u>-</u> | <u>553,814</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 16,505 | - | 394 | 16,899 |
| Due to other funds | - | - | 20,118 | 20,118 |
| Interest payable | 75,662 | - | - | 75,662 |
| Certificates of participation payable | 212,586 | - | - | 212,586 |
| Bonds payable | 49,265 | - | - | 49,265 |
| Total Current Liabilities | <u>354,018</u> | <u>-</u> | <u>20,512</u> | <u>374,530</u> |
| Noncurrent Liabilities: | | | | |
| Certificates of participation payable | 9,494,474 | - | - | 9,494,474 |
| Bonds payable | 571,532 | - | - | 571,532 |
| Net pension liability | 69,460 | - | - | 69,460 |
| Net OPEB liability | 11,577 | - | - | 11,577 |
| Total Noncurrent Liabilities | <u>10,147,043</u> | <u>-</u> | <u>-</u> | <u>10,147,043</u> |
| Total Liabilities | <u>10,501,061</u> | <u>-</u> | <u>20,512</u> | <u>10,521,573</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2023

| | <u>Sewer Maintenance</u> | <u>Sewer Construction</u> | <u>Water</u> | <u>Totals</u> |
|--|------------------------------|-------------------------------|------------------|---------------------|
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred pension adjustments | 358,103 | - | - | 358,103 |
| Deferred OPEB adjustments | 15,877 | - | - | 15,877 |
| Total Deferred Inflows of Resources | <u>373,980</u> | <u>-</u> | <u>-</u> | <u>373,980</u> |
| NET POSITION | | | | |
| Net investment in capital assets | (1,378,328) | 438,616 | 61,981 | (877,731) |
| Unrestricted | 4,127,861 | 272,545 | (20,329) | 4,380,077 |
| Total Net Position | <u>\$ 2,749,533</u> | <u>\$ 711,161</u> | <u>\$ 41,652</u> | <u>\$ 3,502,346</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

| | <u>Sewer Maintenance</u> | <u>Sewer Construction</u> | <u>Water</u> | <u>Totals</u> |
|--|------------------------------|-------------------------------|------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,850,607 | \$ 1,250 | \$ 7,680 | \$ 1,859,537 |
| Other revenues | 415 | - | - | 415 |
| Total Operating Revenues | <u>1,851,022</u> | <u>1,250</u> | <u>7,680</u> | <u>1,859,952</u> |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | 516,960 | - | - | 516,960 |
| Contractual services | 837,264 | - | 15,386 | 852,650 |
| Insurance | 310 | - | 3 | 313 |
| Other expenses | 106,893 | - | 5,728 | 112,621 |
| Permits | 13,676 | - | - | 13,676 |
| Repairs and maintenance | 3,209 | - | 11 | 3,220 |
| Utilities | 302,863 | - | 213 | 303,076 |
| Depreciation | 254,197 | 10,498 | 4,118 | 268,813 |
| Total Operating Expenses | <u>2,035,372</u> | <u>10,498</u> | <u>25,459</u> | <u>2,071,329</u> |
| Operating Income (Loss) | <u>(184,350)</u> | <u>(9,248)</u> | <u>(17,779)</u> | <u>(211,377)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 114,953 | 1,871 | 1 | 116,825 |
| Interest expense | (276,772) | - | - | (276,772) |
| Total Non-Operating Revenues (Expenses) | <u>(161,819)</u> | <u>1,871</u> | <u>1</u> | <u>(159,947)</u> |
| Change in Net Position | <u>(346,169)</u> | <u>(7,377)</u> | <u>(17,778)</u> | <u>(371,324)</u> |
| Total Net Position - Beginning | <u>3,095,702</u> | <u>718,538</u> | <u>59,430</u> | <u>3,873,670</u> |
| Total Net Position - Ending | <u>\$ 2,749,533</u> | <u>\$ 711,161</u> | <u>\$ 41,652</u> | <u>\$ 3,502,346</u> |

The notes to the basic financial statements are an integral part of this statement.

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CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

| | <u>Sewer Maintenance</u> | <u>Sewer Construction</u> | <u>Water</u> | <u>Totals</u> |
|---|------------------------------|-------------------------------|-----------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 1,850,734 | \$ 1,250 | \$ 7,497 | \$ 1,859,481 |
| Payments to suppliers | (1,249,147) | - | (23,923) | (1,273,070) |
| Payments to employees | (12,094) | - | - | (12,094) |
| Net Cash Provided (Used) by Operating Activities | <u>589,493</u> | <u>1,250</u> | <u>(16,426)</u> | <u>574,317</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Interfund loans repaid | - | - | (3,693) | (3,693) |
| Interfund loans received | - | - | 20,118 | 20,118 |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>-</u> | <u>-</u> | <u>16,425</u> | <u>16,425</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Principal paid on debt | (117,676) | - | - | (117,676) |
| Interest paid on debt | (277,514) | - | - | (277,514) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(395,190)</u> | <u>-</u> | <u>-</u> | <u>(395,190)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 114,843 | 1,817 | 1 | 116,661 |
| Net Cash Provided (Used) by Investing Activities | <u>114,843</u> | <u>1,817</u> | <u>1</u> | <u>116,661</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 309,146 | 3,067 | - | 312,213 |
| Balances - Beginning | <u>4,373,937</u> | <u>269,362</u> | <u>-</u> | <u>4,643,299</u> |
| Balances - Ending | <u>\$ 4,683,083</u> | <u>\$ 272,429</u> | <u>\$ -</u> | <u>\$ 4,955,512</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

| | <u>Sewer Maintenance</u> | <u>Sewer Construction</u> | <u>Water</u> | <u>Totals</u> |
|--|------------------------------|-------------------------------|--------------------|-------------------|
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (184,350) | \$ (9,248) | \$ (17,779) | \$ (211,377) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation | 254,197 | 10,498 | 4,118 | 268,813 |
| Decrease (increase) in: | | | | |
| Accounts receivable | (288) | - | (183) | (471) |
| Pension adjustments - deferred outflows | 177,281 | - | - | 177,281 |
| OPEB adjustments - deferred outflows | (596) | - | - | (596) |
| Increase (decrease) in: | | | | |
| Accounts payable | 15,068 | - | (2,582) | 12,486 |
| Salaries and benefits payable | (582) | - | - | (582) |
| Net pension liability | 435,819 | - | - | 435,819 |
| Net OPEB liability | (12,208) | - | - | (12,208) |
| Pension adjustments - deferred inflows | (106,732) | - | - | (106,732) |
| OPEB adjustments - deferred inflows | 11,884 | - | - | 11,884 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 589,493</u> | <u>\$ 1,250</u> | <u>\$ (16,426)</u> | <u>\$ 574,317</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

| | Custodial Funds | Total |
|---|----------------------------|--------------|
| ASSETS | | |
| Cash and investments | \$ - | \$ - |
| Total Assets | - | - |
| LIABILITIES | | |
| Due to other funds | 163 | 163 |
| Total Liabilities | 163 | 163 |
| NET POSITION | | |
| Restricted for: | | |
| Individuals, organizations, and other governments | 163 | 163 |
| Total Net Position | \$ 163 | \$ 163 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

| | Custodial Funds | Total Fiduciary Funds |
|---------------------------------------|----------------------------|--------------------------------------|
| ADDITIONS | | |
| Net investment income | \$ - | \$ - |
| Total Additions | - | - |
| DEDUCTIONS | | |
| Distributions from pooled investments | - | - |
| Total Deductions | - | - |
| Total Change in Net Position | - | - |
| Net Position - Beginning | 163 | 163 |
| Net Position - Ending | \$ 163 | \$ 163 |

The notes to the basic financial statements are an integral part of this statement.

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Willows was incorporated in 1886, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, health and sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, water and sewer.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the City.

Joint Agencies

The City is a participant in Northern California Cities Self-Insurance Fund (NCCSIF), the purpose of which is for member Cities to share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the Program Administrator at, 2180 Harvard Street, Suite 460, Sacramento, CA 95815. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the nonfiduciary activities of the City and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Funds are organized into two major categories: governmental and proprietary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and proprietary funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as public safety, planning and zoning, general administrative services and public works.
- The CDBG OTC fund is a special revenue fund used to account for housing revenues and expenditures. Funding comes primarily from grant revenues.
- The CDGB Home Grant fund is a special revenue fund used to account for housing revenues and expenditures. Funding comes primarily from grant revenues.
- The COVID-19 Fisc Rec fund is a special revenue fund used to account for coronavirus relief revenues and expenditures.

The City reports the following major proprietary funds:

- The Sewer Maintenance fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing provided by the City.
- The Sewer Construction fund is an enterprise fund used to account for activity related to capital projects related to the sewer system.
- The Water fund is an enterprise fund used to account for activity related to providing customers with water service and billing provided by the City.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Non-Current Governmental Asset/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, including amounts held in the City's investment pool, to be cash and cash equivalents.

F. Investments

The City pools cash and investments of all funds except cash and investments with fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short-term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

G. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes and amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees and interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

H. Other Assets

Inventory

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2023, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Loans Receivable

A total of \$7,010,053 was recorded as loans receivable at June 30, 2023. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low-income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks and sewer), are defined by the City as an asset with a cost greater than \$500 and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their fair value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

| <u>Depreciable Asset</u> | <u>Estimated Lives</u> |
|---------------------------------|------------------------|
| Equipment | 3 to 25 years |
| Structures and improvements | 5 to 50 years |
| Infrastructure | 20 to 75 years |
| Intangibles (computer software) | 5 to 10 years |

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

K. Property Tax

Glenn County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

L. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transactions (Continued)

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

M. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave and sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pension

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|--------------------------------|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Measurement Period | June 30, 2021 to June 30, 2022 |

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Other Postemployment Benefits (OPEB) (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|-------------------------------|
| Valuation Date | July 1, 2022 |
| Measurement Date | June 30, 2023 |
| Measurement Period | July 1, 2022 to June 30, 2023 |

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items which qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. The other two items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

Q. Estimates

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

R. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 91, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Implementation of Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

S. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements, if applicable:

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net position/fund balance. During the current year the City reported a prior period adjustment to correct a prior year understatement of other liabilities.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

| | Governmental Activities |
|--|----------------------------|
| Net Position, June 30, 2022 as previously reported | \$ 22,735,112 |
| Adjustment associated with: | |
| Correction of prior year understatement of other liabilities | (17,714) |
| Total Adjustments | (17,714) |
| Net Position, July 1, 2022 as restated | \$ 22,717,398 |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Position/Fund Balance (Continued)

The impact of the restatement on the fund balance of the fund financial statements as previously reported is presented below:

| | Other Governmental Funds |
|--|--------------------------------|
| Fund Balance, June 30, 2022 as previously reported | \$ 2,442,458 |
| Adjustment associated with: | |
| Correction of prior year understatement of other liabilities | (17,714) |
| Total Adjustments | (17,714) |
| Fund Balance, July 1, 2022 as restated | \$ 2,424,744 |

B. Deficit Fund Balance

The following non-major governmental funds had deficit fund balances at June 30, 2023:

| | |
|-----------------|-----------|
| RSTP Gas Tax | \$ 76,393 |
| Gas Tax 2106 | 52,668 |
| Home PI | 4,469 |
| Gas Tax 2103 | 13,549 |
| USDA RDBG Grant | 2,767 |

Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2023, the City's cash and investments are reported in the financial statements as follows:

| | |
|----------------------------|---------------|
| Governmental activities | \$ 5,226,316 |
| Business-type activities | 4,955,512 |
| Total Cash and Investments | \$ 10,181,828 |

As of June 30, 2023, the City's cash and investments consisted of the following:

| | |
|------------------------------------|---------------|
| Cash: | |
| Cash on hand | \$ 319 |
| Deposits (less outstanding checks) | 4,467,930 |
| Deposits with fiscal agent | 5,408,743 |
| Total Cash | 9,876,992 |
| Investments: | |
| LAIF | 304,836 |
| Total Investments | 304,836 |
| Total Cash and Investments | \$ 10,181,828 |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the City's cash deposits (including amounts in checking, savings, and money market accounts) was \$9,876,673 and the bank balance was \$10,029,823. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the City had cash on hand of \$319.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, interest bearing deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

C. Investments

The City has an investment policy, the purpose of which is to establish guidelines for the prudent investment of the City's funds, and outline the policies for maximizing the efficiency of the City's cash management program. The ultimate goal is to enhance the economic status of the City while protecting its pooled investments.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

Under the provisions of the City's investment policy and the California Government Code, the City may invest or deposit in the following:

- Securities of the U.S. Government and its Agencies
- Local Agency Investment Fund (State Pool) Demand Deposits (LAIF)
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Passbook Savings Accounts
- Negotiable Certificates of Deposit
- Medium Term Corporate Notes

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The City's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2023, the City had the following recurring fair value measurements:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Fair Value Measurements Using</u> | | |
|--|-------------------|--------------------------------------|----------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments by Fair Value Level | | | | |
| None | \$ - | \$ - | \$ - | \$ - |
| Total Investments Measured at Fair Value | - | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments in External Investment Pools | | | | |
| LAIF | <u>304,836</u> | | | |
| Total Investments | <u>\$ 304,836</u> | | | |

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

As of June 30, 2023, the City had the following investments, all of which had a maturity of 5 years or less:

| <u>Investment Type</u> | <u>Interest Rates</u> | <u>Maturities</u> | | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|------------------------|-----------------------|-------------------|------------------|-------------------|--|
| | | <u>0-1 year</u> | <u>1-5 years</u> | | |
| LAIF | Variable | \$ 304,836 | \$ - | \$ 304,836 | - |
| Total Investments | | <u>\$ 304,836</u> | <u>\$ -</u> | <u>\$ 304,836</u> | <u>-</u> |

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2023, the City's investments were all held in LAIF, which is not rated by a nationally recognized statistical rating organization.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all securities owned by the City shall be held in safekeeping by a third-party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. As of June 30, 2023, all investments of the City were in LAIF, which contains a diversification of investments.

D. Investment in External Investment Pool

The City of Willows maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2023, the City's investment in LAIF valued at amortized cost was \$304,836 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$234.4 billion. Of that amount, 97.22 percent is invested in non-derivative financial products and 2.78 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

| | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 |
|--|-------------------------|---------------------|-------------|--------------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Construction in progress | \$ 16,017 | \$ 1,853,164 | \$ - | \$ 1,869,181 |
| Total Capital Assets, Not Being Depreciated | 16,017 | 1,853,164 | - | 1,869,181 |
| Capital Assets, Being Depreciated | | | | |
| Infrastructure | 11,273,444 | - | - | 11,273,444 |
| Buildings and improvements | 2,324,716 | - | - | 2,324,716 |
| Equipment | 2,611,644 | 472,568 | - | 3,084,212 |
| Total Capital Assets, Being Depreciated | 16,209,804 | 472,568 | - | 16,682,372 |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | (1,308,244) | (234,059) | - | (1,542,303) |
| Buildings and improvements | (1,598,856) | (38,126) | - | (1,636,982) |
| Equipment | (1,602,512) | (96,215) | - | (1,698,727) |
| Total Accumulated Depreciation | (4,509,612) | (368,400) | - | (4,878,012) |
| Total Capital Assets, Being Depreciated, Net | 11,700,192 | 104,168 | - | 11,804,360 |
| Governmental Activities Capital Assets, Net | <u>\$ 11,716,209</u> | <u>\$ 1,957,332</u> | <u>\$ -</u> | <u>\$ 13,673,541</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS (CONTINUED)

| | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 |
|--|-------------------------|---------------------|-------------|--------------------------|
| Business-Type Activities | | | | |
| Capital Assets, Being Depreciated | | | | |
| Infrastructure | \$ 687,030 | \$ - | - | \$ 687,030 |
| Buildings and improvements | 13,629,260 | - | - | 13,629,260 |
| Total Capital Assets, Being Depreciated | <u>14,316,290</u> | <u>-</u> | <u>-</u> | <u>14,316,290</u> |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | (171,817) | (14,616) | - | (186,433) |
| Buildings and improvements | (5,046,331) | (254,197) | - | (5,300,528) |
| Total Accumulated Depreciation | <u>(5,218,148)</u> | <u>(268,813)</u> | <u>-</u> | <u>(5,486,961)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>9,098,142</u> | <u>(268,813)</u> | <u>-</u> | <u>8,829,329</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 9,098,142</u> | <u>(\$ 268,813)</u> | <u>\$ -</u> | <u>\$ 8,829,329</u> |

Depreciation

Depreciation expense was charged to governmental activities as follows:

| | |
|--|-------------------|
| General government | \$ 9,406 |
| Public protection | 64,271 |
| Public ways and facilities | 261,785 |
| Recreation and culture | <u>32,938</u> |
| Total Depreciation Expense – Governmental Activities | <u>\$ 368,400</u> |

Depreciation expense was charged to the business-type activities as follows:

| | |
|---|-------------------|
| Sewer maintenance | \$ 254,197 |
| Sewer construction | 10,498 |
| Water | <u>4,118</u> |
| Total Depreciation Expense – Business-Type Activities | <u>\$ 268,813</u> |

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on City street improvement projects.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 5: INTERFUND TRANSACTIONS

Due From/To Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2023:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| General fund | \$ 27,797 | \$ - |
| Water | - | 20,118 |
| Nonmajor governmental funds | 59,386 | 66,902 |
| Fiduciary funds | - | 163 |
| Total | <u>\$ 87,183</u> | <u>\$ 87,183</u> |

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2023:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|-------------------------|--------------------------|
| General fund | \$ 426,437 | \$ 45,778 |
| COVID-19 Fisc Rec fund | - | 269,792 |
| Nonmajor governmental funds | 228,827 | 339,694 |
| Total | <u>\$ 655,264</u> | <u>\$ 655,264</u> |

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

| <u>Type of Indebtedness</u> | <u>Balance July 1, 2022</u> | <u>Additions</u> | <u>Adjustments/ Retirements</u> | <u>Balance June 30, 2023</u> | <u>Amounts Due Within One Year</u> |
|------------------------------------|---------------------------------|------------------|-------------------------------------|----------------------------------|--|
| Governmental Activities | | | | | |
| Loans payable | \$ 573,500 | \$ - | (\$ 157,166) | \$ 416,334 | \$ 162,428 |
| Pension obligation bonds | 7,319,113 | - | (494,910) | 6,824,203 | 540,735 |
| Capital leases | 130,373 | - | (62,200) | 68,173 | 63,812 |
| Compensated absences | 52,362 | 74,683 | (58,553) | 68,492 | - |
| Total Governmental Activities | <u>\$ 8,075,348</u> | <u>\$ 74,683</u> | <u>(\$ 772,829)</u> | <u>\$ 7,377,202</u> | <u>\$ 766,975</u> |
| Business-Type Activities | | | | | |
| Certificates of Participation | \$ 9,465,000 | - | (\$ 60,000) | 9,405,000 | 200,000 |
| Premium on Issuance | 314,646 | - | (12,586) | 302,060 | 12,586 |
| Certificates of Participation, net | <u>9,779,646</u> | <u>-</u> | <u>(72,586)</u> | <u>9,707,060</u> | <u>212,586</u> |
| Pension obligation bonds | 665,887 | - | (45,090) | 620,797 | 49,265 |
| Total Business-Type Activities | <u>\$ 10,445,533</u> | <u>\$ -</u> | <u>(\$ 117,676)</u> | <u>\$ 10,327,857</u> | <u>\$ 261,851</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Compensated absences are generally liquidated by the fund where the accrued liability occurred. The capital lease liabilities are liquidated by lease payments made by the departments leasing the equipment.

Individual issues of debt payable outstanding at June 30, 2023, are as follows:

Governmental Activities

Loans:

| | |
|---|-------------------|
| Commercial Bank Loan, issued November 1, 2019, in the amount of \$1,400,000, due in annual installments of \$86,027 to \$152,076, with an interest rate of 3.32%, and maturity on May 1, 2026. The City relinquished its rights of immunity from legal proceedings on the grounds of sovereignty in exchange for the proceeds of this loan. | <u>\$ 416,334</u> |
| Total Loans | <u>416,334</u> |

Pension Obligation Bonds:

| | |
|--|---------------------|
| Taxable Pension Obligation Bonds, series 2021, issued May 13, 2021, in the amount of \$8,510,000, due in annual installments of \$525,000 to \$1,965,000, with an interest rate of 0.62% to 3.42%, and a maturity date on August 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds. | <u>6,824,203</u> |
| Total Pension Obligation Bonds | <u>6,824,203</u> |
| Total Governmental Activities | <u>\$ 7,240,537</u> |

Business-Type Activities

Certificates of Participation:

| | |
|--|---------------------|
| 2021 Sewer System Financing Project, dated December 14, 2021, in the amount of \$9,465,000, payable in annual installments of \$70,000 to \$152,000, with an interest rate of 4.000%, and maturity on October 1, 2046. The loan proceeds were used to finance certain improvements to the City's sewer treatment plant system and refinance a USDA Rural Development loan. | <u>\$ 9,405,000</u> |
| Total Certificates of Participation | <u>9,405,000</u> |

Pension Obligation Bonds:

| | |
|--|----------------------|
| Taxable Pension Obligation Bonds, series 2021, issued May 13, 2021, in the amount of \$8,510,000, due in annual installments of \$525,000 to \$1,965,000, with an interest rate of 0.62% to 3.42%, and a maturity date on August 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds. | <u>620,797</u> |
| Total Pension Obligation Bonds | <u>620,797</u> |
| Total Business-Type Activities | <u>\$ 10,025,797</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Following is a schedule of debt payment requirements of governmental activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, and capital leases which are reported in Note 7.

Governmental Activities

| Year Ended June 30 | Loans | | |
|-----------------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2024 | \$ 162,428 | \$ 12,485 | \$ 174,913 |
| 2025 | 167,865 | 7,047 | 174,912 |
| 2026 | <u>86,041</u> | <u>1,413</u> | <u>87,454</u> |
| Total | <u>\$ 416,334</u> | <u>\$ 20,945</u> | <u>\$ 437,279</u> |

| Year Ended June 30 | Pension Obligation Bonds | | |
|-----------------------|--------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | \$ 540,735 | \$ 164,418 | \$ 705,153 |
| 2025 | 421,590 | 160,291 | 581,881 |
| 2026 | 348,270 | 155,809 | 504,079 |
| 2027 | 371,183 | 150,271 | 521,454 |
| 2028 | 398,678 | 143,046 | 541,724 |
| 2029-2033 | 2,410,395 | 553,967 | 2,964,362 |
| 2034-2038 | 2,052,960 | 190,448 | 2,243,408 |
| 2039-2041 | <u>280,392</u> | <u>12,399</u> | <u>292,791</u> |
| Total | <u>\$ 6,824,203</u> | <u>\$ 1,530,649</u> | <u>\$ 8,354,852</u> |

Business-Type Activities

| Year Ended June 30 | Certificates of Participation | | |
|-----------------------|-------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2024 | \$ 200,000 | \$ 270,319 | \$ 470,319 |
| 2025 | 240,000 | 261,519 | 501,519 |
| 2026 | 285,000 | 251,019 | 536,019 |
| 2027 | 295,000 | 239,419 | 534,419 |
| 2028 | 310,000 | 227,319 | 537,319 |
| 2029-2033 | 1,735,000 | 937,495 | 2,672,495 |
| 2034-2038 | 2,025,000 | 646,674 | 2,671,674 |
| 2039-2043 | 2,280,000 | 395,062 | 2,675,062 |
| 2044-2047 | <u>2,035,000</u> | <u>103,438</u> | <u>2,138,438</u> |
| Total | <u>\$ 9,405,000</u> | <u>\$ 3,332,264</u> | <u>\$ 12,737,264</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

| Year Ended June 30 | Pension Obligation Bonds | | |
|-----------------------|--------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| 2024 | \$ 49,265 | \$ 14,980 | \$ 64,245 |
| 2025 | 38,410 | 14,604 | 53,014 |
| 2026 | 31,730 | 14,195 | 45,925 |
| 2027 | 33,818 | 13,691 | 47,509 |
| 2028 | 36,323 | 13,033 | 49,356 |
| 2029-2033 | 219,605 | 50,471 | 270,076 |
| 2034-2038 | 187,040 | 17,351 | 204,391 |
| 2039-2041 | 24,606 | 1,996 | 26,602 |
| Total | <u>\$ 620,797</u> | <u>\$ 140,321</u> | <u>\$ 761,118</u> |

NOTE 7: LEASES

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

| | Stated Interest Rate | Present Value of Remaining Payments at June 30, 2023 |
|-------------------------|-------------------------|---|
| Governmental activities | 2.576% | \$ <u>68,173</u> |
| Total | | \$ <u>68,173</u> |

Equipment and related accumulated depreciation under capital lease are as follows:

| | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment | \$ 501,423 |
| Less: accumulated depreciation | (<u>66,856</u>) |
| Net Value | <u>\$ 434,567</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: LEASES (CONTINUED)

Capital Leases (Continued)

As of June 30, 2023, capital lease annual amortization is as follows:

| <u>Year Ended</u> <u>June 30</u> | <u>Governmental</u> <u>Activities</u> |
|-------------------------------------|--|
| 2024 | \$ 65,163 |
| 2025 | <u>4,418</u> |
| Total Requirements | 69,581 |
| Less: interest | <u>(1,408)</u> |
| Present Value of Remaining Payments | <u>\$ 68,173</u> |

NOTE 8: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$9,831,088 of restricted net position, of which \$2,157,750 is restricted by enabling legislation.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2023, were distributed as follows:

| | General Fund | CDBG OTC | CDBG HOME Grant | COVID-19 Fisc Rec | Other Governmental Funds | Totals |
|------------------------|-----------------|-------------|-----------------------|-------------------------|--------------------------------|------------|
| Nonspendable: | | | | | | |
| Investment in JPA | \$ 141,003 | \$ - | \$ - | \$ - | \$ - | \$ 141,003 |
| Prepaid costs | 17,938 | - | - | - | - | 17,938 |
| Loans receivable | - | 1,760,975 | 5,000,000 | - | 249,078 | 7,010,053 |
| Subtotal | 158,941 | 1,760,975 | 5,000,000 | - | 249,078 | 7,168,994 |
| Restricted for: | | | | | | |
| Community development | - | 127,670 | 19,325 | - | - | 146,995 |
| GT repay | - | - | - | - | 54 | 54 |
| Cert access | - | - | - | - | 11,668 | 11,668 |
| STIP | - | - | - | - | 1,051 | 1,051 |
| SBIEPMT gas tax | - | - | - | - | 356,870 | 356,870 |
| Willows lighting | - | - | - | - | 49,265 | 49,265 |
| Gas tax 2105 | - | - | - | - | 212,603 | 212,603 |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9: FUND BALANCES (CONTINUED)

| | General Fund | CDBG OTC | CDBG HOME Grant | COVID-19 Fisc Rec | Other Governmental Funds | Totals |
|------------------------|-----------------|--------------|-----------------------|-------------------------|--------------------------------|---------------|
| Restricted for | | | | | | |
| (Continued): | | | | | | |
| Gas tax 2107 | - | - | - | - | 134,163 | 134,163 |
| Gas tax 2107.5 | - | - | - | - | 2,003 | 2,003 |
| Recreation & culture | - | - | - | - | 77,900 | 77,900 |
| Basin street | - | - | - | - | 6,969 | 6,969 |
| EDA grant | - | - | - | - | 661 | 661 |
| Community | - | - | - | - | 21,368 | 21,368 |
| Mall maintenance | - | - | - | - | 22,971 | 22,971 |
| County library | - | - | - | - | 153,248 | 153,248 |
| ZIP books state | - | - | - | - | 3,215 | 3,215 |
| SB 2 grant | - | - | - | - | 58,022 | 58,022 |
| Northnet train | - | - | - | - | 1,773 | 1,773 |
| CLSA delivery | - | - | - | - | 25,726 | 25,726 |
| Fire dif | - | - | - | - | 1,714 | 1,714 |
| Police dif | - | - | - | - | 61,741 | 61,741 |
| LIT passthru | - | - | - | - | 46,877 | 46,877 |
| Storm drainage dif | - | - | - | - | 155,478 | 155,478 |
| Street development dif | - | - | - | - | 185,290 | 185,290 |
| Park facilities dif | - | - | - | - | 337,105 | 337,105 |
| I-5 interchange dif | - | - | - | - | 393,109 | 393,109 |
| Library dif | - | - | - | - | 143,201 | 143,201 |
| State recycle grant | - | - | - | - | 8,969 | 8,969 |
| Subtotal | - | 127,670 | 19,325 | - | 2,473,014 | 2,620,009 |
| Committed: | | | | | | |
| General | 205,000 | - | - | - | - | 205,000 |
| Subtotal | 205,000 | - | - | - | - | 205,000 |
| Unassigned | 1,656,503 | - | - | - | (150,126) | 1,506,377 |
| Total | \$ 2,020,444 | \$ 1,888,645 | \$ 5,019,325 | - | \$ 2,571,966 | \$ 11,500,380 |

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The City Council has not adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN

A. General Information about the Pension Plan

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety police, Safety fire, and Miscellaneous (all other) Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Effective January 1, 2013, the City added retirement tiers for the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six-month break in service. Applicable new hires to the City defined as classic employees as determined by PERS will be subject to the non-PEPRA plan. New non-classic employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new non-classic employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs.

Summary of Rate Tiers and Eligible Participants

| | |
|--------------------------|---|
| Open for New Enrollment | |
| Miscellaneous PEPRA | Miscellaneous members hired on or after January 1, 2013 |
| Safety Police PEPRA | Safety police members hired on or after January 1, 2013 |
| Safety Fire PEPRA | Safety fire members hired on or after January 1, 2013 |
| Closed to New Enrollment | |
| Miscellaneous | Miscellaneous members hired before January 1, 2013 |
| Safety Police | Safety police members hired before January 1, 2013 |
| Safety Fire | Safety fire members hired before January 1, 2013 |

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan Members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Each Rate Tier's specific provisions and benefits in effect at June 30, 2023, are summarized as follows:

| | <u>Benefit Formula</u> | <u>Retirement Age</u> | <u>Monthly Benefits as a % of Eligible Compensation</u> |
|---------------------|----------------------------|---------------------------|---|
| Miscellaneous | 3.0% @ 60 | 50-60 | 2.000% to 3.000% |
| Miscellaneous PEPRA | 2.0% @ 62 | 52-67 | 1.000% to 2.500% |
| Safety | 3.0% @ 50 | 50 | 3.000% |
| Safety Police PEPRA | 2.7% @ 57 | 50-57 | 2.000% to 2.700% |
| Safety Fire PEPRA | 2.7% @ 57 | 50-57 | 2.000% to 2.700% |

Contributions

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

| | <u>Employer Contribution Rates</u> | <u>Employee Contribution Rates</u> | <u>Employer Paid Member Contribution Rates</u> |
|---------------------|--|--|--|
| Miscellaneous | 14.530% | 8.000% | 0.000% |
| Miscellaneous PEPRA | 7.470% | 6.750% | 0.000% |
| Safety | 22.470% | 9.000% | 0.000% |
| Safety Police PEPRA | 0.000% | 11.500% | 0.000% |
| Safety Fire PEPRA | 12.780% | 13.000% | 0.000% |

For the year ended June 30, 2023, the contributions recognized as part of pension expense were as follows:

| | <u>Contributions-Employer</u> | <u>Contributions-Employee (Paid by Employer)</u> |
|---------------|-------------------------------|--|
| Miscellaneous | \$ 51,127 | \$ - |
| Safety | 30,900 | - |

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

The City's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

| | <u>Proportion June 30, 2022</u> | <u>Proportion June 30, 2023</u> | <u>Change- Increase (Decrease)</u> |
|---------------|-------------------------------------|-------------------------------------|--|
| Miscellaneous | 0.10079% | -0.08113% | (0.18192%) |
| Safety | 0.07049% | 0.00007% | (0.07042%) |

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

| | <u>Proportionate Share of Net Pension Liability (Asset)</u> |
|-----------------------------|---|
| Miscellaneous | \$ 335,623 |
| Safety | <u>496,229</u> |
| Total Net Pension Liability | <u>\$ 831,852</u> |

For the year ended June 30, 2023, the City recognized pension expense of \$6,193,357. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to the measurement date | \$ 129,056 | \$ - |
| Change of assumptions | 84,427 | - |
| Difference between expected and actual experience | 27,277 | (9,903) |
| Difference between projected and actual earnings on pension plan investments | 139,838 | - |
| Difference between City contributions and proportionate share of contributions | 3,459,772 | (1,258,604) |
| Amortization due to differences in proportions | <u>2,756,426</u> | <u>(3,020,157)</u> |
| Total | <u>\$ 6,596,796</u> | <u>(\$ 4,288,664)</u> |

\$129,056 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

| <u>Year Ended June 30</u> | |
|-------------------------------|---------------------|
| 2024 | \$ 856,246 |
| 2025 | 809,129 |
| 2026 | 428,296 |
| 2027 | 85,405 |
| Thereafter | <u>-</u> |
| Total | <u>\$ 2,179,076</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Investment Rate of Return | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by entry-age and service |
| Mortality Rate Table | Derived using CalPERS' membership data for all funds |
| Post-Retirement Benefit Increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERFC was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as follows:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return Years 1-10 (1, 2)</u> |
|----------------------------------|---|--|
| Global Equity – Cap-Weighted | 30.0% | 4.54% |
| Global Equity – Non-Cap-Weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | (5.0%) | (0.59%) |
| Total | <u>100.0%</u> | |

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

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

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

| | <u>1% Decrease 5.90%</u> | <u>Discount Rate 6.90%</u> | <u>1% Increase 7.90%</u> |
|---------------|----------------------------------|------------------------------------|----------------------------------|
| Miscellaneous | \$ 2,075,407 | \$ 335,623 | (\$ 1,095,789) |
| Safety | 2,865,236 | 496,229 | (1,439,900) |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City administers a single employer defined benefit healthcare plan. As of January 1, 2018, the City participates in the California State Association of Counties Excess Insurance Authority (CSA CEIA) which is a small group of health benefit programs. There are four medical plans available, one for Non-Medicare participants and three for Medicare eligible participants.

Benefits Provided

Eligible employees who retired before July 1, 2017 are eligible for the PEMCHA minimum (\$133 per month in 2018). This amount will stay at \$133 per month for the remainder of the retiree's life. There are currently three retirees who are receiving these benefits.

Effective for retirements on or after July 1, 2017, the employee must self-pay the entire cost of premiums during retirement. Employees are eligible to remain on the City health plan if they retire directly from the City via service retirement or through industrial disability. There is no age or service requirement.

While the City does not directly contribute towards the cost of premiums for retirees except as noted for retirees receiving the 2018 PEMCHA minimum amount per month, premiums do not vary by age. Because actives and retirees under age 65 have the same premiums, there is an implicit subsidy realized, as the younger actives are subsidizing the costs of the older retirees.

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive employees or beneficiaries currently receiving benefits | 2 |
| Active employees | <u>12</u> |
| Total | <u><u>14</u></u> |

B. Net OPEB Liability

The City's net OPEB liability of \$52,621 was measured as of June 30, 2023, and was determined by the actuarial valuation as of July 1, 2022.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The net OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Valuation Date | July 1, 2022 |
| Measurement Date | Last day of the current fiscal year (June 30, 2023) |
| Actuarial Cost Method | Entry Age, level of percent of pay |
| Asset Valuation Method | No assets held in irrevocable trust of measurement date |
| Discount Rates | 3.86% as of June 30, 2023, 3.69% as of June 30, 2022 |
| Salary Increase | 3.00% |
| Inflation Rate | 2.50% per year |
| Healthcare cost trend rates | 6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069 and 4.00% for 2070 and later years. |
| Mortality rates | Postretirement mortality rates from 2000-2019 CalPERS experience study |

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan fiduciary net position (i.e., fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2023 for the City's proportionate share.

| | Increases (Decreases) | | |
|---|--------------------------------|--|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) – (b) |
| Balances at fiscal year ending June 30, 2022 | \$ 108,114 | \$ - | \$ 108,114 |
| Changes during the period: | | | |
| Service cost | 3,500 | - | 3,500 |
| Interest cost | 1,962 | - | 1,962 |
| Difference between expected and actual experience | (63,695) | - | (63,695) |
| Changes in assumptions | 6,375 | - | 6,375 |
| Contributions – employer | - | 3,635 | (3,635) |
| Benefit payments | (3,635) | (3,635) | - |
| Net Changes | (55,493) | - | (55,493) |
| Balances at fiscal year ending June 30, 2023 | <u>\$ 52,621</u> | <u>\$ -</u> | <u>\$ 52,621</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

| | <u>1% Decrease</u> 2.86% | <u>Current Rate</u> 3.86% | <u>1% Increase</u> 4.86% |
|--------------------|-----------------------------|------------------------------|-----------------------------|
| Net OPEB liability | \$ 56,743 | \$ 52,621 | \$ 48,921 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

| | <u>Current Trend</u> - 1% | <u>Current Trend</u> | <u>Current Trend</u> +1% |
|--------------------|------------------------------|----------------------|-----------------------------|
| Net OPEB Liability | \$ 47,851 | \$ 52,621 | \$ 58,182 |

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized an OPEB credit of (\$549). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows</u> <u>of Resources</u> | <u>Deferred Inflows</u> <u>of Resources</u> |
|--|---|--|
| Changes of assumptions | \$ 13,550 | (\$ 9,476) |
| Differences between expected and actual experience | <u>-</u> | <u>(62,690)</u> |
| Total | <u>\$ 13,550</u> | <u>(\$ 72,166)</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal</u> <u>Year Ended</u> <u>June 30</u> | |
|--|--------------------|
| 2024 | (\$ 6,011) |
| 2025 | (6,518) |
| 2026 | (7,567) |
| 2027 | (7,560) |
| 2028 | (7,360) |
| Thereafter | <u>(23,600)</u> |
| | <u>(\$ 58,616)</u> |

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 12: RISK MANAGEMENT

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured \$25,000 retention for liability and the self-insured \$100,000 retention for workers compensation. The NCCSIF is composed of 22 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The City pays an annual premium to NCCSIF for its insurance coverage.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Willows council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 12: RISK MANAGEMENT (CONTINUED)

The participants as of June 30, 2023 were as follows:

- Anderson
- Auburn
- Colusa
- Corning
- Dixon
- Elk Grove
- Folsom
- Galt
- Gridley
- Ione
- Jackson
- Lincoln
- Marysville
- Nevada City
- Oroville
- Paradise
- Placerville
- Red Bluff
- Rio Vista
- Rocklin
- Willows
- Yuba City

The City's investment in NCCSIF of \$141,003 is recorded in the General fund. The net change is shown as an income or expense item in these funds.

NOTE 13: OTHER INFORMATION

A. Commitments and Contingencies

At June 30, 2023, the City had construction commitments outstanding of approximately \$45,751.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2023 through February 16, 2024, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023
Last 10 Years*

| Measurement Date** | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---|------------------|------------------|------------------|------------------|
| Proportion of the net pension liability | 0.08690% | 0.08690% | 0.08190% | 0.07990% |
| Proportionate share of the net pension liability | \$ 5,404,643 | \$ 5,963,313 | \$ 7,089,757 | \$ 7,924,460 |
| Covered payroll | 1,524,276 | 1,488,702 | 1,628,424 | 1,525,987 |
| Proportionate share of the net pension liability as a percentage of covered payroll | 354.57% | 400.57% | 435.38% | 519.30% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.00% | 78.00% | 74.00% | 73.00% |
| Measurement Date | 2020/2021 | 2021/2022 | | |
| Miscellaneous | | | | |
| Proportion of the net pension liability | 0.10079% | | | |
| Proportionate share of the net pension liability | \$ (1,913,729) | \$ 335,623 | | |
| Covered payroll | 430,096 | 523,670 | | |
| Proportionate share of the net pension liability as a percentage of covered payroll | -444.95% | 64.09% | | |
| Plan fiduciary net position as a percentage of the total pension liability | 98.97% | 78.19% | | |
| Safety | | | | |
| Proportion of the net pension liability | 0.07049% | | | |
| Proportionate share of the net pension liability | \$ (2,473,802) | \$ 496,229 | | |
| Covered payroll | 211,764 | 209,254 | | |
| Proportionate share of the net pension liability as a percentage of covered payroll | -1168.19% | 237.14% | | |
| Plan fiduciary net position as a percentage of the total pension liability | 97.09% | 75.53% | | |

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only nine years are shown.

** The prior year information was combined for both plans

| <u>2017/2018</u> | <u>2018/2019</u> | <u>2019/2020</u> |
|------------------|------------------|------------------|
| 0.08941% | 0.08900% | 0.08872% |
| \$ 7,792,418 | \$ 8,197,527 | \$ 8,647,031 |
| 1,036,377 | 1,007,884 | 979,663 |
| 751.89% | 813.34% | 882.65% |
| 69.54% | 70.03% | 69.09% |

CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2023
Last 10 Years*

| Fiscal Year** | <u>2014/2015</u> | <u>2015/2016</u> | <u>2016/2017</u> | <u>2017/2018</u> |
|---|-----------------------|------------------|------------------|------------------|
| Contractually required contributions (actuarially determined) | \$ 468,134 | \$ 748,028 | \$ 639,429 | \$ 615,648 |
| Contributions in relation to the actuarially determined contributions | <u>(468,134)</u> | <u>(748,028)</u> | <u>(639,429)</u> | <u>(615,648)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 1,488,702 | \$ 1,628,424 | \$ 1,525,987 | \$ 1,036,377 |
| Contributions as a percentage of covered payroll | 31.45% | 45.94% | 41.90% | 59.40% |
| Fiscal Year* | <u>2020/2021</u> | <u>2021/2022</u> | <u>2022/2023</u> | |
| Miscellaneous | | | | |
| Contractually required contributions (actuarially determined) | \$ 341,575 | \$ 51,127 | \$ 80,048 | |
| Contributions in relation to the actuarially determined contributions | <u>(3,965,575)</u> | <u>(51,127)</u> | <u>(80,048)</u> | |
| Contribution deficiency (excess) | <u>\$ (3,624,000)</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Covered payroll | \$ 430,096 | \$ 523,670 | \$ 410,203 | |
| Contributions as a percentage of covered payroll | 922.02% | 9.76% | 19.51% | |
| Safety | | | | |
| Contractually required contributions (actuarially determined) | \$ 486,198 | \$ 30,900 | \$ 49,008 | |
| Contributions in relation to the actuarially determined contributions | <u>(5,146,198)</u> | <u>(30,900)</u> | <u>(49,008)</u> | |
| Contribution deficiency (excess) | <u>\$ (4,660,000)</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Covered payroll | \$ 211,764 | \$ 209,254 | \$ 253,088 | |
| Contributions as a percentage of covered payroll | 229.59% | 14.77% | 19.36% | |

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only nine years are shown.

** The prior year information was combined for both plans

| <u>2018/2019</u> | <u>2019/2020</u> |
|------------------------|----------------------|
| \$ 683,036 | \$ 763,969 |
| <u>(683,036)</u> | <u>(763,969)</u> |
| <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,007,884 67.77% | \$ 979,663 77.98% |

CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2023

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumption: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

| | |
|-------------------------------|--|
| Valuation Date | June 30, 2021 |
| Actuarial cost method | Individual Entry Age Normal |
| Amortization method | Level Percentage of Payroll (Pre-2019 basis). Level Dollar |
| Remaining Amortization Period | Differs by employer rate plan but no more than 30 years |
| Asset valuation method | Fair value |
| Discount Rate | 7.00% |
| Payroll Growth | 2.75% |
| Inflation | 2.50% |
| Salary increases | Varies based on entry age and service |
| Investment rate of return | 7.00% |

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CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023
Last 10 Years*

| | <u>2017/2018</u> | <u>2018/2019</u> | <u>2019/2020</u> |
|---|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 3,120 | \$ 3,214 | \$ 3,405 |
| Interest | 4,322 | 4,159 | 3,739 |
| Difference between expected and actual experience | - | - | - |
| Changes of assumption | - | 3,926 | 5,536 |
| Benefit payments | <u>(12,644)</u> | <u>(11,243)</u> | <u>(8,994)</u> |
| Net Change in Total OPEB Liability | (5,202) | 56 | 3,686 |
| Total OPEB Liability - Beginning | <u>125,659</u> | <u>120,457</u> | <u>120,513</u> |
| Total OPEB Liability - Ending (a) | <u>\$ 120,457</u> | <u>\$ 120,513</u> | <u>\$ 124,199</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | \$ 12,644 | \$ 11,243 | \$ 8,994 |
| Benefit payments | <u>(12,644)</u> | <u>(11,243)</u> | <u>(8,994)</u> |
| Net Change in Plan Fiduciary Net Position | - | - | - |
| Plan Fiduciary Net Position - Beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB Liability - Ending (a) - (b) | <u>\$ 120,457</u> | <u>\$ 120,513</u> | <u>\$ 124,199</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |
| Covered-employee payroll | \$ 683,036 | \$ 763,969 | \$ 951,295 |
| Net OPEB liability as a percentage of covered-employee payroll | 17.64% | 15.77% | 13.06% |

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only six years are shown.

| <u>2020/2021</u> | <u>2021/2022</u> | <u>2022/2023</u> |
|-------------------|-------------------|------------------|
| \$ 3,166 | \$ 3,524 | \$ 3,500 |
| 2,898 | 2,343 | 1,962 |
| (9,734) | - | (63,695) |
| 9,650 | (13,344) | 6,375 |
| <u>(8,811)</u> | <u>(5,777)</u> | <u>(3,635)</u> |
| (2,831) | (13,254) | (55,493) |
| 124,199 | 121,368 | 108,114 |
| <u>\$ 121,368</u> | <u>\$ 108,114</u> | <u>\$ 52,621</u> |
| \$ 8,811 | \$ 5,777 | \$ 3,635 |
| <u>(8,811)</u> | <u>(5,777)</u> | <u>(3,635)</u> |
| - | - | - |
| - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 121,368</u> | <u>\$ 108,114</u> | <u>\$ 52,621</u> |
| 0.00% | 0.00% | 0.00% |
| \$ 759,702 | \$ 833,805 | \$ 833,805 |
| 15.98% | 12.97% | 6.31% |

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2023
Last 10 Years*

| | <u>2017/2018</u> | <u>2018/2019</u> | <u>2019/2020</u> |
|--|------------------|------------------|------------------|
| Actuarially determined contributions | \$ 12,644 | \$ 11,243 | \$ 8,994 |
| Contributions in relation to the actuarially determined contribution | <u>(12,644)</u> | <u>(11,243)</u> | <u>(8,994)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 683,036 | \$ 763,969 | \$ 951,295 |
| Contributions as a percentage of covered-employee payroll | 1.85% | 1.47% | 0.95% |

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only five years are shown.

| <u>2020/2021</u> | <u>2021/2022</u> | <u>2022/2023</u> |
|---------------------|---------------------|---------------------|
| \$ 8,811 (8,811) | \$ 5,777 (5,777) | \$ 3,635 (3,635) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 759,702 1.16% | \$ 833,805 0.69% | \$ 833,805 0.44% |

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2023

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

| | |
|--------------------------|--|
| Discount Rate: | Increased from 3.69 percent to 3.86 percent, reflecting the change in municipal bond index rate. |
| Demographic Assumptions: | Used the 2017 experience study from CalPERS. |
| Mortality Improvements: | Used the Mortality postretirement rates from the 2017 CalPERS experience study. |
| General Inflation Rate: | 2.50 percent |
| Salary Increase: | 3.00 percent per year |
| Medical Trend: | Use the Getzen model, published by the Society of Actuaries. |

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Taxes and assessments | \$ 4,107,363 | \$ 4,060,588 | \$ 4,516,067 | \$ 455,479 |
| Licenses, permits and franchises | 369,188 | 390,095 | 137,782 | (252,313) |
| Fines and forfeitures | 5,133 | 6,000 | 6,370 | 370 |
| Intergovernmental revenues | 188,741 | 2,134,582 | 1,212,321 | (922,261) |
| Use of money and property | 53,000 | 53,000 | 61,514 | 8,514 |
| Charges for services | 147,590 | 211,750 | 247,446 | 35,696 |
| Other revenues | 6,000 | 69,000 | 87,008 | 18,008 |
| Total Revenues | <u>4,877,015</u> | <u>6,925,015</u> | <u>6,268,508</u> | <u>(656,507)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,296,440 | 1,546,979 | 1,662,729 | (115,750) |
| Public protection | 2,062,167 | 3,118,224 | 2,977,644 | 140,580 |
| Public ways and facilities | 702,602 | 751,172 | 855,413 | (104,241) |
| Education | 225,973 | 234,180 | 237,635 | (3,455) |
| Recreation and culture | 92,123 | 108,464 | 128,145 | (19,681) |
| Debt service | 663,191 | 663,191 | 663,123 | 68 |
| Capital outlay | 659,000 | 885,820 | 528,778 | 357,042 |
| Total Expenditures | <u>5,701,496</u> | <u>7,308,030</u> | <u>7,053,467</u> | <u>254,563</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(824,481)</u> | <u>(383,015)</u> | <u>(784,959)</u> | <u>(401,944)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 756,744 | 105,139 | 426,437 | 321,298 |
| Transfers out | - | - | (45,778) | (45,778) |
| Total Other Financing Sources (Uses) | <u>756,744</u> | <u>105,139</u> | <u>380,659</u> | <u>275,520</u> |
| Net Change in Fund Balances | <u>(67,737)</u> | <u>(277,876)</u> | <u>(404,300)</u> | <u>(126,424)</u> |
| Fund Balances - Beginning | 2,442,458 | 2,442,458 | 2,442,458 | - |
| Prior period adjustment | - | - | (17,714) | (17,714) |
| Fund Balances - Beginning, Restated | <u>2,442,458</u> | <u>2,442,458</u> | <u>2,424,744</u> | <u>(17,714)</u> |
| Fund Balances - Ending | <u>\$ 2,374,721</u> | <u>\$ 2,164,582</u> | <u>\$ 2,020,444</u> | <u>\$ (144,138)</u> |

The City of Willows budgets for debt service principal and interest expenditures as one item. For purposes of the budgetary comparison schedule, the debt service principal and interest expenditures have been combined.

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
CDBG OTC Fund
For the Year Ended June 30, 2023

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|---------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ - | \$ 221,136 | \$ 36,060 | \$ (185,076) |
| Use of money | - | - | 628 | 628 |
| Total Revenues | - | 221,136 | 36,688 | (184,448) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | - | 5,000 | 4,750 | 250 |
| Total Expenditures | - | 5,000 | 4,750 | 250 |
| Excess of Revenues Over (Under) Expenditures | - | 216,136 | 31,938 | (184,198) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (127,468) | - | 127,468 |
| Total Other Financing Sources (Uses) | - | (127,468) | - | 127,468 |
| Net Change in Fund Balances | - | 88,668 | 31,938 | (56,730) |
| Fund Balances - Beginning | 1,856,707 | 1,856,707 | 1,856,707 | - |
| Fund Balances - Ending | \$ 1,856,707 | \$ 1,945,375 | \$ 1,888,645 | \$ (56,730) |

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
CDBG HOME Grant Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|------------------------------------|----------------------------|-------------------------|---------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ - | \$ 10,794 | \$ 10,794 | \$ - |
| Use of money | - | - | 139 | 139 |
| Total Revenues | <u>-</u> | <u>10,794</u> | <u>10,933</u> | <u>139</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | 8,878 | 8,878 | 485 | 8,393 |
| Total Expenditures | <u>8,878</u> | <u>8,878</u> | <u>485</u> | <u>8,393</u> |
| Net Change in Fund Balances | (8,878) | 1,916 | 10,448 | 8,532 |
| Fund Balances - Beginning | <u>5,008,877</u> | <u>5,008,877</u> | <u>5,008,877</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 4,999,999</u> | <u>\$ 5,010,793</u> | <u>\$ 5,019,325</u> | <u>\$ 8,532</u> |

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
COVID-19 Fisc Rec Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|----------------------------|--------------------------|---------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ 726,276 | \$ 726,276 | \$ 285,292 | \$ (440,984) |
| Total Revenues | <u>726,276</u> | <u>726,276</u> | <u>285,292</u> | <u>(440,984)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public protection | - | - | 15,500 | (15,500) |
| Capital outlay | 30,000 | - | - | - |
| Total Expenditures | <u>30,000</u> | <u>-</u> | <u>15,500</u> | <u>(15,500)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>696,276</u> | <u>726,276</u> | <u>269,792</u> | <u>(456,484)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (700,000) | (544,500) | (269,792) | 274,708 |
| Total Other Financing Sources (Uses) | <u>(700,000)</u> | <u>(544,500)</u> | <u>(269,792)</u> | <u>274,708</u> |
| Net Change in Fund Balances | <u>(3,724)</u> | <u>181,776</u> | <u>-</u> | <u>(181,776)</u> |
| Fund Balances - Beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances - Ending | <u><u>\$ (3,724)</u></u> | <u><u>\$ 181,776</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (181,776)</u></u> |

CITY OF WILLOWS
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2023

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budget to actual results for the General fund and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The City Manager submits to the City Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2023, the City incurred expenditures in excess of appropriations as follows:

| | <u>Appropriations</u> | <u>Expenditures</u> | <u>Excess of Expenditures Over Appropriations</u> |
|------------------------|-----------------------|---------------------|---|
| COVID-19 Fisc Rec fund | \$ - | \$ 15,500 | \$ 15,500 |

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Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

| | Special Revenue Funds | Totals |
|--|--------------------------------------|---------------------|
| ASSETS | | |
| Cash and investments | \$ 2,271,226 | \$ 2,271,226 |
| Receivables: | | |
| Interest | 1,001 | 1,001 |
| Intergovernmental | 193,826 | 193,826 |
| Due from other funds | 134,361 | 134,361 |
| Loans receivable | 249,078 | 249,078 |
| | \$ 2,849,492 | \$ 2,849,492 |
| LIABILITIES | | |
| Accounts payable | \$ 95,498 | \$ 95,498 |
| Retention payable | 40,151 | 40,151 |
| Due to other funds | 141,877 | 141,877 |
| | 277,526 | 277,526 |
| FUND BALANCES | | |
| Nonspendable | 249,078 | 249,078 |
| Restricted | 2,473,014 | 2,473,014 |
| Unassigned | (150,126) | (150,126) |
| | 2,571,966 | 2,571,966 |
| Total Fund Balances | \$ 2,571,966 | \$ 2,571,966 |
| Total Liabilities and Fund Balances | \$ 2,849,492 | \$ 2,849,492 |

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

| | Special Revenue Funds | Totals |
|---|--------------------------------------|---------------------|
| REVENUES | | |
| Intergovernmental revenues | \$ 1,390,401 | \$ 1,390,401 |
| Use of money and property | 17,589 | 17,589 |
| Charges for services | 10,614 | 10,614 |
| Other revenues | 641,338 | 641,338 |
| | 2,059,942 | 2,059,942 |
| EXPENDITURES | | |
| Current: | | |
| General government | 59,303 | 59,303 |
| Public protection | 83,592 | 83,592 |
| Public ways and facilities | 108,809 | 108,809 |
| Community development | 22,970 | 22,970 |
| Education | 18,511 | 18,511 |
| Recreation and culture | 15,242 | 15,242 |
| Debt Service: | | |
| Principal | 219,366 | 219,366 |
| Interest | 20,709 | 20,709 |
| Capital outlay | 1,796,954 | 1,796,954 |
| | 2,345,456 | 2,345,456 |
| Excess of Revenues Over (Under) Expenditures | (285,514) | (285,514) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 228,827 | 228,827 |
| Transfers out | (339,694) | (339,694) |
| | (110,867) | (110,867) |
| Net Change in Fund Balances | (396,381) | (396,381) |
| Fund Balances - Beginning | 2,968,347 | 2,968,347 |
| Fund Balances - Ending | \$ 2,571,966 | \$ 2,571,966 |

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

| | <u>GT 2103 Repay</u> | <u>Cert Access</u> | <u>STIP</u> | <u>RSTP Gas Tax</u> | <u>SB1EPMT Gas Tax</u> |
|--|--------------------------|------------------------|-----------------|-------------------------|----------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 54 | \$ 11,603 | \$ 1,051 | \$ - | \$ 256,590 |
| Receivables: | | | | | |
| Interest | - | - | - | - | 171 |
| Intergovernmental | - | 65 | - | 114,253 | 25,134 |
| Due from other funds | - | - | - | - | 74,975 |
| Loans receivable | - | - | - | - | - |
| Total Assets | <u>\$ 54</u> | <u>\$ 11,668</u> | <u>\$ 1,051</u> | <u>\$ 114,253</u> | <u>\$ 356,870</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 75,520 | \$ - |
| Retention payable | - | - | - | 40,151 | - |
| Due to other funds | - | - | - | 74,975 | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>190,646</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 54 | 11,668 | 1,051 | - | 356,870 |
| Unassigned | - | - | - | (76,393) | - |
| Total Fund Balances (Deficits) | <u>54</u> | <u>11,668</u> | <u>1,051</u> | <u>(76,393)</u> | <u>356,870</u> |
| Total Liabilities and Fund Balances | <u>\$ 54</u> | <u>\$ 11,668</u> | <u>\$ 1,051</u> | <u>\$ 114,253</u> | <u>\$ 356,870</u> |

| CDBG Housing Loans | Willows Lighting | Gas Tax 2105 | Gas Tax 2106 | Gas Tax 2107 | Gas Tax 2107.5 | Recreation Reimb | Recreation & Culture |
|-----------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|---------------------------|-----------------------------|-------------------------------------|
| \$ - | \$ 49,829 | \$ 152,451 | \$ - | \$ 129,718 | \$ 2,003 | \$ - | \$ 77,891 |
| - | 23 | 57 | - | 41 | - | - | 9 |
| - | - | 3,207 | 1,855 | 4,404 | - | - | - |
| - | - | 59,386 | - | - | - | - | - |
| 249,078 | - | - | - | - | - | - | - |
| <u>\$ 249,078</u> | <u>\$ 49,852</u> | <u>\$ 215,101</u> | <u>\$ 1,855</u> | <u>\$ 134,163</u> | <u>\$ 2,003</u> | <u>\$ -</u> | <u>\$ 77,900</u> |
| \$ - | \$ 587 | \$ 2,498 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| 280 | - | - | 54,523 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 280 | 587 | 2,498 | 54,523 | - | - | - | - |
| 249,078 | - | - | - | - | - | - | - |
| - | 49,265 | 212,603 | - | 134,163 | 2,003 | - | 77,900 |
| (280) | - | - | (52,668) | - | - | - | - |
| 248,798 | 49,265 | 212,603 | (52,668) | 134,163 | 2,003 | - | 77,900 |
| <u>\$ 249,078</u> | <u>\$ 49,852</u> | <u>\$ 215,101</u> | <u>\$ 1,855</u> | <u>\$ 134,163</u> | <u>\$ 2,003</u> | <u>\$ -</u> | <u>\$ 77,900</u> |

Continued (Page 1 of 3)

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

| | USDA Biomass | Basin Street | EDA Grant | Community | Mall Maintenance |
|--|-------------------------|-------------------------|----------------------|------------------|-----------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 6,968 | \$ 621 | \$ 21,368 | \$ 22,971 |
| Receivables: | | | | | |
| Interest | - | 1 | 40 | - | - |
| Intergovernmental | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Loans receivable | - | - | - | - | - |
| Total Assets | \$ - | \$ 6,969 | \$ 661 | \$ 21,368 | \$ 22,971 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retention payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | 6,969 | 661 | 21,368 | 22,971 |
| Unassigned | - | - | - | - | - |
| Total Fund Balances (Deficits) | - | 6,969 | 661 | 21,368 | 22,971 |
| Total Liabilities and Fund Balances | \$ - | \$ 6,969 | \$ 661 | \$ 21,368 | \$ 22,971 |

| <u>County Library</u> | <u>ZIP Books State</u> | <u>SB 2 Grant</u> | <u>HOME-PI</u> | <u>Northnet Train</u> | <u>CLSA Delivery</u> | <u>Fire DIF</u> | <u>Police DIF</u> |
|-----------------------|------------------------|-------------------|----------------|-----------------------|----------------------|-----------------|-------------------|
| \$ 154,142 | \$ 4,857 | \$ 17,754 | \$ - | \$ 2,715 | \$ 25,726 | \$ 1,699 | \$ 61,715 |
| 65 | - | - | - | - | - | 15 | 26 |
| - | - | 40,268 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 154,207</u> | <u>\$ 4,857</u> | <u>\$ 58,022</u> | <u>\$ -</u> | <u>\$ 2,715</u> | <u>\$ 25,726</u> | <u>\$ 1,714</u> | <u>\$ 61,741</u> |
| \$ 959 | \$ 1,642 | \$ - | \$ - | \$ 942 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | 4,469 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>959</u> | <u>1,642</u> | <u>-</u> | <u>4,469</u> | <u>942</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - | - |
| 153,248 | 3,215 | 58,022 | - | 1,773 | 25,726 | 1,714 | 61,741 |
| - | - | - | (4,469) | - | - | - | - |
| <u>153,248</u> | <u>3,215</u> | <u>58,022</u> | <u>(4,469)</u> | <u>1,773</u> | <u>25,726</u> | <u>1,714</u> | <u>61,741</u> |
| <u>\$ 154,207</u> | <u>\$ 4,857</u> | <u>\$ 58,022</u> | <u>\$ -</u> | <u>\$ 2,715</u> | <u>\$ 25,726</u> | <u>\$ 1,714</u> | <u>\$ 61,741</u> |

Continued (Page 2 of 3)

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

| | LIT Passthru | Storm Drainage DIF | Street Development DIF | Park Facilities DIF | I-5 Interchange DIF |
|--|-------------------------|-------------------------------|---------------------------------------|--------------------------------|------------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 46,865 | \$ 155,412 | \$ 185,211 | \$ 336,961 | \$ 392,942 |
| Receivables: | | | | | |
| Interest | 12 | 66 | 79 | 144 | 167 |
| Intergovernmental | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Loans receivable | - | - | - | - | - |
| Total Assets | \$ 46,877 | \$ 155,478 | \$ 185,290 | \$ 337,105 | \$ 393,109 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retention payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | - |
| Restricted | 46,877 | 155,478 | 185,290 | 337,105 | 393,109 |
| Unassigned | - | - | - | - | - |
| Total Fund Balances (Deficits) | 46,877 | 155,478 | 185,290 | 337,105 | 393,109 |
| Total Liabilities and Fund Balances | \$ 46,877 | \$ 155,478 | \$ 185,290 | \$ 337,105 | \$ 393,109 |

| Library DIF | State Recycle Grant | Gas Tax 2103 | USDA RDBG Grant | Total |
|------------------------|------------------------------------|-------------------------|--------------------------------|---------------------|
| \$ 143,140 | \$ 8,969 | \$ - | \$ - | \$ 2,271,226 |
| 61 | - | 24 | - | 1,001 |
| - | - | 4,640 | - | 193,826 |
| - | - | - | - | 134,361 |
| - | - | - | - | 249,078 |
| <u>\$ 143,201</u> | <u>\$ 8,969</u> | <u>\$ 4,664</u> | <u>-</u> | <u>2,849,492</u> |
| \$ - | \$ - | \$ 13,350 | - | 95,498 |
| - | - | - | - | 40,151 |
| - | - | 4,863 | 2,767 | 141,877 |
| - | - | - | - | - |
| - | - | 18,213 | 2,767 | 277,526 |
| - | - | - | - | 249,078 |
| 143,201 | 8,969 | - | - | 2,473,014 |
| - | - | (13,549) | (2,767) | (150,126) |
| <u>143,201</u> | <u>8,969</u> | <u>(13,549)</u> | <u>(2,767)</u> | <u>2,571,966</u> |
| <u>\$ 143,201</u> | <u>\$ 8,969</u> | <u>\$ 4,664</u> | <u>\$ -</u> | <u>\$ 2,849,492</u> |

Continued (Page 3 of 3)

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

| | GT 2103 Repay | Cert Access | STIP | RSTP Gas Tax | SB1EPMT Gas Tax |
|---|--------------------------|------------------------|-----------------|-------------------------|----------------------------|
| REVENUES | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ 958,046 | \$ 143,435 |
| Use of money and property | 1 | - | 7 | (81) | 2,791 |
| Charges for services | - | - | - | - | - |
| Other revenue | - | 2,117 | - | 201,825 | - |
| Total Revenues | 1 | 2,117 | 7 | 1,159,790 | 146,226 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public protection | - | - | - | - | 83,592 |
| Public ways and facilities | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Education | - | - | - | - | - |
| Recreation and culture | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Capital outlay | - | - | - | 1,681,600 | - |
| Total Expenditures | - | - | - | 1,681,600 | 83,592 |
| Excess of Revenues Over (Under) Expenditures | 1 | 2,117 | 7 | (521,810) | 62,634 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 100,000 | - |
| Transfers out | - | - | - | - | (60,710) |
| Total Other Financing Sources (Uses) | - | - | - | 100,000 | (60,710) |
| Net Change in Fund Balances | 1 | 2,117 | 7 | (421,810) | 1,924 |
| Fund Balances - Beginning (Deficits) | 53 | 9,551 | 1,044 | 345,417 | 354,946 |
| Fund Balances - Ending (Deficits) | \$ 54 | \$ 11,668 | \$ 1,051 | \$ (76,393) | \$ 356,870 |

| CDBG Housing Loans | Willows Lighting | Gas Tax 2105 | Gas Tax 2106 | Gas Tax 2107 | Gas Tax 2107.5 | Recreation Reimb | Recreation & Culture |
|-----------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|---------------------------|-----------------------------|-------------------------------------|
| \$ - | \$ - | \$ 37,271 | \$ 23,793 | \$ 49,300 | \$ - | \$ - | \$ - |
| 1,517 | 363 | 927 | - | 668 | 3 | - | 143 |
| - | - | - | - | - | - | - | 10,009 |
| - | 3,154 | - | - | - | 2,000 | - | 66,670 |
| 1,517 | 3,517 | 38,198 | 23,793 | 49,968 | 2,003 | - | 76,822 |
| 280 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 9,963 | 2,771 | 44,090 | 181 | - | - | - |
| 399 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 5,481 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 679 | 9,963 | 2,771 | 44,090 | 181 | - | - | 5,481 |
| 838 | (6,446) | 35,427 | (20,297) | 49,787 | 2,003 | - | 71,341 |
| - | - | - | - | - | - | - | - |
| (5,890) | - | - | - | - | - | (1,408) | (747) |
| (5,890) | - | - | - | - | - | (1,408) | (747) |
| (5,052) | (6,446) | 35,427 | (20,297) | 49,787 | 2,003 | (1,408) | 70,594 |
| 253,850 | 55,711 | 177,176 | (32,371) | 84,376 | - | 1,408 | 7,306 |
| \$ 248,798 | \$ 49,265 | \$ 212,603 | \$ (52,668) | \$ 134,163 | \$ 2,003 | \$ - | \$ 77,900 |

Continued (Page 1 of 3)

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

| | <u>USDA Biomass</u> | <u>Basin Street</u> | <u>EDA Grant</u> | <u>Community</u> | <u>Mall Maintenance</u> |
|---|-------------------------|-------------------------|----------------------|------------------|-----------------------------|
| REVENUES | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | - | (15) | 661 | - | - |
| Charges for services | - | - | - | - | - |
| Other revenue | - | - | - | - | - |
| Total Revenues | <u>-</u> | <u>(15)</u> | <u>661</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public protection | - | - | - | - | - |
| Public ways and facilities | - | - | - | - | 2 |
| Community development | - | - | - | 19,171 | - |
| Education | - | - | - | - | - |
| Recreation and culture | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | 157,166 | - | - | - |
| Interest | - | 17,746 | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>174,912</u> | <u>-</u> | <u>19,171</u> | <u>2</u> |
| Excess of Revenues Over (Under) Expenditures | <u>-</u> | <u>(174,927)</u> | <u>661</u> | <u>(19,171)</u> | <u>(2)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 122,937 | - | 5,890 | - |
| Transfers out | (71) | - | (122,937) | - | - |
| Total Other Financing Sources (Uses) | <u>(71)</u> | <u>122,937</u> | <u>(122,937)</u> | <u>5,890</u> | <u>-</u> |
| Net Change in Fund Balances | <u>(71)</u> | <u>(51,990)</u> | <u>(122,276)</u> | <u>(13,281)</u> | <u>(2)</u> |
| Fund Balances - Beginning (Deficits) | <u>71</u> | <u>58,959</u> | <u>122,937</u> | <u>34,649</u> | <u>22,973</u> |
| Fund Balances - Ending (Deficits) | <u>\$ -</u> | <u>\$ 6,969</u> | <u>\$ 661</u> | <u>\$ 21,368</u> | <u>\$ 22,971</u> |

| County Library | ZIP Books State | SB 2 Grant | HOME-PI | Northnet Train | CLSA Delivery | Fire DIF | Police DIF |
|-----------------------|------------------------|-------------------|----------------|-----------------------|----------------------|-----------------|-------------------|
| \$ - | \$ - | \$ 30,752 | \$ - | \$ - | \$ 20,225 | \$ - | \$ - |
| 1,049 | - | - | - | - | - | 221 | 424 |
| 605 | - | - | - | - | - | - | - |
| 240,344 | 7,527 | 112,512 | - | 1,500 | - | 511 | 249 |
| 241,998 | 7,527 | 143,264 | - | 1,500 | 20,225 | 732 | 673 |
| - | - | 23,102 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 1,718 | - | - | - |
| - | - | - | 3,400 | - | - | - | - |
| - | 10,927 | - | - | - | 10,182 | - | - |
| 9,761 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 62,200 | - |
| - | - | - | - | - | - | 2,963 | - |
| - | - | - | - | - | - | - | - |
| 9,761 | 10,927 | 23,102 | 3,400 | 1,718 | 10,182 | 65,163 | - |
| 232,237 | (3,400) | 120,162 | (3,400) | (218) | 10,043 | (64,431) | 673 |
| - | - | - | - | - | - | - | - |
| (102,982) | - | - | - | - | - | - | - |
| (102,982) | - | - | - | - | - | - | - |
| 129,255 | (3,400) | 120,162 | (3,400) | (218) | 10,043 | (64,431) | 673 |
| 23,993 | 6,615 | (62,140) | (1,069) | 1,991 | 15,683 | 66,145 | 61,068 |
| \$ 153,248 | \$ 3,215 | \$ 58,022 | \$ (4,469) | \$ 1,773 | \$ 25,726 | \$ 1,714 | \$ 61,741 |

Continued (Page 2 of 3)

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

| | LIT Passthru | Storm Drainage DIF | Street Development DIF | Park Facilities DIF | I-5 Interchange DIF |
|---|-------------------------|-------------------------------|---------------------------------------|--------------------------------|------------------------------------|
| REVENUES | | | | | |
| Intergovernmental revenues | \$ 44,280 | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | 202 | 1,068 | 1,273 | 2,322 | 2,707 |
| Charges for services | - | - | - | - | - |
| Other revenue | - | 1,082 | 1,202 | - | 645 |
| Total Revenues | 44,482 | 2,150 | 2,475 | 2,322 | 3,352 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public protection | - | - | - | - | - |
| Public ways and facilities | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Education | (2,598) | - | - | - | - |
| Recreation and culture | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total Expenditures | (2,598) | - | - | - | - |
| Excess of Revenues Over (Under) Expenditures | 47,080 | 2,150 | 2,475 | 2,322 | 3,352 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (5,659) | - | - | - | - |
| Total Other Financing Sources (Uses) | (5,659) | - | - | - | - |
| Net Change in Fund Balances | 41,421 | 2,150 | 2,475 | 2,322 | 3,352 |
| Fund Balances - Beginning (Deficits) | 5,456 | 153,328 | 182,815 | 334,783 | 389,757 |
| Fund Balances - Ending (Deficits) | \$ 46,877 | \$ 155,478 | \$ 185,290 | \$ 337,105 | \$ 393,109 |

| Library DIF | State Recycle Grant | Gas Tax 2103 | USDA RDBG Grant | Total |
|------------------------|------------------------------------|-------------------------|--------------------------------|--------------|
| \$ - | \$ - | \$ 50,145 | \$ 33,154 | \$ 1,390,401 |
| 986 | - | 352 | - | 17,589 |
| - | - | - | - | 10,614 |
| - | - | - | - | 641,338 |
| 986 | - | 50,497 | 33,154 | 2,059,942 |
| - | - | - | 35,921 | 59,303 |
| - | - | - | - | 83,592 |
| - | - | 50,084 | - | 108,809 |
| - | - | - | - | 22,970 |
| - | - | - | - | 18,511 |
| - | - | - | - | 15,242 |
| - | - | - | - | 219,366 |
| - | - | - | - | 20,709 |
| - | - | 115,354 | - | 1,796,954 |
| - | - | 165,438 | 35,921 | 2,345,456 |
| 986 | - | (114,941) | (2,767) | (285,514) |
| - | - | - | - | 228,827 |
| - | - | (39,290) | - | (339,694) |
| - | - | (39,290) | - | (110,867) |
| 986 | - | (154,231) | (2,767) | (396,381) |
| 142,215 | 8,969 | 140,682 | - | 2,968,347 |
| \$ 143,201 | \$ 8,969 | \$ (13,549) | \$ (2,767) | \$ 2,571,966 |

Continued (Page 3 of 3)

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**CITY OF WILLOWS,
CALIFORNIA**

**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2023**

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CITY OF WILLOWS
Single Audit Act
For the Year Ended June 30, 2023

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| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 1-2 |
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California, (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 16, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-005 that we consider to be significant deficiencies.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Report on Compliance and Other Matters

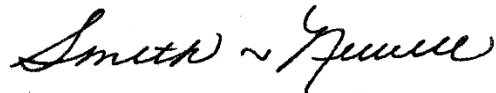
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying management's corrective action plan. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Smith & Newell CPAs
Yuba City, California
February 16, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Willows, California's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

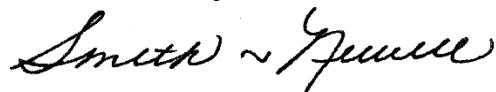
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California, (City) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 16, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell CPAs
Yuba City, California
February 16, 2024

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CITY OF WILLOWS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------------------|---|---------------------------------------|----------------------------------|
| U.S. Department of Agriculture | | | | |
| Direct Program | | | | |
| Community Facilities Program Grant | 10.766 | - | - | 100,000 |
| Community Facilities Program Grant | 10.766 | - | - | 33,154 |
| Total U.S. Department of Agriculture | | | - | 133,154 |
| U.S. Department of Housing and Urban Development | | | | |
| State Department of Housing and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 14-Unknown | - | 2,011,842 |
| Subtotal 14.228 | | | - | 2,011,842 |
| Home Investment Partnerships Program | 14.239 | 14-Unknown | - | 5,079,653 |
| Subtotal 14.239 | | | - | 5,079,653 |
| Total U.S. Department of Housing and Urban Development | | | - | 7,091,495 |
| U.S. Department of the Treasury | | | | |
| State Controller's Office: Coronavirus State and Local Recovery Funds | 21.027 | 21-Unknown | - | 282,130 |
| Total U.S. Department of the Treasury | | | - | 282,130 |
| U.S. Department of Homeland Security | | | | |
| Direct Program Assistance to Firefighters Grant | 97.044 | - | - | 763,848 |
| Total U.S. Department of Homeland Security | | | - | 763,848 |
| Total | | | \$ - | \$ 8,270,627 |

See the accompanying Notes to Schedule of Expenditures of Federal Awards

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CITY OF WILLOWS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Willows, California (City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the City financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

3. INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the City's basic financial statements.

6. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City determined that no identifying number is assigned for the program or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF WILLOWS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

7. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the City has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2023, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2023:

| Assistance Listing Number | Program Title | <u>Amount Outstanding</u> | |
|---------------------------------|--|---------------------------|----------------------|
| | | <u>July 1, 2022</u> | <u>June 30, 2023</u> |
| 14.228 | Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | \$ 2,011,842 | \$ 1,933,452 |
| 14.239 | Home Investment Partnerships Program | <u>5,079,653</u> | <u>5,076,601</u> |
| | Total Loans Outstanding | <u>\$ 7,091,495</u> | <u>\$ 7,010,053</u> |

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

| Financial Statements | <u>Status</u> |
|--|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified and not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified and not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | Yes |
| 4. Identification of major programs: | |
| 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | |
| 14.239 Home Investment Partnerships Program | |
| 97.044 Assistance of Firefighters Grant | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520? | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

| | |
|-------------------|----------|
| Capital Assets | 2023-003 |
| Budget | 2023-004 |
| Audit Adjustments | 2023-005 |

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

| | |
|--|----------|
| 14.239 Home Investment Partnerships Program | 2023-001 |
| 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 2023-002 |

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-001

Name: Home Investment Partnership Program
CFDA #: 14.239
Federal Grantor: U.S. Department of Housing and Urban Development
Pass Through Entity: State Department of Housing and Community Development
Award No.: Various
Year: 2022/2023
Compliance Requirement: Program Income

Criteria

The loan documents require that recipients of HOME loans continue to own and reside in their homes that were acquired using HOME funding.

Condition

During our test of loan monitoring procedures, we noted that all of the loans tested did not include verification documentation regarding loan recipients were the home owners during the 2022-2023 fiscal year. We also noted verification that the loan recipients occupied the homes obtained with HOME funding was missing.

Cause

The City did not have formalized loan monitoring policies and procedures in place to ensure that loans were monitored on an annual basis in accordance with the loan agreements.

Effect

Documentation was not provided to verify that the loan recipients were in compliance with the requirements of their loan agreements.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

We randomly selected one of the two HOME loan recipients to test loan monitoring procedures. Sampling was a statistically valid sample. We noted that the recipient was not in compliance with the HOME loan agreements.

Repeat Finding

This is a repeat of prior year finding 2022-001.

Recommendation

We recommend that the City develop and maintain policies and procedures regarding loan monitoring and ensure that all documentation of loan monitoring be maintained on an annual basis.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-001 (Continued)

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-002

Name: Community Development Block Grant/State’s Program and Non-Entitlement Grants in Hawaii
CFDA #: 14.228
Federal Grantor: U.S. Department of Housing and Urban Development
Pass Through Entity: State Department of Housing and Community Development
Award No.: Various
Year: 2022/2023
Compliance Requirement: Program Income

Criteria

The CDBG Annual Performance Report was required to be filed with the State Department of Housing and Community Development by September 30, 2023.

Condition

The City had not filed the CDBG Annual Performance Report by the required date.

Cause

There was not adequate monitoring of CDBG filing requirements related to the CDBG Annual Performance Report to ensure that it was filed by the required due date.

Effect

The City did not file the CDBG Annual Performance Report by the required due date.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

The CDBG Annual Performance Report was unavailable for review.

Repeat Finding

This is a repeat of prior year finding 2022-002.

Recommendation

We recommend that the City develop procedures to ensure that the CDBG Annual Performance Report is filed by the required due date.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management’s Corrective Action Plan for views of responsible officials and management’s responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-003 Capital Assets (Significant Deficiency)

Criteria

Good internal control over capital assets requires that the City maintain a detailed listing of all capital assets including non-depreciable and depreciable assets, accumulated depreciation, and current year depreciation.

Condition

During fieldwork we noted that the City has land that is not reported separate from buildings, improvements, and infrastructure.

Cause

The City has not reported land separate from buildings, improvements, and infrastructure.

Effect

Capital assets and depreciation will be misstated if not properly recorded and depreciated over their useful lives.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2022-003.

Recommendation

We recommend that the City develop and maintain a capital asset listing separating capital assets by type including non-depreciable, depreciable, accumulated depreciation, and current year depreciation.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-004 Budget (Significant Deficiency)

Criteria

General Accepted Accounting Principles require that an annual budget be prepared and amended as needed for the General and special revenue funds, and that expenditures not exceed the approved budget.

Condition

For the year ended June 30, 2023, we noted that the City incurred expenditures in excess of appropriations of \$15,500 in the COVID-19 Fiscal Recovery fund.

Cause

The City did not amend its budget for changes in the estimate of expenditures for the General fund during the fiscal year.

Effect

Expenditures exceeded appropriations by \$15,500 in the COVID-19 Fiscal Recovery fund.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2022-004.

Recommendation

We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-005 Audit Adjustments (Significant Deficiency)

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements. Also, producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

Condition

During fieldwork, we noted that the financial statements as presented to us contained misstatements in accounts payable and retention payable that required adjustment.

Cause

The City had not reconciled and adjusted accounts as necessary.

Effect

The financial statements as presented to us contained misstatements that required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the City reconciles all accounts in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

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CITY OF WILLOWS, CALIFORNIA

Schedule of Prior Year Findings and Questioned Costs

and

Corrective Action Plan

For the Year Ended June 30, 2023

Compiled by:

Financial Consultants/City Management
City of Willows
Willows, California

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CITY OF WILLOWS
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2023

| <u>Audit Reference</u> | <u>Status of Prior Year Audit Recommendations</u> |
|------------------------|---|
| 2022-001 | <p>Home Investment Partnership Program</p> <p>Recommendation</p> <p>We recommend that the City develop and maintain policies and procedures regarding loan monitoring and ensure that all documentation of loan monitoring be maintained on an annual basis.</p> <p>Status</p> <p>Not implemented</p> |
| 2022-002 | <p>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</p> <p>Recommendation</p> <p>We recommend that the City develop procedures to ensure that the CDBG Annual Performance Report is filed by the required due date.</p> <p>Status</p> <p>Not implemented</p> |
| 2022-003 | <p>Capital Assets</p> <p>Recommendation</p> <p>We recommend that the City develop and maintain a capital asset listing separating capital assets by type including non-depreciable, depreciable, accumulated depreciation, and current year depreciation.</p> <p>Status</p> <p>Partially implemented</p> |
| 2022-004 | <p>Budget</p> <p>Recommendation</p> <p>We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget. We also recommend that a budget be adopted for the General fund and all special revenue funds.</p> <p>Status</p> <p>Not implemented</p> |

CITY OF WILLOWS
Management's Corrective Action Plan
For the Year Ended June 30, 2023

2023-001 Home Investment Partnership Program

We recommend that the City develop and maintain policies and procedures regarding loan monitoring and ensure that all documentation of loan monitoring be maintained on an annual basis.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: Given the strain on resource available among City staff, the City is working to hire an outside consulting firm to assure a consistent loan monitoring program is in place.

Anticipated Completion Date: June 2024

2023-002 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

We recommend that the City develop procedures to ensure that the CDBG Annual Performance Report is filed by the required due date.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: The City has recently brought on staff to complete the periodic reports required by HCD. It is the intent of the City to have this finding resolved by the end of FY 2023-24.

Anticipated Completion Date: June 2024

2023-003 Capital Assets (Significant Deficiency)

We recommend that the City develop and maintain a capital asset listing separating capital assets by type including non-depreciable, depreciable, accumulated depreciation, and current year depreciation.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: The City continues to experience resource issues to manage the appraisal process. The City will work to separate the value of land from buildings and improvements by researching available records and will potentially engage an appraiser to assist with the process.

Anticipated Completion Date: June 2024

CITY OF WILLOWS
Management's Corrective Action Plan
For the Year Ended June 30, 2023

2023-004 Budget (Significant Deficiency)

We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: The City updated the budgetary information at mid-year and again using the estimated fiscal activity for a given year as presented with the following year's budget (i.e., FY 2021-22 Estimated Actuals as presented with the FY 2022-23 Proposed Budget). A budget was inadvertently not prepared for the City's COVID-19 Fiscal Recovery Fund. The City will work to ensure budgets for all funds are updated in the future.

Anticipated Completion Date: June 2024

2023-005 Audit Adjustments (Significant Deficiency)

We recommend that the City reconciles all accounts in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: During the audit fieldwork, the City corrected and adjusted several items that had carried over for several years and made them whole with the audit. The City made these adjustments during the audit fieldwork to assure the financial statements represented the fiscal position of the City.

Anticipated Completion Date: June 2024

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Date: May 14, 2024

To: Honorable Mayor and Councilmembers

From: John Wanger, City Engineer
Joe Bettencourt, Community Development Services Director
Marti Brown, City Manager

Subject: Preliminary Engineer's Report - Landscape and Lighting Assessment District

Recommendation:

Receive the Preliminary Annual Engineer's Report as prepared by Coastland Civil Engineering; provide any direction to staff regarding desired changes; adopt the Resolution of Intention to levy and collect assessments; and set the time and date of the required public protest hearing for the City of Willows Landscaping and Lighting Assessment District.

Background:

The Willows Landscaping and Lighting Assessment District (District) was initially formed by the City in 2005 in accordance with the Landscaping and Lighting Act of 1972 (1972 Act). The 1972 Act requires that the city undertake certain proceedings for any fiscal year in which assessments are to be levied and collected. These proceedings are typically accomplished at three separate Council meetings with the following actions:

1. Adopt a resolution appointing the Engineer of Work and directing the preparation of the Annual Engineer's Report.
2. Approve the Preliminary Engineer's Report, declare the City Council's intent to levy and collect assessments and set the date and time for a public hearing.
3. Conduct a public hearing and authorize the levying and collection of assessments for the upcoming fiscal year and approve the Annual Engineer's Report.

The first action was completed by the Council on February 13, 2024. The attached Preliminary Engineer's Report and Resolution accomplishes the second part of the proceedings for FY 2024-2025.

Discussion & Analysis:

The attached Preliminary Annual Engineer's Report should be reviewed by the City Council. If there are any desired changes to be made to the report, the Council should direct staff to make those changes and incorporate them into the final report. In brief, the attached report outlines changes and summarizes the costs projected for FY 2024-2025 and provides the proposed overall assessments. Particularly relevant changes include:

- In order to keep up with inflation, the estimated maximum annual assessments for Zones A, B and C are proposed to increase by 3%, which is the minimum allowable rate of increase. The proposed maximum annual assessments for Zones A, B and C are \$595.67, \$8,462.16 and \$81,448.97, respectively.
- The actual Zone A assessment to be levied and collected during FY 2024-2025 will decrease by \$0.38 from the previous year to \$163.22 per unit.
- The actual Zone B assessment to be levied and collected during FY 2024-2025 will decrease by \$31.90 from the previous year to \$1,225.58 per unit.
- The actual Zone C assessment to be levied and collected during FY 2024-2025 will increase by \$357.04 from the previous year to \$4,983.44 per unit.

Assessments for FY 2024-25 are proposed to decrease in Zones A and B. Assessments for FY 2024-25 are proposed to increase in Zone C, partly due to an increase in professional services. The FY 2024-2025 annual assessments from all three zones will provide projected revenue of \$35,409.56.

During FY 2008-09, the Council established an annual reserve policy to better manage existing and pending expenses. The policy sets a target for maintaining an annual reserve balance of 10-20% of annual operating expenses, where feasible. The annual reserve balances for Zones A, B and C are projected to be within the target range at the end of FY 2024-2025.

The preliminary Engineer's Report is for your information and comment. The final step in the process is to hold a public protest hearing (required by the Streets and Highways Code for this type of assessment district). At the public protest hearing, any person within the assessment district can provide comments for the Council's consideration.

The Final Engineer's Report should be approved by the city no later than the end of June of each year so that the information can be transmitted to the County for the inclusion on the tax rolls. The County needs to have all information transmitted and corrected no later than August 10 of each year.

Fiscal Impact:

All costs associated with this assessment district are recovered through the assessments and zone reserves.

Attachments:

- Attachment 1: Resolution XX-2024
- Attachment 2: Preliminary Engineer's Report



**City of Willows
Resolution xx-2024**

A RESOLUTION OF INTENTION TO LEVY AND COLLECT ANNUAL ASSESSMENTS, PRELIMINARILY APPROVING THE ENGINEER'S REPORT FOR FY 2024-2025 FOR THE CITY OF WILLOWS LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT AND SETTING THE TIME AND DATE OF THE PUBLIC HEARING (PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972)

WHEREAS, on October 11, 2005, the City Council adopted Resolution #22-2005 authorizing the formation of the City of Willows Landscaping and Lighting Assessment District (Assessment District) to levy and collect assessments pursuant to the Landscaping and Lighting Act of 1972; and

WHEREAS, the City Council intends to levy and collect assessments within the Assessment District during FY 2024-2025; and

WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, an Annual Engineer's Report is required to be prepared and filed outlining estimated costs, methods of spreading costs, a description of properties in the Assessment District and their proposed assessments in order to levy and collect assessments in any following fiscal year; and

WHEREAS, on February 13, 2024, the City Council appointed Coastland Civil Engineering as the Engineer of Work, directing the preparation and filing of the annual FY 2024-2025 Engineer's Report, and describing the potential changes to the Assessment District; and

WHEREAS, the annual operation, maintenance and other incidental costs associated with Zone A of the Assessment District includes landscaping and lighting improvements within the Birch Street Village development; and

WHEREAS, the annual operation, maintenance and other incidental costs associated with Zone B of the Assessment District includes street lighting and traffic signal improvements associated with the Walmart Super Store and McDonald's developments; and

WHEREAS, the annual operation, maintenance and other incidental costs associated with Zone C of the Assessment District includes landscaping, weed abatement and lighting improvements within the South Willows Commercial and Industrial Center development; and

WHEREAS, Coastland Civil Engineering has prepared and filed with the City the Preliminary Engineer's Report for FY 2024-2025 as required by the Landscaping and Lighting Act of 1972; and

WHEREAS, all interested persons are referred to the Engineer's Report for a full and detailed description of the improvements, the proposed operation and maintenance costs, the boundaries of Zones A, B, and C of the Assessment District and the proposed FY 2024-2025 assessments upon assessable lots and parcels of land within the Assessment District; and

WHEREAS, in order to keep up with inflation the FY 2024-2025, it is proposed that the maximum annual assessment for Zone A be increased by the minimum allowable rate of 3% to \$595.67 per unit; and

WHEREAS, in order to keep up with inflation the FY 2024-2025, it is proposed that the maximum annual assessment for Zone B will be increased by the minimum allowable rate of 3% to \$8,462.16 per unit; and

WHEREAS, in order to keep up with inflation the FY 2024-2025, it is proposed that the maximum annual assessment for Zone C will be increased by the minimum allowable rate of 3% to \$81,44.97 per zone; and

WHEREAS, the proposed FY 2024-2025 annual assessment to levy and collect for Zone A is \$163.22 per unit; and

WHEREAS, the proposed FY 2024-2025 annual assessment to levy and collect for Zone B is \$1,225.58 per unit; and

WHEREAS, the proposed FY 2024-2025 annual assessment to levy and collect for Zone C is \$4,983.44 per unit.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Willows hereby intends to, levy and collect assessments during FY 2024-2025 and preliminarily approves the filed FY 2024-2025 Engineer’s Report with the estimates of the costs and expenses to operate and maintain the said improvements and their incidental expenses; and

BE IT FURTHER RESOLVED that in order to take inflation into account, the City Council approves the annual increase to the estimated maximum assessment in Zones A, B and C, all in accordance with the annual CPI, based on the All Urban Consumers (San Francisco Area) CPI from the U. S. Department of Labor, Bureau of Labor Statistics, or a minimum of 3%, whichever is greater; and

BE IT FURTHER RESOLVED that the public protest hearing will be held on June 25, 2024, at 7:00 p.m. at City Hall, 201 N. Lassen Street, Willows. At the public protest hearing, the City Council will consider the Engineer’s Report and authorization to levy and collect assessments for Fiscal Year 2024-2025; and

BE IT FURTHER RESOLVED that the City Clerk is authorized and directed to give the Notice of Hearing required by the Landscaping and Lighting Act of 1972 for said public protest hearing; and

BE IT FURTHER RESOLVED that this Resolution is adopted pursuant to Sections 22620 et al of the California Streets and Highway Code.

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Willows does hereby certified that the foregoing Resolution No. _____–2024 was duly introduced to the City Council of the City of Willows.

PASSED AND ADOPTED by the City Council of the City of Willows this 14th day of May 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

Gary Hansen, Mayor

Amos Hoover, City Clerk



**ANNUAL ENGINEER'S REPORT
FOR
CITY OF WILLOWS
LANDSCAPING & LIGHTING ASSESSMENT DISTRICT
FY 2024-25**

PRELIMINARY

**City of Willows
County of Glenn
State of California**

May 2024

**Prepared By:
Coastland Civil Engineering, Inc.**

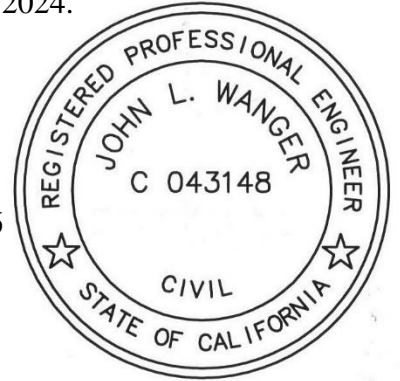
**CITY OF WILLOWS LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25**

(Pursuant to the Landscaping and Lighting Act of 1972)

The undersigned respectfully submits, as directed by the City Council of the City of Willows on February 13, 2024, the enclosed Engineer's Report on the 14th day of May, 2024.

COASTLAND CIVIL ENGINEERING INC.

By: 
John L. Wanger, RCE 43148, Exp. 3/31/26



I HEREBY CERTIFY that the enclosed Engineer's Report, together with Assessment and Assessment Diagram thereto attached, was filed with me on the ____ day of _____, 2024.

By: _____
Amos Hoover
City Clerk, City of Willows
Glenn County, California

I HEREBY CERTIFY that the enclosed Final Engineer's Report, together with Assessment and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Willows, California, on the ____ day of _____, 2024.

By: _____
Amos Hoover
City Clerk, City of Willows
Glenn County, California

I HEREBY CERTIFY that the enclosed Final Engineer's Report, together with Assessment and Assessment Diagram thereto attached, was filed with the County Auditor of the County of Glenn on the ____ day of _____, 2024.

By: _____
Amos Hoover
City Clerk, City of Willows
Glenn County, California

**ANNUAL ENGINEER'S REPORT FOR
CITY OF WILLOWS
LANDSCAPING & LIGHTING ASSESSMENT DISTRICT**

(Pursuant to the Landscaping & Lighting Act of 1972)

FY 2024-25

Coastland Civil Engineering, the Engineer of Work for the City of Willows Landscaping & Lighting Assessment District, City of Willows, Glenn County, California, submits this Annual Engineer's Report, as directed by the City Council on February 13, 2024, pursuant to Sections 22565 and 22620 of the California Streets & Highways Code.

BACKGROUND

History of the Assessment District

The City of Willows Landscaping & Lighting Assessment District (Assessment District) was formed in October of 2005 to provide funding for the operation and maintenance of landscaping and streetlights within the public right-of-way for the Birch Street Village development, which has been designated as Zone A. In order to levy and collect assessments each fiscal year, the Landscaping & Lighting Act of 1972 requires the preparation and filing of Annual Engineer's Reports. During these annual proceedings, cost estimates are developed for the operation and maintenance of the Assessment District improvements for the upcoming fiscal year. Further, as new subdivisions are created within the Willows city limits, they can be annexed into the Assessment District on an annual basis.

In Fiscal Year (FY) 2012-13, Zone B was created to recover costs associated with the operation and maintenance of streetlights and half the cost of traffic signals within the public right-of-way for the Walmart Super Store on West Wood Street (State Hwy 162).

In FY 2019-2020, Zone C was created to recover operations and maintenance costs associated with the South Willows Commercial and Industrial Center.

ASSESSMENT DISTRICT POLICIES

Annual Reserve Policy

During FY 2008-09, the City established a policy, where feasible, to maintain an annual reserve in each zone of 10-20% of annual operating expenses to better manage existing and pending expenses. If annual reserves are projected to exceed 20% at the end of the fiscal year, excess reserves can be utilized in those zones to reduce assessments and to reduce the projected year-end annual reserve to the target range.

For the purposes of this report, annual operating expenses are calculated from the Budgets in Part B as the “Total Expenses” minus any “Contribution to Street Light Knockdown Reserve” and/or “Contribution to Landscape Replacement Reserve.”

Street Light Knockdown Reserve Policy

Zones B and C have implemented a Street Light Knockdown Reserve for the replacement of damaged street lights within the zone. Pursuant to Streets and Highways Code Section 22660, money for non-annual line items may be collected through annual installments that the City will place in a fund specific for this work.

Funds for the Street Light Knockdown Reserve will be collected over the course of five years through annual contributions. Monies collected for this purpose are shown in Part B of this report.

The Street Light Knockdown Reserve will accumulate to a maximum of \$5,000, which is the current estimated cost to replace a knocked down street light. The maximum balance is allowed to increase in the future if the estimated replacement cost increases. Once this maximum balance is reached, there will be no additional accumulation of funds for that budget item until an expenditure to replace or repair a knocked-down street light has occurred, or the estimated replacement cost has increased. Once the knockdown funds are expended, the rebuilding of the fund will start in the following year’s budget and spread over a maximum of five years.

While most budget items, such as utility, maintenance and administrative costs are incurred annually, costs for repairing or replacing street lights and signals will be expended only upon damage or destruction of an existing light or signal.

No Street Light Knockdown Reserve has been established for Zone A.

Landscape Replacement Reserve Policy

Zone C has implemented a Landscape Replacement Reserve for the long-term replacement of such items as new mulch, irrigation and plant replacement. Pursuant to Streets and Highways Code Section 22660, money for any non-annual line items may be collected through annual installments that the City will place in a fund specific for this work. Monies collected for any non-annual landscape maintenance item(s) are shown in Part B, of this report with the designation “Landscape Replacement.”

Zones A and B

No Landscape Replacement Reserves have been established for these zones.

Zone C

For Zone C, the following Landscape Replacement Reserve has been established to include:

- \$2,000 to be used for applying new mulch once every five years, or as otherwise needed.
- \$9,000 to be used for landscaping replanting once every 10 years, or as otherwise needed.
- \$18,000 to be used for irrigation replacement once every 20 years, or as otherwise needed.

Annual contributions of \$2,200.00 will be made to the Landscape Replacement Reserve until a balance of \$44,000 has been reached. These accumulation levels will be allowed to increase in the future if the estimated cost of these landscape maintenance items increase. This increase in costs

may increase the annual assessment, however it will not increase the annual assessment higher than the maximum assessment allowed.

Maximum Annual Assessment Policy

In 2005, the original Engineer’s Report stated that assessments may be adjusted each year to account for inflation of costs and services in accordance with the Bay Area (San Francisco-Oakland-San Jose) Consumer Price Index (CPI) for All-Urban Consumers from the U.S. Department of Labor, Bureau of Labor Statistics, or 3%, whichever is greater.

An annual CPI increase has been applied for each year; however, it should be noted that, due to the economic climate, from FY 2010-11 through FY 2016-17 and from FY 2020-21 through FY 2021-22, the implemented increase was less than 3%.

All new zones to be annexed into this Assessment District shall include an allowance for an annual increase to the Maximum Annual Assessments in accordance with this policy.

The most recent annual CPI rate (for 2023) is 2.6%, which is below the policy’s minimum 3% rate of increase. Therefore, for FY 2024-25, the maximum annual assessments for Zones A, B and C are proposed to be increased by +3.0%.

CITY OF WILLOWS ASSESSMENT DISTRICT ZONES AND BUDGETS

The overall proposed Assessment District budget for FY 2024-25 is \$35,409.56, which is 3% higher than last year’s budget of \$34,432.56. The following sections describe each assessment zone, its proposed budget for FY 2024-25, and any changes from the previous year.

Zone A – Birch Street Village

Zone A was created for the Birch Street Village Subdivision to provide funding for the operation and maintenance of landscaping and lighting, including turf, ground cover, shrubs, trees, plants, irrigation systems, masonry walls, fencing, entryway monuments, street lights and associated appurtenances located within the right-of-way. The locations of the improvements are shown in the Assessment Diagram in Part F of this Report.

Annual landscaping expenses may include the repair, removal or replacement of any landscape improvement, damaged irrigation facilities, diseased landscaping, weed and brush clearing, and any other allowable maintenance items per Section 22531 of the California Streets and Highways Code. Annual lighting expenses include utility, maintenance, and replacement costs. Administrative expenditures include the costs of managing the assessment district zone.

The total proposed Zone A budget for FY 2024-25 is \$5,549.48. This is a 0% increase from the FY 2023-24 budget. The FY 2024-25 Zone A assessment is proposed to be \$163.22 per unit, which is \$0.38 lower than last year. Annual reserves are projected to be 17% at the end of the fiscal year, within the target range of 10-20%, and therefore there were no available excess annual reserves to be used to lower assessments.

Zone B – Walmart

Zone B provides funding for three street lights on North Airport Road alongside the Walmart development, and two traffic signals with street lights at the intersection of North Airport Road and West Wood Street (Highway 162), as shown on the Zone B Assessment Diagram in Part F of this report. Annual expenses include utility, maintenance, replacement, and administrative expenditures. Replacement costs for street lights and traffic signals will be funded from the Street Light Knockdown Reserve Fund.

During FY 2021-22, the McDonald's parcel was annexed into Zone B, increasing the number of parcel units in this zone from one to two.

The budget for Zone B is \$2,451.16. This is a 3% decrease from the FY 2023-24 budget. The proposed FY 2024-25 assessment is \$1,225.58 per unit. Last year, the Zone B assessment was \$1,257.48. Annual reserves are projected to be 16% of operating expenses at the end of the fiscal year, within the target range of 10-20%, and therefore there are no available excess annual reserves to be used to lower assessments.

No annual contribution will be made to the Zone B Street Light Knockdown Reserve Fund because the maximum balance of \$5,000 has been collected.

Zone C – South Willows Commercial and Industrial Center

In FY 2019-20, Zone C was created for the South Willows Commercial and Industrial Center development. Zone C covers the costs of landscape, weed abatement, and lighting improvements in the right-of-way or public parcels created as part of the South Willows Commercial and Industrial Center. The assessed improvements for the initial phase of construction included four street lights on Harvest Drive, one street light on S. Tehama Street, landscaped areas on either side of Harvest Drive and weed abatement areas on the north and south side of the development in the detention ponds created for the development. The improvements will benefit six parcels this fiscal year. These improvements are shown on the Zone C Assessment Diagram in Part F of this report.

Further subdivision of the largest parcel is anticipated at full build-out of the development, which may potentially create a total of 21 buildable parcels and a wetlands area as shown on the approved tentative map. Although the tentative map shows 21 parcels, the final number of parcels is subject to change in the future, as the ultimate lot configurations depend on development.

Annual landscaping expenses may include the repair, removal or replacement of any landscape improvement, damaged irrigation facilities, diseased landscaping, weed and brush clearing, and any other allowable maintenance items per Section 22531 of the California Streets and Highways Code. Annual lighting expenses include utility, maintenance and replacement expenditures. Administrative expenditures include the costs of managing the assessment district zone. Replacement costs for street lights will be funded from the Street Light Knockdown Reserve and landscape replacement costs will be funded from the Landscape Replacement Reserve.

The FY 2024-25 budget for Zone C is \$27,408.92. This is a 4% increase from the FY 2023-24 budget, largely due to increased professional services. For FY 2024-25, the assessment is proposed to increase to \$4,983.44 per unit, which is \$357.04 higher than last year. Annual reserves are projected to be 19% at the end of the fiscal year, within the 10-20% target range, and therefore there are no excess reserves to reduce assessments as they did last year.

An annual contribution of \$750.00 will be made to the Street Light Knockdown Reserve, which will bring the fund's balance to \$4,250.00 at the end of the fiscal year. Annual contributions to the Knockdown Reserve fund will be made until the maximum fund balance of \$5,000 has been reached.

An annual contribution of \$2,200.00 will be made to the Landscape Replacement Reserve, which will bring the fund's balance to \$11,550.00 at the end of the fiscal year. Annual contributions to the Landscape Replacement Fund will be made until the maximum fund balance goal of \$44,000 has been reached.

PROPOSITION 218 AND SPECIAL BENEFITS

In 1996, California voters approved Proposition 218 which grants local governments the ability to create assessment districts, and to levy and collect assessments. This law, now a part of the California Constitution (Articles XIII C and XIII D), stipulates that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred upon that parcel. "Special benefit" is defined as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.

The Annual Engineer's Report must identify the special benefits conferred upon assessed parcels through the improvements and services funded by the District. The Report must also identify any general benefit conferred upon the public at large by those same improvements and services. The annual costs of said improvements and services must be apportioned between the two. The cost of services attributable to a general benefit may not be assessed.

For the City of Willows, the special benefits and general benefits provided by the various improvements, where furnished through the Assessment Districts, are described below.

Benefits of Landscaping

Landscaping improvements may include turf, mulch, plantings, irrigation systems, masonry walls, fencing, and landscape appurtenances. Landscaping improvements provide the following special benefits to each assessed parcel within the zone:

- Enhanced desirability of properties through association with the landscaping,
- Improved aesthetic appeal of the neighborhood, and
- Improved air quality from additional vegetation.

Each assessed parcel within a zone receives a particular and distinct special benefit from the maintenance of the landscaping within that zone even though the landscaping may not be adjacent to each parcel. Further, although members of the general public may walk or drive through a zone and appreciate the aesthetic appeal of the maintained landscaping, this does not necessarily confer a general benefit to the public at large.

Benefits of Street Lighting

Street lighting provided by the Assessment District must meet adopted City standards for lighting, including spacing requirements. Therefore, each assessed parcel within the zone receives approximately equal and special benefit for:

- Enhanced neighborhood, pedestrian and vehicle safety, and
- Increased neighborhood, pedestrian and vehicle security.

Each assessed parcel within a zone receives a particular and distinct special benefit from the lighting and maintenance thereof within that zone even though the lights may not be adjacent to each parcel.

Although members of the general public may walk or drive through a zone and appreciate the increased safety and security resulting from improved street lighting, this does not necessarily confer a general benefit to the public at large.

Benefits of Enhanced Traffic Control

The maintenance of traffic control improvements may include the utility costs, maintenance and replacement of traffic signals and street lighting. Traffic control often provides a combination of special and general benefits, which may include:

- Enhanced pedestrian and vehicle safety,
- Ease of access/egress, and
- Improved safety of the intersection.

Each assessed parcel within a zone receives a particular and distinct special benefit from the maintenance of the traffic control improvements within that zone even though there may be another access route to that parcel.

The general public may also benefit from improved traffic control, particularly when the improvements are located on highways and major arterial roads that serve many parcels outside of the assessed zone. The portion of enhanced safety and accessibility resulting from traffic control improvements conferred upon the public must be quantified and separated from the portion of special benefits conferred upon the assessed properties for each zone.

FY 2024-25 Engineer's Report Format

This Engineer's Report consists of the following Parts:

- PART A** **Plans and Specifications (Page 10)** - This portion of the Engineer's Report describes any plans and specifications that may be needed for the installation of the improvements. If plans and specifications exist, they are filed with the City Clerk. Although separately bound, the plans and specifications are part of this Engineer's Report and are included in it by reference.
- PART B** **Budget Cost Estimates (Page 11)** – Budget cost estimates associated with the operations and maintenance of the described improvements for each Zone are described in Part B of this report. In addition to an overall budget summary for Zone A, Zone B, and Zone C, a detailed FY 2024-25 Budget sheet and a FY 2024-25 Summary of Fund Balance sheet is provided for each Zone.
- PART C** **Assessment (Page 18)** – A listing of the annual assessment on each benefited parcel of land in Zone A, Zone B, and Zone C within the Assessment District. The assessment amount is the estimated cost each parcel will contribute during FY 2024-25 towards the operation and maintenance of their respective Zone within the Assessment District, as well as their portion of the 5-year installment payment for the installation of the improvements.
- PART D** **Method of Apportionment of Assessment (Page 21)** - A statement of the method used by Engineer of Work to determine the amount proposed to be assessed against each parcel within Zone A, Zone B, and Zone C of the Assessment District. Additionally, this section describes the maximum assessment allowable and any inflationary adjustments.
- PART E** **Property Owners List (Page 26)** - Names and addresses of the owners of real property listed within this Assessment District, as shown on the last equalized assessment roll for taxes. The Assessor Parcel Number (A.P.N.) keys the list into the Assessment Roll of Part C.
- PART F** **Assessment Diagrams (Page 29)** – The Assessment Diagrams (maps) showing all of the parcels of real property within Zone A, Zone B, and Zone C of the Assessment District. The assessment number keys the diagram Part C – Assessment Roll.

PART A

PLANS AND SPECIFICATIONS

The Assessment District provides funds for the operation and maintenance of landscaping and street lights located in the public rights-of-way in Zone A and operation, maintenance of street lights and traffic signals in public rights-of-way in Zone B, maintenance of landscaping, weed abatement and street lights located in the public rights-of-way and public parcels in Zone C. Maintenance may include repair, removal or replacement of any landscape improvement, damaged irrigation facilities, diseased landscaping, weed and brush clearing, maintenance or replacement of street lights or traffic signals, landscape plantings and irrigation and any other allowable maintenance items per Section 22531 of the California Streets and Highways Code for the life of the Assessment District. Because the installation of the improvements is funded by this assessment district, the plans and specifications showing the improvements for Zone A are on file at the City offices for the Birch Street Village development. The plans and specifications showing the improvements for Zone B are on file at the City office. The plans and specifications showing the improvements for Assessment District Zone C are on file at the City offices for the South Willows Commercial and Industrial Center development.

PART B
FY 2024-25 Budget Cost Estimates

For FY 2024-25, the total budget summary for Willows Landscaping & Lighting Assessment District is as follows:

| | <u>As Filed With the City</u> | <u>As Preliminarily Approved</u> | <u>As Finally Approved At the Public Hearing</u> |
|---------------|--|---|---|
| Zone A: | \$ 5,549.48 | \$ | \$ |
| Zone B: | \$ 2,451.16 | \$ | \$ |
| Zone C: | \$ 27,408.92 | \$ | \$ |
| Total: | \$ 35,409.56 | \$ | \$ |

Detailed budgets for Zones A, B and C are provided in this section. Also included is the Summary of Fund Balance sheet for each zone.

**CITY OF WILLOWS
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25
Zone A - Birch Street Village
Budget**

| Item | 2023-24 Budget | 2024-25 Budget |
|---|---------------------------|---------------------------|
| Engineers Report | \$1,437.20 | \$1,505.90 |
| Legal Services | \$175.00 | \$100.00 |
| Landscape Maintenance | \$2,500.00 | \$2,500.00 |
| Lighting Utilities & Maintenance | \$1,000.00 | \$1,000.00 |
| County Assessor Fees (3.5% of Revenue) | \$194.68 | \$187.66 |
| Contingency | \$255.52 | \$255.92 |
| Total Expenses | \$5,562.40 | \$5,549.48 |
| Contribution from Annual Reserves | \$0.00 | \$0.00 |
| Total Assessment Costs | \$5,562.40 | \$5,549.48 |
| Total Assessment Revenue | \$5,562.40 | \$5,549.48 |
| Estimated Number of Units in Zone A | 34.0 | 34.0 |
| Proposed Assessment per Unit for Zone A* | \$163.60 | \$163.22 |

* This is less than the maximum allowed. See Maximum Allowable Assessment Analysis.

**CITY OF WILLOWS
 LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
 FY 2024-25
 Zone A - Birch Street Village
 Summary of Fund Balance**

| | <u>2024-25</u> |
|--|-----------------------|
| Estimated Starting Annual Reserve on July 1 | \$939.03 |
| Estimated Interest Earned | \$8.00 |
| Estimated Revenue | \$5,549.48 |
| Total Estimated Funds Available | \$6,496.51 |
| Total Estimated Expenditures | \$5,549.48 |
| Estimated Ending Annual Reserve on June 30 | \$947.03 |
| As percent of Annual Operating Expenses (Goal is 10-20%) | 17% |

**CITY OF WILLOWS
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25
Zone B - Walmart
Budget**

| Item | 2023-24 Budget | 2024-25 Budget |
|---|---------------------------|---------------------------|
| Engineers Report | \$591.30 | \$619.60 |
| Legal Services | \$175.00 | \$100.00 |
| Lighting Utilities & Maintenance | \$1,440.00 | \$1,440.00 |
| Contribution to Street Light Knockdown Reserve | \$0.00 | \$0.00 |
| County Assessor Fees (3.5% of Revenue) | \$88.02 | \$75.59 |
| Contingency | \$220.64 | \$215.97 |
| Total Expenses | \$2,514.96 | \$2,451.16 |
| Contribution from Annual Reserves | \$0.00 | \$0.00 |
| Total Assessment Costs | \$2,514.96 | \$2,451.16 |
| Total Assessment Revenue | \$2,514.96 | \$2,451.16 |
| Estimated Number of Units in Zone B | 2.0 | 2.0 |
| Proposed Assessment per Unit for Zone B* | \$1,257.48 | \$1,225.58 |

* This is less than the maximum allowed. See Maximum Allowable Assessment Analysis.

**CITY OF WILLOWS
 LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
 FY 2024-25
 Zone B - Walmart
 Summary of Fund Balance**

| | <u>2024-25</u> |
|--|-----------------------|
| Est. Starting Annual Reserve on July 1 | \$360.40 |
| Est. Starting Street Light Knockdown Reserve on July 1 | \$5,000.00 |
| Estimated Interest Earned | \$30.00 |
| Estimated Annual Revenue | \$2,451.16 |
| Estimated Street Light Knockdown Revenue | \$0.00 |
| Total Estimated Annual Funds Available | \$2,841.56 |
| Total Estimated Street Light Knockdown Reserve Available | \$5,000.00 |
| Total Estimated Annual Expenditures | \$2,451.16 |
| Total Estimated Knockdown Expenditures | \$0.00 |
| Est. Ending Annual Reserve on June 30 | \$390.40 |
| As percent of Annual Operating Expenses (Goal is 10-20%) | 16% |
| Est. Ending Street Light Knockdown Reserve on June 30 ¹ | \$5,000.00 |

¹Street Light Knockdown Reserve goal for Zone B is \$5,000.

**CITY OF WILLOWS
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25
Zone C - S. Willows Commercial and Industrial Center
Budget**

| Item | 2023-24 Budget | 2024-25 Budget |
|---|--------------------|--------------------|
| Engineers Report | \$6,036.40 | \$6,324.60 |
| Legal Services | \$175.00 | \$100.00 |
| Weed Abatement | \$11,000.00 | \$11,000.00 |
| Landscape Maintenance & Utilities | \$3,000.00 | \$3,000.00 |
| Lighting Utilities & Maintenance | \$700.00 | \$700.00 |
| Contribution to Street Light Knockdown Reserve | \$750.00 | \$750.00 |
| Contribution to Landscape Replacement Reserve | \$2,200.00 | \$2,200.00 |
| County Assessor Fees (3.5% of Revenue) | \$711.16 | \$926.87 |
| Contingency | \$1,782.64 | \$2,407.45 |
| Total Expenses | \$26,355.20 | \$27,408.92 |
| Contribution from Annual Reserves | \$910.00 | \$0.00 |
| Total Assessment Costs | \$25,445.20 | \$27,408.92 |
| Total Assessment Revenue | \$25,445.20 | \$27,408.92 |
| Estimated Number of Units in Zone C | 5.5 | 5.5 |
| Proposed Assessment per Unit for Zone C* | \$4,626.40 | \$4,983.44 |

* This is less than the maximum allowed. See Maximum Allowable Assessment Analysis.

**CITY OF WILLOWS
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25
Zone C - S. Willows Commercial and Industrial Center
Summary of Fund Balance**

| | <u>2024-25</u> |
|--|------------------------|
| Est. Starting Annual Reserve on July 1 | \$4,681.31 |
| Est. Starting Street Light Knockdown Reserve on July 1 | \$3,500.00 |
| Est. Starting Landscape Replacement Reserve on July 1 | \$9,350.00 |
| Estimated Interest Earned | \$45.00 |
| Estimated Annual Revenue collected | \$24,458.92 |
| Estimated Street Light Knockdown Revenue collected | \$750.00 |
| Estimated Landscape Replacement Revenue collected | \$2,200.00 |
| Total Estimated Funds Available | \$44,985.23 |
| Total Estimated Annual Expenditures | \$24,458.92 |
| Estimated Street Light Knockdown Expenditure | \$0.00 |
| Total Estimated Landscape Replacement Expenditures | \$0.00 |
| Est. Ending Annual Reserve on June 30 | \$4,726.31 |
| As percent of Annual Operating Expenses (Goal is 10-20%) | 19% |
| Est. Ending Street Light Knockdown Reserve on June 30 ¹ | \$4,250.00 |
| Est. Ending Landscape Replacement Reserve on June 30 ² | \$11,550.00 |

¹Street Light Knockdown Reserve goal for Zone C is \$5,000.

²Landscape Replacement Reserve goal for Zone C is \$44,000.

PART C

FY 2024-25 ASSESSMENT ROLL

The total proposed Assessment District revenues for FY 2024-25 consist entirely of assessments associated with Zones A, B, and C, as follows:

| | |
|---------------------|---------------------------------|
| \$ 5,549.48 | From Zone A |
| \$ 2,451.16 | From Zone B |
| <u>\$ 27,408.92</u> | <u>From Zone C</u> |
| \$ 35,409.56 | Total Assessment Revenue |

The breakdown of FY 2024-25 annual assessments per parcel is shown in Table 1 of this report. The lines and dimensions of each parcel are shown on the maps in the office of the County Assessor of the County of Glenn.

**Table 1
CITY OF WILLOWS
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25**

Zone A - Birch Street Village

| APN | Assessment Diagram Number | Land Use Code | Land Use Type | Units | Assessment Amount | Owner Name | Address |
|-----------------|---------------------------|---------------|---------------|-----------|-------------------|---|--|
| 001-071-009-000 | 26 | R1XX | Single Family | 1 | \$163.22 | Tovar, Bradford & Tovar, Jillian Mc Garr | 320 S. Humboldt Ave Willows, CA 95988 |
| 001-071-010-000 | 27 | R1XX | Single Family | 1 | \$163.22 | Nungaray, Jose T A & Arteaga Lorena C J/T | 330 S Humboldt Ave, Willows, CA 95988 |
| 001-071-011-000 | 28 | R1XX | Single Family | 1 | \$163.22 | Medina Humberto | 340 S Humboldt Ave, Willows, CA 95988 |
| 001-071-012-000 | 29 | R1XX | Single Family | 1 | \$163.22 | Pollock Robert R | 350 S Humboldt Ave, Willows, CA 95988 |
| 001-071-013-000 | 30 | R1XX | Single Family | 1 | \$163.22 | Baczkowski, Thomas W. | 360 S Humboldt Ave, Willows, CA 95988 |
| 001-071-014-000 | 31 | R1XX | Single Family | 1 | \$163.22 | Gonzalez, Sthefany Padilla & Ochoa, Ramon G J/T | 370 S. Humboldt Ave, Willows, CA 95988 |
| 001-071-015-000 | 32 | R1XX | Single Family | 1 | \$163.22 | Towes, Randel & Roberta J/T | 380 S. Humboldt Ave, Willows, CA 95988 |
| 001-071-016-000 | 33 | R1XX | Single Family | 1 | \$163.22 | Hernandez J A Palomino & Palomino Hilda | 1330 W. Humboldt Ave, Willows, CA 95988 |
| 001-071-017-000 | 34 | R1XX | Single Family | 1 | \$163.22 | Cox, Thomas L Jr. S/S | 1320 W. Humboldt Ave, Willows, CA 95988 |
| 001-071-018-000 | 16 | R1XX | Single Family | 1 | \$163.22 | Kumar Priti | 199 N Humboldt Ave, Willows, CA 95988 |
| 001-071-019-000 | 15 | R1XX | Single Family | 1 | \$163.22 | Street Amy L & Street Timothy R | 451 El Dorado Ave, Willows, CA 95988 |
| 001-071-020-000 | 14 | R1XX | Single Family | 1 | \$163.22 | Thornton, Michael R ETAL | 461 El Dorado Ave, Willows, CA 95988 |
| 001-071-021-000 | 17 | R1XX | Single Family | 1 | \$163.22 | Lopez, Arianna R | 431 El Dorado Ave, Willows, CA 95988 |
| 001-071-022-000 | 18 | R1XX | Single Family | 1 | \$163.22 | Donnelly, Michael D & Carolyn M | 421 El Dorado Ave, Willows, CA 95988 |
| 001-071-023-000 | 19 | R1XX | Single Family | 1 | \$163.22 | Licea, Yesenia TRS | 381 El Dorado Ave, Willows, CA 95988 |
| 001-071-024-000 | 20 | R1XX | Single Family | 1 | \$163.22 | Ngo Cuong Bach & Tra Thuy Thanh Thi TRS | 371 El Dorado Ave, Willows, CA 95988 |
| 001-071-025-000 | 21 | R1XX | Single Family | 1 | \$163.22 | Feeney, Kevin S/S | 65 Lindauer Lane, Red Bluff, CA 96088 |
| 001-071-026-000 | 22 | R1XX | Single Family | 1 | \$163.22 | Arias Ana | 351 El Dorado Ave, Willows, CA 95988 |
| 001-071-027-000 | 23 | R1XX | Single Family | 1 | \$163.22 | Baker Nicole C | 341 El Dorado Ave, Willows, CA 95988 |
| 001-071-028-000 | 24 | R1XX | Single Family | 1 | \$163.22 | Zarate Fransico & Gabriela R J/T | 331 El Dorado Ave, Willows, CA 95988 |
| 001-071-029-000 | 25 | R1XX | Single Family | 1 | \$163.22 | Clark Janie C TRS | 321 El Dorado Ave, Willows, CA 95988 |
| 001-071-030-000 | 13 | R1XX | Single Family | 1 | \$163.22 | Lederer, Eric M | PO Box 1298, Willows, CA 95988 |
| 001-071-031-000 | 12 | R1XX | Single Family | 1 | \$163.22 | Hernandez Jaime & Hernandez Gabriela | 320 El Dorado Ave, Willows, CA 95988 |
| 001-071-032-000 | 11 | R1XX | Single Family | 1 | \$163.22 | Barragan, Ruban J. | 330 El Dorado Ave, Willows, CA 95988 |
| 001-071-033-000 | 10 | R1XX | Single Family | 1 | \$163.22 | Jaramillo Jose Luis & Jaramillo Brenda | 340 El Dorado Ave, Willows, CA 95988 |
| 001-071-034-000 | 9 | R1XX | Single Family | 1 | \$163.22 | Sigala, Yesenia J & Reymundo J/T | 350 El Dorado Ave, Willows, CA 95988 |
| 001-071-035-000 | 8 | R1XX | Single Family | 1 | \$163.22 | Hancock, Jacob B & Terri J/t | 360 El Dorado Ave, Willows CA 95988 |
| 001-071-036-000 | 7 | R1XX | Single Family | 1 | \$163.22 | Corriea Larry G | 370 El Dorado Ave, Willows CA 95988 |
| 001-071-037-000 | 6 | R1XX | Single Family | 1 | \$163.22 | Salas, Crystal A | 380 El Dorado Ave, Willows, CA 95988 |
| 001-071-038-000 | 5 | R1XX | Single Family | 1 | \$163.22 | Bobadilla, Pedro D & Raygoza Marisol J/T | 410 El Dorado Ave, Willows, CA 95988 |
| 001-071-039-000 | 4 | R1XX | Single Family | 1 | \$163.22 | Gutierrez, Alejandro & Gutierrez Ashley M J/T | 420 El Dorado Ave, Willows, CA 95988 |
| 001-071-040-000 | 3 | R1XX | Single Family | 1 | \$163.22 | Drazkowski Tonia & Scott Lindsay B Co Trs | 3253 Middletown Ave, Chico, CA 95973 |
| 001-071-041-000 | 2 | R1XX | Single Family | 1 | \$163.22 | Newrez LLC | 75 Beattie Place Ste 300, Greenville, SC 29601 |
| 001-071-042-000 | 1 | R1XX | Single Family | 1 | \$163.22 | Zarate Francisco & Camacho Jacqueline J/T | 450 El Dorado Ave, Willows, CA 95988 |
| Lot A | Lot A | Null | Easement | 0 | \$0.00 | Null | Null |
| Total | | | | 34 | \$5,549.48 | | |

Table 1 (continued)

Zone B - Walmart

| APN | Assessment Diagram Number | Land Use Code | Land Use Type | Units | Assessment Amount | Owner Name | Address |
|-----------------|---------------------------|---------------|---|----------|-------------------|---|---|
| 017-210-050-000 | 45 | CE/ML/PD | Gen. Commercial/ Light Manufacturing/ Planned Development | 1 | \$1,225.58 | McDonalds USA LLC | PO Box 182571 Columbus, OH 43218 |
| 017-210-052-000 | 35 | CEXX | Commercial Retail Outlet | 1 | \$1,225.58 | Walmart RE Business Trust c/o Walmart Tax Dept #2053 | P.O. Box 8050, Bentonville, AR 72712-8050 |
| Total | | | | 2 | \$2,451.16 | | |

Zone C - S. Willows Commercial and Industrial Center

| APN | Assessment Diagram Number | Land Use Code | Land Use Type | Units | Assessment Amount | Owner Name | Address |
|-----------------|---------------------------|---------------|------------------------|------------|--------------------|------------------------------|---|
| 017-170-034-000 | 36 | GVXX | Governmental Vacant | 0 | \$0.00 | City of Willows | 201 North Lassen St, Willows, CA 95988 |
| 017-170-037-000 | 37 | GXXX | Governmental Waste | 0 | \$0.00 | City of Willows | 201 North Lassen St, Willows, CA 95988 |
| 017-170-051-000 | 38 | RVAX | Residential Vacant, Ag | 0.5 | \$2,491.72 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-001-000 | 41 | RVAX | Residential Vacant, Ag | 0 | \$0.00 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-002-000 | 40 | RVAX | Residential Vacant, Ag | 1 | \$4,983.44 | Snow Mountain Properties LLC | 1629 Co Rd E, Willows CA 95988 |
| 017-350-003-000 | 39 | RVAX | Residential Vacant, Ag | 1 | \$4,983.44 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-007-000 | 42 | RVAX | Residential Vacant, Ag | 1 | \$4,983.44 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-008-000 | 43 | RVAX | Residential Vacant, Ag | 1 | \$4,983.44 | Martines Laythen | 20370 Skyhawk Ln., Topanga, CA 90290 |
| 017-350-009-000 | 44 | RVAX | Residential Vacant, Ag | 1 | \$4,983.44 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| Total | | | | 5.5 | \$27,408.92 | | |

PART D

METHOD OF APPORTIONMENT OF ASSESSMENT

This section describes the manner by which the annual assessment has been apportioned (spread) to the assessed parcels within each Zone:

Zone A – Birch Street Village

Zone A includes the maintenance of the landscaping and street lighting located within the right-of-way of Birch Street Village. The parcels within the zone receive a direct and special benefit from the landscaping and street lighting, which include enhanced desirability of properties within the zone, improved aesthetic appeal of the neighborhood, improved air quality, enhanced safety and security for the neighborhood, pedestrians, and vehicles.

Although members of the general public may walk or drive through a zone and appreciate the aesthetic appeal of the maintained landscaping, this does not necessarily confer a general benefit to the public at large and, in any case, is determined to be negligible relative to the special benefits conferred upon the parcels within a particular zone.

Land use codes from the County of Glenn were used to determine the basic use units assigned to each parcel. The following basic use units reflect the relative special benefit accruing to parcels of land within Zone A:

- | | |
|-------------------------------|---------|
| 1. Developed parcel | 1 unit |
| 2. Vacant, developable parcel | ½ unit |
| 3. Undevelopable parcel | 0 units |

Accordingly, the annual assessment cost per parcel shall be obtained by dividing the total Zone A annual assessment cost by the total number of units within Zone A.

Zone B – Walmart

Zone B includes the maintenance of three street lights on North Airport Boulevard and a portion of a 4-way traffic signal with street lights at the intersection of West Wood Street and North Airport Road. The special and general benefits for each improvement, and the portions thereof, are described below.

Street Lights

The two parcels within Zone B, Walmart and McDonald's, receive direct and special benefits from the street lights on North Airport Boulevard. The special benefits include enhanced safety and security for the neighborhood, pedestrians, and vehicles. Each parcel within the zone receives a particular and distinct special benefit from the lighting and maintenance thereof within that zone even though the lights may not be adjacent to each parcel.

Although members of the general public may walk or drive through a zone and appreciate the increased safety and security resulting from improved street lighting, this does not necessarily confer a general benefit to the public at large and, in any case, is determined to be negligible relative to the special benefits conferred upon the parcels within a particular zone.

Land Use codes as received from the County of Glenn are used to determine the basic use units to be assigned to each parcel. The following basic use units reflect the relative special benefit accruing to parcels of land within Zone B:

- | | |
|-------------------------------|---------|
| 1. Developed parcel | 1 unit |
| 2. Vacant, developable parcel | ½ unit |
| 3. Undevelopable parcel | 0 units |

Accordingly, the annual assessment cost per parcel shall be obtained by dividing the total Zone B annual assessment cost by the total number of units within Zone B.

Traffic Signal:

The four-way traffic signal system, consisting of four traffic signals, street lighting and controller, was installed at the intersection of West Wood Street and North Airport Road to address traffic congestion resulting from the expanded Walmart Super Store. Prior to the Walmart development, there was no need for a traffic signal at this intersection.

The parcels within Zone B, receive direct and special benefits from the 4-way traffic signal. These special benefits include enhanced safety and security for the neighborhood, pedestrians, and vehicles, as well as ease of access and egress, and improved safety of the intersection. West Wood Street also carries traffic not associated with Zone B, and therefore the enhanced traffic control also confers a general benefit to the public at large.

The enhanced traffic control provided to north/south traffic on North Airport Road is considered to be a special benefit principally to Zone B as the traffic control in that direction serves their primary entrance to the north. Comparatively, there is very little traffic directed to the south, which serves the local Willows airport, and the general benefit provided in this direction is considered negligible.

The enhanced traffic control provided to east/west traffic along State Highway 162 is considered to provide primarily a general benefit to the public at large.

Therefore, the direct and special benefits provided to Zone B for improved traffic control in the north-south direction is considered to be one-half of the total traffic control benefits. The remaining one-half of the traffic control benefits, conferred on east-west traffic along State Highway 162, is considered a general benefit to the public.

The annual assessment cost for special benefits conferred to Zone B for traffic control shall be one-half of the total costs of providing and maintaining the 4 signals, lights and controller plus associated costs. The remainder of the costs associated with this signal is paid for by Caltrans, as West Wood Street is a State highway. This is indicated on the Assessment Diagram as 2 traffic signals.

Accordingly, the method by which the two Zone B parcels shall be assessed for traffic signal costs is determined by dividing the Zone B traffic signal costs by the total number of parcels within Zone B. The Zone B traffic signal costs include the cost of maintenance and operation of the City's portion of the traffic signal (including lights), half the cost of the controller, and the administrative costs associated with this zone.

A Street Light Knockdown Reserve has been established for Zone B to cover expenses associated with replacing a street light if it is damaged or destroyed by a vehicle. The overall knockdown fund cost to be accumulated over a 5-year period is \$5,000 (estimated expenses for manpower and equipment for replacing one streetlight). Once a fund balance of \$5,000 is attained, no additional monies shall be collected for this fund until/unless there is the need to replace one of the streetlights or the cost of street light replacement is determined to have increased.

Zone C – South Willows Commercial and Industrial Center

Zone C includes weed abatement, and the maintenance of landscaping and street lighting located within the South Willows Commercial and Industrial Center. The parcels within the zone receive a direct and special benefit from the weed abatement, landscaping and street lighting, which include enhanced desirability of properties within the zone, improved aesthetic appeal of the neighborhood, improved air quality, and enhanced safety and security for the neighborhood, pedestrians, and vehicles.

Although members of the general public may walk or drive through a zone and appreciate the increased safety and security resulting from improved street lighting or the aesthetic appeal of the maintained landscaping, this does not necessarily confer a general benefit to the public at large and, in any case, is determined to be negligible relative to the special benefits conferred upon the parcels within a particular zone.

Land Use codes as received from the County of Glenn are used to determine the basic use units to be assigned to each parcel. The following basic use units reflect the relative special benefit accruing to parcels of land within Zone C:

| | |
|-------------------------------|---------|
| 1. Developed parcel | 1 unit |
| 2. Vacant, developable parcel | ½ unit |
| 3. Undevelopable parcel | 0 units |

Accordingly, the annual assessment cost per unit shall be obtained by dividing the total Zone C annual assessment cost by the total number of units within Zone C.

A Street Light Knockdown Reserve has been established for Zone B to cover expenses associated with replacing a street light if it is damaged or destroyed by a vehicle. The overall knockdown fund cost to be accumulated over a 5-year period is \$5,000 (estimated expenses for manpower and equipment for replacing one streetlight). Once a fund balance of \$5,000 is attained, no additional monies shall be collected for this fund until/unless there is the need to replace one of the streetlights or the cost of street light replacement is determined to have increased.

The Zone C total Street Light Knockdown Replacement Fund to be accumulated over 5 years is \$5,000. This amount, \$5,000, divided by five years equals an annual Street Light Knockdown Reserve contribution of \$1,000.

The annual Knockdown Reserve cost per unit shall be obtained by dividing the Zone C annual knockdown replacement cost (\$1,000) by the total number of units within Zone C (as defined in this section above).

A Landscape Replacement Reserve has been established for Zone C to cover expenses associated with long-term landscaping items such as new bark mulch, plants, and replacement of the irrigation system, as needed. The overall Landscape Replacement Reserve costs are as follows:

Landscape Replacement Reserve Costs

| | |
|---|--|
| New bark mulch to be replaced every five years: | \$2,000 (\$8,000 over 20 years) |
| New plants to be replaced over 10 years: | \$9,000 (\$18,000 over 20 years) |
| Irrigation system replacement every 20 years: | <u>\$18,000 (\$18,000 over 20 years)</u> |
| | \$44,000 over 20 years |

The total Landscape Replacement Reserve to be accumulated over 20 years is \$44,000. This amount, \$44,000, divided by twenty years equals an annual landscape replacement fund of \$2,200 for this zone.

The annual Landscape Replacement Reserve cost per unit shall be obtained by dividing the annual landscape replacement fund cost (\$2,200) by the total number of units within Zone C (as defined in this section above).

MAXIMUM ALLOWABLE ASSESSMENT AND INFLATIONARY FACTORS

In 2005, the original Engineer’s Report stated that assessments may be adjusted each year to account for inflation of costs and services in accordance with the Bay Area (San Francisco-Oakland-San Jose) Consumer Price Index (CPI) for all urban consumers, or 3%, whichever is greater.

An annual CPI increase has been applied for each year; however, it should be noted that, due to the economic climate, from FY 2010-11 through FY 2016-17 and from FY 2020-21 through FY 2021-22, the implemented increase was less than 3%.

The annual adjustments to the Maximum Allowable Assessments are shown below.

| Maximum Allowable Assessment | | | | | | | | |
|--|-----------------|-------|--------------------------------|-------------------------------------|---------------------------|-------------------------------------|---|-------------------------------------|
| Assessment Year | Annual Increase | | Zone A Birch Street Village | | Zone B Walmart | | Zone C S. Willows Commercial & Industrial Center | |
| | Year | % | Allowed Adjustment Amount | Total Assessment Maximum (per Unit) | Allowed Adjustment Amount | Total Assessment Maximum (per Unit) | Allowed Adjustment Amount | Total Assessment Maximum (per Zone) |
| FY 2016-17 | 2015 | 2.60% | \$11.69 | \$461.34 | \$166.08 | \$6,553.66 | | |
| FY 2017-18 | 2016 | 3.00% | \$13.84 | \$475.18 | \$196.61 | \$6,750.27 | | |
| FY 2018-19 | 2017 | 2.90% | \$13.78 | \$488.96 | \$195.76 | \$6,946.03 | | |
| FY 2019-20 Zone C original Assessment | 2018 | 3.50% | \$17.11 | \$506.07 | \$243.11 | \$7,189.14 | | \$69,196.02 |
| FY 2020-21 | 2019 | 2.50% | \$12.65 | \$518.72 | \$179.73 | \$7,368.87 | \$1,729.90 | \$70,925.92 |
| FY 2021-22 | 2020 | 2.00% | \$10.37 | \$529.09 | \$147.38 | \$7,516.25 | \$1,418.52 | \$72,344.44 |
| FY 2022-23 | 2021 | 4.20% | \$22.22 | \$551.31 | \$315.68 | \$7,831.93 | \$3,038.47 | \$75,382.91 |
| FY 2023-24 | 2022 | 4.90% | \$27.01 | \$578.32 | \$383.76 | \$8,215.69 | \$3,693.76 | \$79,076.67 |
| FY 2024-25 | 2023 | 3.00% | \$17.35 | \$595.67 | \$246.47 | \$8,462.16 | \$2,372.30 | \$81,448.97 |

Actual assessment amounts to be collected do not have to be set at the maximum assessment. Establishing the maximum available assessment each year and keeping up with inflation allows the assessments to be increased to this maximum amount sometime in the future if costs associated with this Assessment District increase (e.g., if in any year there are unanticipated expenditures due to such things as vandalism) and will preclude having to go through electorate approval per California Constitution Article XIII C, Section 2(b).

PART E

FY 2024-25 PROPERTY OWNERS LIST

The names and addresses of each of the property owners as shown on the County of Glenn Assessor's Tax Assessment Roll are shown in Table 2. The names and addresses have been keyed to the special assessment number (the assessor parcel number) as shown in Part C of this Engineer's Report.

Table 2
CITY OF WILLOWS
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2024-25
Property Owner's List

| APN | Assessment Diagram Number | Owner Name | Mailing Address |
|-----------------|---------------------------|---|---|
| 001-071-009-000 | 26 | Tovar, Bradford & Tovar, Jillian Mc Garr | 320 S. Humboldt Ave Willows, CA 95988 |
| 001-071-010-000 | 27 | Nungaray, Jose T A & Arteaga Lorena C J/T | 330 S Humboldt Ave, Willows, CA 95988 |
| 001-071-011-000 | 28 | Medina Humberto | 340 S Humboldt Ave, Willows, CA 95988 |
| 001-071-012-000 | 29 | Pollock Robert R | 350 S Humboldt Ave, Willows, CA 95988 |
| 001-071-013-000 | 30 | Baczkowski, Thomas W. | 360 S Humboldt Ave, Willows, CA 95988 |
| 001-071-014-000 | 31 | Gonzalez, Sthefany Padilla & Ochoa, Ramon G J/T | 370 S. Humboldt Ave, Willows, CA 95988 |
| 001-071-015-000 | 32 | Towes, Randel & Roberta J/T | 380 S. Humboldt Ave, Willows, CA 95988 |
| 001-071-016-000 | 33 | Hernandez J A Palomino & Palomino Hilda | 1330 W. Humboldt Ave, Willows, CA 95988 |
| 001-071-017-000 | 34 | Cox, Thomas L Jr. S/S | 1320 W. Humboldt Ave, Willows, CA 95988 |
| 001-071-018-000 | 16 | Kumar Priti | 199 N Humboldt Ave, Willows, CA 95988 |
| 001-071-019-000 | 15 | Street Amy L & Street Timothy R | 451 El Dorado Ave, Willows, CA 95988 |
| 001-071-020-000 | 14 | Thornton, Michael R ETAL | 461 El Dorado Ave, Willows, CA 95988 |
| 001-071-021-000 | 17 | Buskirk, Patricia A | PO Box 634, Willows, CA 95988 |
| 001-071-022-000 | 18 | Donnelly, Michael D & Carolyn M | 421 El Dorado Ave, Willows, CA 95988 |
| 001-071-023-000 | 19 | Martinez, Ramiro Licea & Licea Yesenia J/T | 381 El Dorado Ave, Willows, CA 95988 |
| 001-071-024-000 | 20 | Ngo Cuong Bach & Tra Thuy Thanh Thi TRS | 371 El Dorado Ave, Willows, CA 95988 |
| 001-071-025-000 | 21 | Feeney, Kevin S/S | 65 Lindauer Lane, Red Bluff, CA 96088 |
| 001-071-026-000 | 22 | Arias Ana | 351 El Dorado Ave, Willows, CA 95988 |
| 001-071-027-000 | 23 | Baker Nicole C | 341 El Dorado Ave, Willows, CA 95988 |
| 001-071-028-000 | 24 | Zarate Fransico & Gabriela R J/T | 331 El Dorado Ave, Willows, CA 95988 |
| 001-071-029-000 | 25 | Clark Janie C TRS | 321 El Dorado Ave, Willows, CA 95988 |
| 001-071-030-000 | 13 | Lederer, Eric M | PO Box 1298, Willows, CA 95988 |
| 001-071-031-000 | 12 | Hernandez Jaime & Hernandez Gabriela | 320 El Dorado Ave, Willows, CA 95988 |
| 001-071-032-000 | 11 | Barragan, Ruban J. | 330 El Dorado Ave, Willows, CA 95988 |
| 001-071-033-000 | 10 | Jaramillo Jose Luis & Jaramillo Brenda | 340 El Dorado Ave, Willows, CA 95988 |
| 001-071-034-000 | 9 | Sigala, Yesenia J & Reymundo J/T | 350 El Dorado Ave, Willows, CA 95988 |
| 001-071-035-000 | 8 | Hancock, Jacob B & Terri J/t | 360 El Dorado Ave, Willows CA 95988 |
| 001-071-036-000 | 7 | Corriea Larry G | 475 S Culver St, Willows, CA 95988 |
| 001-071-037-000 | 6 | Salas, Crystal A & Sengmany, Rakxat J/T | 380 El Dorado Ave, Willows, CA 95988 |
| 001-071-038-000 | 5 | Bobadilla, Pedro D & Raygoza Marisol J/T | 410 El Dorado Ave, Willows, CA 95988 |
| 001-071-039-000 | 4 | Gutierrez, Alejandro & Gutierrez Ashley M J/T | 420 El Dorado Ave, Willows, CA 95988 |
| 001-071-040-000 | 3 | Drazkowski Tonia & Scott Lindsay B Co Trs | PO Box 434, Sea Ranch, CA 95497 |
| 001-071-041-000 | 2 | Irwin Dennis L | 440 El Dorado Ave, Willows, CA 95988 |
| 001-071-042-000 | 1 | Southam Boyd & Southam Stephanie | 450 El Dorado Ave, Willows, CA 95988 |
| Lot A | Lot A | Null | Null |

Table 2 (Continued)

| APN | Assessment Diagram Number | Owner Name | Mailing Address |
|-----------------|----------------------------------|---|---|
| 017-170-034-000 | 36 | City of Willows | 201 North Lassen St, Willows, CA 95988 |
| 017-170-037-000 | 37 | City of Willows | 201 North Lassen St, Willows, CA 95988 |
| 017-170-051-000 | 38 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-210-050-000 | 45 | McDonalds USA LLC | 611 Country Dr, Chico CA 95928 |
| 017-210-052-000 | 35 | Walmart RE Business Trust c/o Walmart Tax Dept #2053 | P.O. Box 8050, Bentonville, AR 72712-8050 |
| 017-350-001-000 | 41 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-002-000 | 40 | Snow Mountain Properties LLC | 1629 Co Rd E, Willows CA 95988 |
| 017-350-003-000 | 39 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-007-000 | 42 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-008-000 | 43 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |
| 017-350-009-000 | 44 | California Land Invest LLC | 316 California Ave #350, Reno, NV 89509 |

PART F

FY 2024-25 ASSESSMENT DIAGRAM

Attached, you will find Assessment Diagrams (maps) for Zones A, B, and C within the Assessment District. Please note that the lines and dimensions of each parcel, as well as the distinctive assessment number, are shown on the Assessor's Maps for the City of Willows available at the County of Glenn Assessor's Office. The attached pages also provide the reference to the appropriate Assessor Books at the County for the subdivision.

Zone A

All the land lying within the Birch Street Village Subdivision, filed in the Recorder's Office of the County of Glenn in Book 13, Page 64.

Zone B

All the land lying within the Walmart Super Store Development, known at the Assessor's Office of the County of Glenn as Assessor's Parcel Number 017-210-052-000.

All the land lying within the McDonald's parcel, known at the Assessor's Office of the County of Glenn as Assessor's Parcel Number 017-210-050-000.

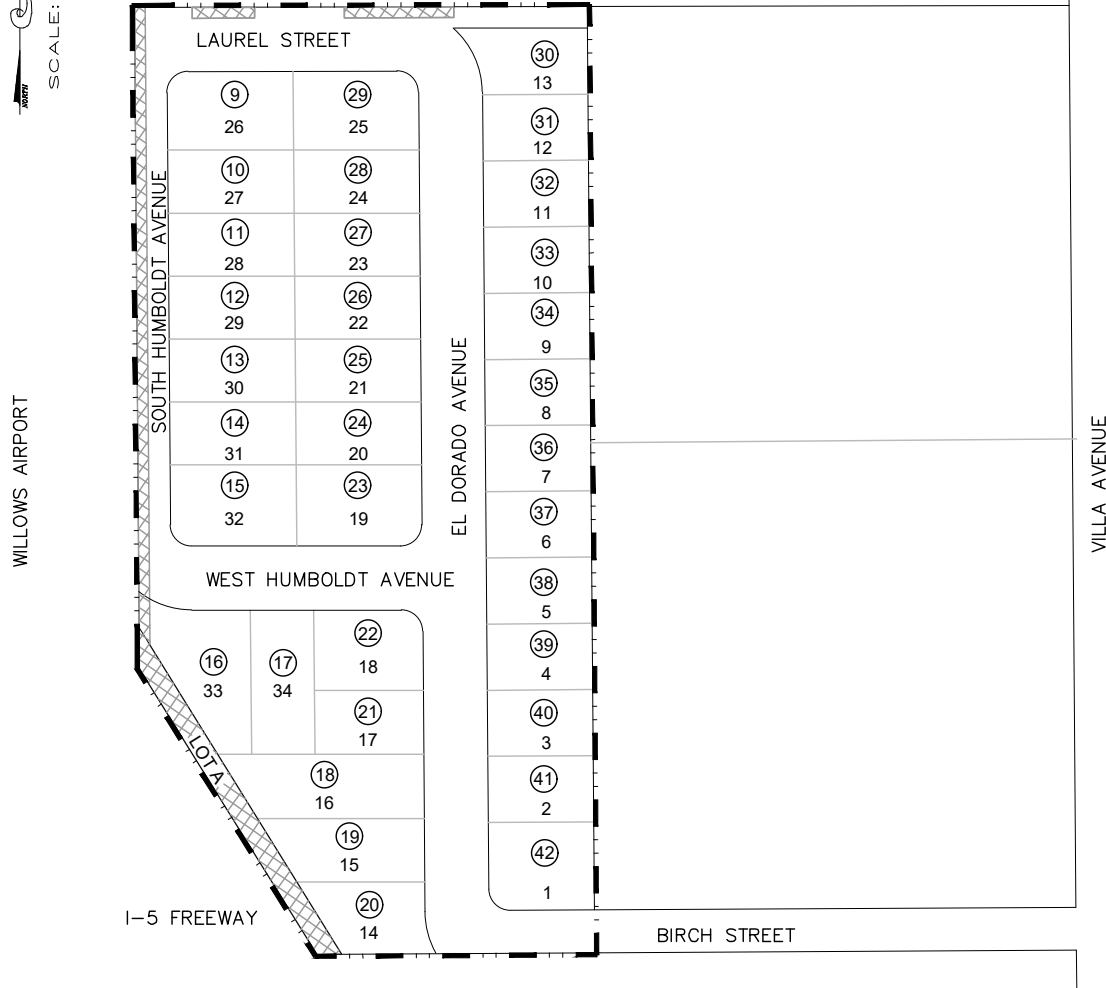
Zone C

All the land lying within the South Willows Commercial and Industrial Center development, known at the Assessor's Office of the County of Glenn as Assessor's Parcel Numbers 017-170-034-000, 017-170-037-000, 017-170-051-000, 017-350-001-000 through 017-350-003-000 and 017-350-007-000 through 017-350-009-000.

F:\Projects\Willows\LLAD\2024-25 LLAD 72-5182\24-Wil-Engr's Report - Prelim.docx



APN: BOOK 001, PAGE 07, BLOCK 1.
 THE SPECIFIC LOT NUMBER IS SHOWN IN THE CIRCLE.
 THE ASSESSMENT DIAGRAM NUMBER IS BELOW THE LOT NUMBER.

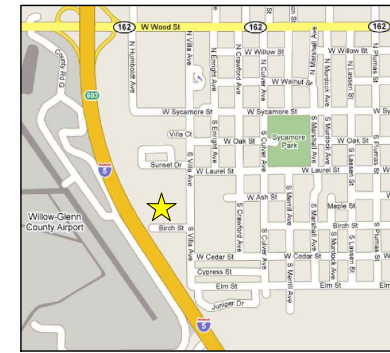


CITY OF WILLOWS

LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT

ASSESSMENT DIAGRAM

ZONE A - BIRCH STREET VILLAGE



VICINITY MAP

- Landscape Maintenance Area
- Assessment District Boundary

NOTE:

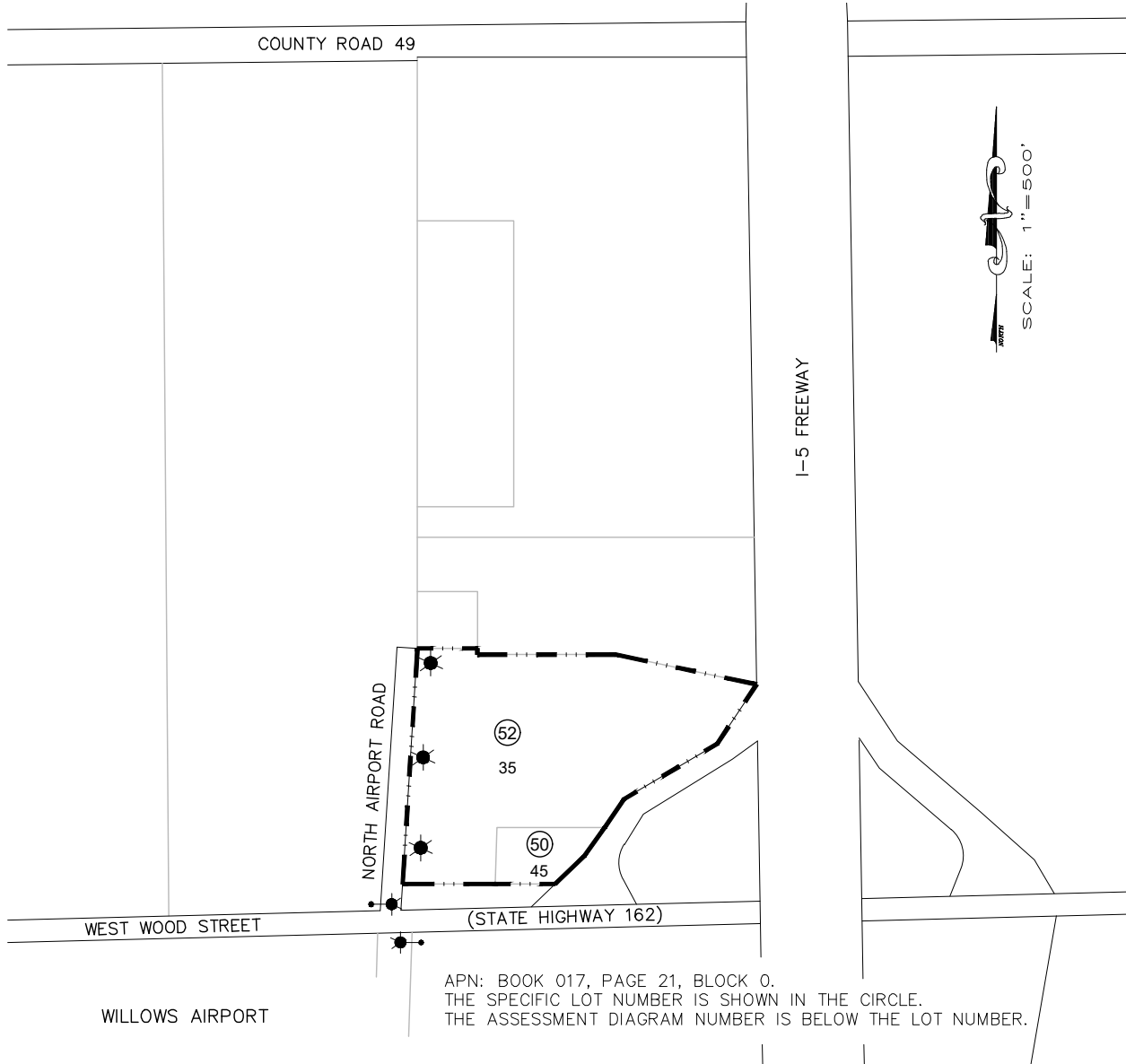
FOR THE DISTINCTIVE ASSESSMENT NUMBER AND DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF EACH PARCEL REFER TO THE ASSESSOR'S MAPS FOR THE CITY OF WILLOWS AVAILABLE AT THE GLENN COUNTY ASSESSOR'S OFFICE.



COASTLAND | DCCM
 1400 Neotomas Avenue Santa Rosa, CA 95405
 707.571.8005 | coastlandcivil.com

PREPARED FOR
CITY OF WILLOWS
 GLENN COUNTY CALIFORNIA
 2024-2025 FISCAL YEAR

Images: Loc-map.jpg; Xrefs:
 Path: F:\BMAP-STD\Willows\LLAD\2023-24 Assessment Diagrams.dwg Layout Name: Zone B Plot Date: Apr. 30, 2024 at 08:51 am



APN: BOOK 017, PAGE 21, BLOCK 0.
 THE SPECIFIC LOT NUMBER IS SHOWN IN THE CIRCLE.
 THE ASSESSMENT DIAGRAM NUMBER IS BELOW THE LOT NUMBER.

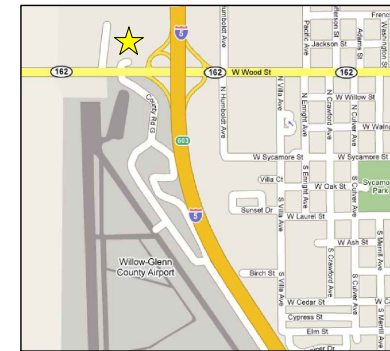


CITY OF WILLOWS



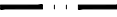
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT

ASSESSMENT DIAGRAM

ZONE B - WALMART



VICINITY MAP

-  Zone B traffic signal with street light locations
-  Zone B street light locations
-  Assessment District Boundary

NOTE:

FOR THE DISTINCTIVE ASSESSMENT NUMBER AND DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF EACH PARCEL REFER TO THE ASSESSOR'S MAPS FOR THE CITY OF WILLOWS AVAILABLE AT THE GLENN COUNTY ASSESSOR'S OFFICE.



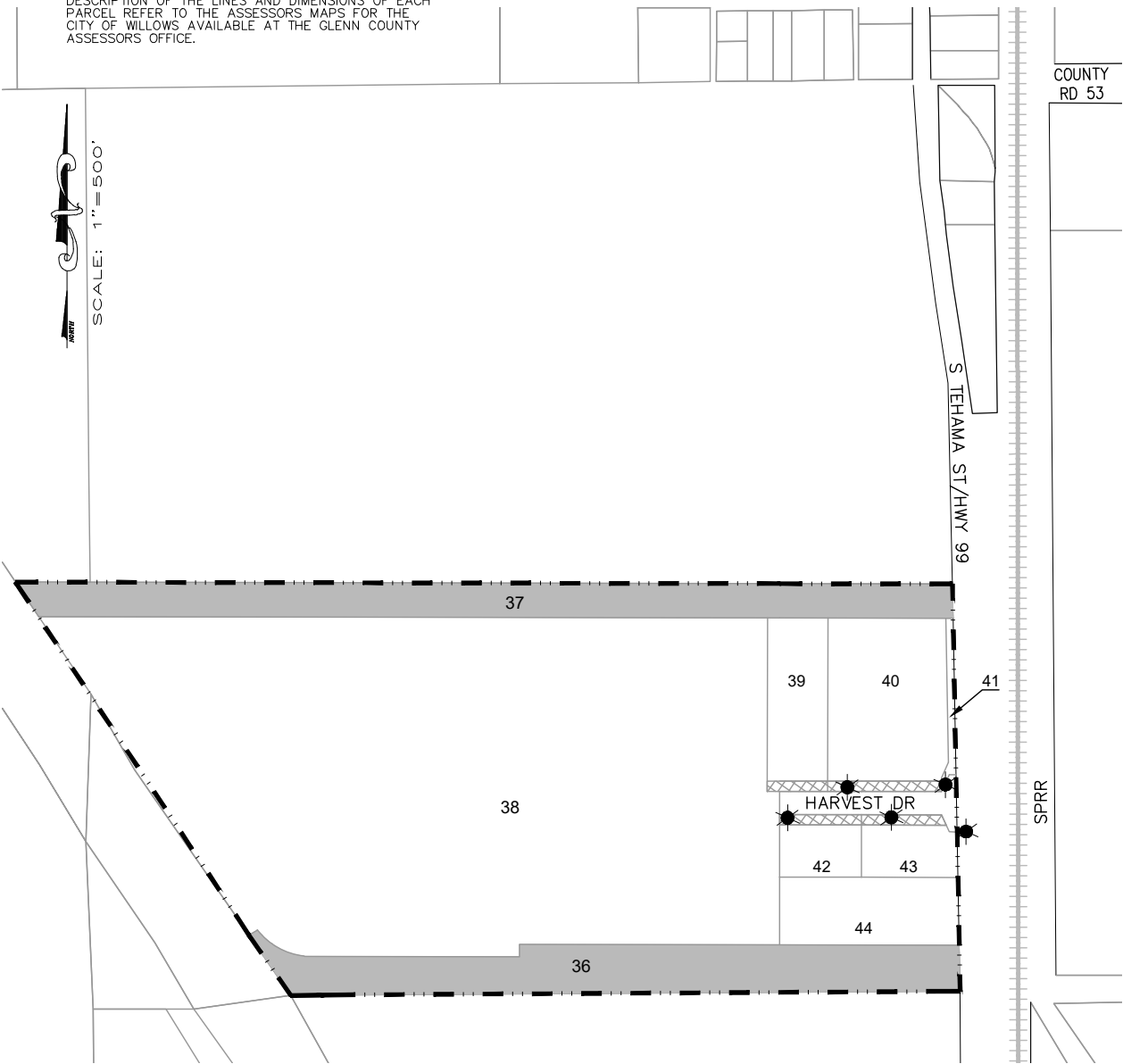
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PREPARED FOR
CITY OF WILLOWS
 GLENN COUNTY CALIFORNIA
 2024-2025 Fiscal Year

NOTE:

FOR THE DISTINCTIVE ASSESSMENT NUMBER AND DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF EACH PARCEL REFER TO THE ASSESSORS MAPS FOR THE CITY OF WILLOWS AVAILABLE AT THE GLENN COUNTY ASSESSORS OFFICE.

SCALE: 1" = 500'



CITY OF WILLOWS
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT
ASSESSMENT DIAGRAM
ZONE C - SOUTH WILLOWS
COMMERCIAL AND INDUSTRIAL CENTER



VICINITY MAP

- 38 Assessment Diagram Number. See Table 2 of this report for the corresponding Assessor's Parcel Number.
- Zone C street light locations
- Landscape Maintenance Area
- Weed Abatement of Detention Ponds
- Assessment District Boundary

Images: Loc-map.jpg; Xrefs: Path: F:\BMAP-STD\Willows\LLAD\2023-24 Assessment Diagrams.dwg Layout Name: Zone C Plot Date: Apr. 30, 2024 at 08:51 am



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PREPARED FOR
CITY OF WILLOWS
 GLENN COUNTY CALIFORNIA
 2024-2025 FISCAL YEAR



Date: May 14, 2024
To: Honorable Mayor and Councilmembers
From: Nathan Monck- Fire Chief
Joe Bettencourt- Community Development and Services Director
Subject: Weed Abatement Contract Award

Recommendation:

Award contract for weed abatement services to the lowest responsible bidder.\

Rationale for Recommendation:

As part of the City's fire prevention efforts, every year weed abatement efforts are undertaken throughout the city and on city property. Due to the volume of work, the City needs to hire a contractor to perform the work as there is not sufficient capacity with current staffing levels.

Background:

On April 23, 2024, The Willows City Council Approved 5-0 the 2024 Weed Abatement schedule. Staff was directed to solicit bids for a Weed Abatement Contractor for the 2024 Weed Abatement Season. Notice of bid solicitation was posted in the local newspapers.

Discussion and Analysis:

The City of Willows held an open and competitive bid process. The only bid proposal received before the May 10th deadline was from Robert Burt Construction. Robert Burt Construction is the current weed abatement contractor. After reviewing the bid document, Robert Burt Construction was determined to be the lowest responsible bidder, meeting all minimum requirements. Robert Burt Construction is owned and operated by a City of Willows resident.

The lone bid packet received was also reviewed by Joe Bettencourt, Community Services Director, to avoid any potential conflicts of interest.

Fiscal Impact:

The exact fiscal impact is unknown and dependent on the responsiveness of the public. The total cost of the contract shall not exceed \$40,000 without prior written authorization of the City. These costs will be reimbursed by the CAL FIRE Hazardous Fuels Reduction Grant.

Attachments:

- Attachment 1: Robert Burt Construction Bid Form

REC: 5-9-2024



CITY OF WILLOWS - CONTRACTUAL SERVICES AGREEMENT

Contractor

Robert Burt construction

Project Title

WEED ABATEMENT SERVICES

Budget Account Number

301.150.440000

THIS CONTRACTUAL SERVICES AGREEMENT (Agreement) is entered into on _____, 2024, between the City of Willows, a municipal corporation under the laws of the State of California, (City) and Robert Burt construction an individual, dba Robert Burt construction, hereinafter referred to as "Contractor".

SECTION 1 - DESCRIPTION OF PROJECT

City desires to undertake that certain project (Project) described in EXHIBIT "A," entitled "DESCRIPTION OF PROJECT," and Contractor agrees to provide City, at its own cost and expense, all services and furnish all labor and materials necessary to complete in a good, professional and substantial manner, the contractual services indicated and described in SECTIONS 2 and 3, respectively.

SECTION 2 - SCOPE OF CONTRACTUAL SERVICES - BASIC

Contractor shall perform those basic contractual services in connection with the Project as are set forth more particularly in EXHIBIT "B," entitled "SCOPE OF CONTRACTUAL SERVICES - BASIC.

SECTION 3 - SCOPE OF CONTRACTUAL SERVICES - ADDITIONAL

City and Contractor agree that it may be necessary for Contractor to perform or secure the performance of related contractual services other than those set forth herein. In such instance, Contractor shall advise City, in advance and in writing, of the need for such additional contractual services, their cost and the estimated time (if appropriate) required to perform them. Contractor shall not proceed to perform any such additional service until City has determined that such service is beyond the scope of the basic contractual services to be provided by Contractor and has given its written authorization to perform or obtain it. Each additional service so authorized shall constitute an amendment to this Agreement, shall be identified and sequentially numbered as "Amendment No. 1" and so forth, shall be subject to all of the provisions of this Agreement, and shall be incorporated into EXHIBIT "B," accordingly.

SECTION 4 - COMPENSATION

Contractor shall be compensated for contractual services rendered to City pursuant to this Agreement periodically at the rate as set forth in EXHIBIT "C," entitled "COMPENSATION," and in accordance with all other applicable provisions of this Agreement. Amounts due to Contractor from City for contractual services rendered shall be evidenced by the submission to City by Contractor of an invoice, prepared in a form satisfactory to City, setting forth the amount of compensation due for the period covered by it. Each such invoice shall be forwarded to City so as to reach it on or before the 15th day of the month next following the month or months, or other applicable period, for which the contractual services invoiced were provided. City will make

SECTION 7 - INDEMNIFICATION

Contractor shall indemnify, hold harmless and defend the City and its City Council, officers, employee and volunteers from and against all claims, damages, losses and expenses, including litigation costs and attorney fees, arising out of performance of the work described herein, caused in whole or in part by any negligent act or omission of the contractor, any sub-contractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of the City.

SECTION 8 - INSURANCE PROVISIONS

Any requirements by City that Contractor carry general liability or any other type of insurance in connection with the services to be performed and/or contractual services to be rendered by Contractor pursuant to this Agreement shall be as set forth in EXHIBIT "D," entitled "INSURANCE PROVISIONS."

SECTION 9 - GENERAL PROVISIONS

9.1 Access to Records

Contractor shall maintain all books, records, documents, accounting ledgers and similar materials relating to services performed for City under this Agreement on file for at least four years following the date of final payment to Contractor by City. Any duly authorized representative(s) of City shall have access to such records for the purpose of inspection, audit and copying at reasonable times during Contractor's usual and customary business hours, Contractor shall provide proper facilities to City's representative(s) for such access and inspection. Contractor shall be entitled to reasonable compensation for time and expenses related to such access and inspection activities, which shall be considered to be an additional service to City, falling under the provisions of SECTION 3 hereinabove.

9.2 Assignment

This Agreement is binding on the heirs, successors and assigns of the parties hereto and shall not be assigned by either City or Contractor without the prior written consent of the other.

9.3 Compliance with Laws, Rules, Regulations

progress of the services, all questions which arise as to the interpretation of the specifications, all questions as to the acceptable fulfillment of this Agreement on the part of the Contractor and all questions as to claims and compensation.

9.10 Interpretation of Specifications

Should it appear that the services to be done or any matter relative thereto is not sufficiently detailed or explained in any specifications, special provisions, and/or related documents, Contractor shall apply to the City for such further explanations as may be necessary and shall conform to such explanations or interpretations as part of this Agreement, so far as may be consistent with their original intent. In the event of doubt or question relative to the true meaning of the specifications, reference shall be made to the City's representative(s), whose decision thereon shall be final.

9.11 Notice to Proceed; Progress: Completion

Upon execution of this Agreement by the parties, City shall give Contractor notice to proceed with the services. Such notice may authorize Contractor to render all of the contractual services contemplated herein, or such portions or phases as may be mutually agreed upon. In the latter event, City shall, in its sole discretion, issue subsequent notices from time to time regarding further portions or phases of the services. Upon receipt of such notices, Contractor shall diligently proceed with the services as authorized.

9.12 Subcontracts

Contractor shall be entitled, to the extent determined appropriate by Contractor, to subcontract any portion of the services to be performed under this Agreement. Contractor shall be responsible to City for the actions of persons and firms performing subcontract services. The subcontracting of services by Contractor shall not relieve Contractor, in any manner, of the obligations and requirements imposed upon Contractor by this Agreement.

9.13 Term: Extension: Termination


To Contractor:

This Agreement shall include all special provisions, if any, as are set forth on EXHIBIT "E," entitled "SPECIAL PROVISIONS." IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above.

CITY OF WILLOWS:

CONTRACTOR:

By: Marti Brown
City Manager

By: 
Owner

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Carolyn Walker
City Attorney

Nathan Monck
Fire Chief

The City of Willows is an Equal Opportunity Provider

CITY OF WILLOWS - CONTRACTUAL SERVICES AGREEMENT

Contractor

Robert Burt Construction

Project Title

WEED ABATEMENT SERVICES

Budget Account Number

301-4130.150

EXHIBIT "B"

SCOPE OF CONTRACTUAL SERVICES BASIC

Scope of Contractual Services - Basic

The Contractor shall provide contractual services as follows:

1.1 The removal of noxious weeds, debris, and combustible vegetation shall be done in accordance with State and City regulations governing materials and/or conditions which may be damaging to the public health and safety. Specific procedures exist which must be followed. One of the established procedures provides that the City may authorize the removal of noxious weeds, debris, and combustible vegetation from parcels of land, in the event that the property owner fails to do so after having been properly notified.

Property owners have a specific amount of time in which to remove weeds, debris, and combustible vegetation before the City Council may order the abatement of those hazardous or unwanted conditions by a Weed Abatement contractor working on behalf of the City.

This scope of services establishes the nature of the work to be done and the conditions relating to such work. At this time, the City of Willows Fire Department does not know which private properties will be "owner-cleared" or those which will be "City-cleared" along with properties owned by the City. Therefore, an exact list of properties to be "cleared" by the contractor cannot be provided until after such time as the City Council authorizes a final list of properties to be cleared.

PERFORMANCE OF WORK

1.2 Contractor must remove all weeds, debris, and combustible vegetation within twenty (20) working days of being provided with the list of properties to be cleared.

Contractor shall be responsible for complying with all City, State, and Federal statutory requirements relating to the removal of weeds, debris, and unwanted vegetation.

- (a) All parcels over 5 acres must have a full perimeter firebreak.
- (b) Firebreaks may be disced, scraped or graded to bare earth to a minimum width of 30 feet.
- (c) Firebreaks shall be prepared in weeds, grass, star thistle, etc.
- (d) Firebreaks along roads, sidewalks, or other such natural or manmade breaks, shall start at the edge of such breaks.
- (e) Flammable vegetation remaining after the creation of a firebreak must be removed from roads and sidewalks by the Contractor.
- (f) Parcels over 5 acres that contain homes or other buildings require a minimum 30 foot firebreak around any structures.
- (g) Trees, stumps, rock piles, and other items not referenced as "debris" will be allowed to remain in vacant fields, lots, parcels.
- (h) Contractor is responsible for checking for any depressions, pits, holes, debris, etc., which may be a hazard or pose a restriction to contractor or its equipment. Non-clearance of these areas must be approved by the City.

Note: Mowing, or the use of a weed eater, may be required to achieve the necessary results due to obstacles that may be in the way.

B. GRADING/DISTURBANCE RESTRICTIONS - PROTECTED AREAS

Due to restrictions established by State and Federal environmental agencies, discing, scraping or grading of the soil in protected areas is not allowed, nor is the use of any chemical or pesticide. Mowing equipment with rubber tires will be acceptable. Operating equipment in wet soil shall be avoided. Weeds must be mowed to a height of approximately six inches on properties of five acres or less. If a parcel consists of more than five acres, a mowed 36 foot wide full perimeter firebreak shall be used in lieu of discing or scraping. Protected areas will be noted on a map provided by the City of Willows Planning Department.

C. REMOVAL OF DEBRIS

1. Debris can be expected to consist of tree pruning piles, scrap lumber piles, furniture, refrigerator, etc., but should not include any significant amount of dirt, large rocks, or other "difficult to handle" matter.

D. DUMP BOX SERVICES

1. The use of a dump box in connection with clearing any parcel must be requested by Contractor in advance on a per parcel basis. Upon inspection of the property by City, and determination that the request is reasonable, the City of Willows Fire Department may approve the use of a dump box in connection with clearing any parcel. Approval of the request to use a dump box must be pre-authorized by City in writing.

E. Documentation

1. The Contractor must obtain photos of nuisances prior to abating, and obtain photos after the nuisances have been abated. Photos shall be returned to the City at the conclusion of the abatement process. Photos shall be labeled in a fashion that easily shows what parcel the photos were taken at. EXAMPLE. Photos 1-8 : 1234 Main St, APN 000-000-000.

CONTRACTOR'S ABATEMENT PRICING

DUMP BOX SERVICES: (requires written notification from city) **Price Per Parcel**

| | | |
|------|-------------|------------|
| 0-3 | Cubic Yards | \$ 515.20 |
| 4-6 | Cubic Yards | \$ 650.25 |
| 7-10 | Cubic Yards | \$ 1550.67 |

DEBRIS REMOVAL: (requires written notification from city) **Price Per Parcel**

| | | |
|------|-------------|-------------|
| 0-3 | Cubic Yards | \$ 642.81 |
| 4-6 | Cubic Yards | \$ 1,100.62 |
| 7-10 | Cubic Yards | \$ 1,584.50 |

PARCEL MOWING: **Price Per Parcel**

| | | | |
|--------|---------|-------------|-------------|
| 0 | -2,500 | Square Feet | \$ 325.00 |
| 2,501 | -5000 | Square Feet | \$ 426.00 |
| 5,001 | -7,500 | Square Feet | \$ 520.00 |
| 7,501 | -10,000 | Square Feet | \$ 589.00 |
| 10,001 | -21,840 | Square Feet | \$ 621.00 |
| ½ | -1 | Acre | \$ 1,000.00 |
| 1 | -2 | Acre | \$ 1,189.00 |
| 3 | -4 | Acre | \$ 1,540.00 |
| 4 | -5 | Acre | \$ 2,111.00 |

CITY OF WILLOWS - CONTRACTUAL SERVICES AGREEMENT

Contractor:

Robert Burt construction

Project Title:

WEED ABATEMENT SERVICES

Budget Account Number

301-4130.150

EXHIBIT "D"

INSURANCE PROVISIONS

General Liability Insurance

Contractor shall obtain commercial general liability insurance (occurrence policy form) from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better or, in the alternative, an unlicensed U.S. domiciled company or companies with an "A" rating, which provides coverage for bodily injury, personal injury and property damage liability in the amount of at least \$1,000,000 per occurrence, and \$2,000,000 in the aggregate, with a maximum policy deductible of \$5,000.

The insurance coverage required herein shall be evidenced by a certificate of insurance with policy endorsements and shall be executed by an authorized official of the insureds). In addition to the limits of coverage described above, the certificate of insurance shall provide that the insurer shall provide to City at least 30 days prior notice of cancellation or material change in coverage, or 10 days prior notice of cancellation for non-payment.

Contractor acknowledges and agrees that City of Willows, its officers, boards and commissions, and members thereof, its employees and agents, are covered as additional insureds with respect to any liability arising out of the activities of Contractor as the named insured. Such additional insured status shall be evidenced by a policy endorsement executed by an authorized official of the insurer(s). A blanket endorsement which provides additional insured status to any

CITY OF WILLOWS - CONTRACTUAL SERVICES AGREEMENT

Contractor:

Robert Burt construction

Project Title:

WEED ABATEMENT SERVICES

Budget Account Number

301-4130.150

EXHIBIT "E"

SPECIAL PROVISIONS

NONE.



Date: May 14, 2024
To: Honorable Mayor and Councilmembers
From: Joe Bettencourt, Community Development & Services Director
Marti Brown, City Manager
Subject: Retail/Dispensary Cannabis Businesses – Modify Distance Requirements

Recommendation:

Adopt a resolution eliminating distance requirements between retail/dispensary cannabis businesses and churches, licensed daycare or preschool facilities, playgrounds, and/or parks; and reducing the distance requirements to 500 feet between retail/dispensary cannabis businesses and kindergarten through grade 12 schools.

Rationale for Recommendation:

While the Willows Municipal Code permits the establishment of commercial Cannabis facilities, it does require a 1,000-foot setback from churches, schools, licensed daycare or preschool facilities, playgrounds and/or parks. This requirement has made it nearly impossible for investors to establish any retail Cannabis dispensaries within the City limits.

Background:

The City of Willows Municipal Code (WMC) Section 9.20.070 allows for the commercial sale of Cannabis and Cannabis products for medical and nonmedical uses, subject to the conditions set forth in this code, and only in zones in which such sales are permitted uses pursuant to WMC Title 18. The zones in which retail/dispensary Cannabis businesses can operate, with a Conditional Use Permit, are General Commercial, Highway Commercial and Light Industrial.

On November 28, 2017, the Willows City Council adopted a Cannabis Ordinance (#736-2017) to facilitate the approval, regulation, and operation of cannabis businesses. This ordinance, as chaptered in the WMC along with State laws and regulations imposes strict zoning, security, and operational requirements on cannabis dispensaries.

Thereafter, the Willows City Council adopted resolution (#32-2017) which established 1,000-foot setbacks from churches, schools, licensed daycare or preschool facilities, playgrounds and/or parks for retail cannabis dispensaries.

On April 27, 2022, a Request for Proposals (RFP) for applications for a Cannabis Retail Dispensary Permit was publicly released with a submittal deadline of June 1, 2022. The RFP sought applications from individuals and companies, who wished to develop and operate a cannabis retail dispensary facility in Willows. One proposal was received from Sundial Collective Willows.

Subsequently, a Phase 2 application was submitted and reviewed by Staff and on October 17, 2022, the applicant was notified that the Phase 2 submittal was determined to be complete, and they could proceed to the use permit stage. On December 14, 2022, a Use Permit application was presented to the Planning Commission for review and consideration and the resolution was approved. At the February 14, 2023, City Council meeting, a public hearing was held, and a Resolution was passed approving a business license for Sundial Collective.

Since the business license approval, Sundial Collective has never moved forward with construction of the project in South Willows and the permit has since expired.

Prior to Sundial Collective, Element 7 was another dispensary applicant whose permit also expired, and the project was never completed. In both instances, the applicants would have preferred to occupy existing buildings (because its more affordable), but they could not find any buildings in the city limits that satisfied the City's distance and/or zoning requirements. As a result, they resolved to construct a new building, but ran out of funding to complete the projects.

Discussion & Analysis:

Since the expiration of Sundial Collectives permit, only two investors have demonstrated interest in establishing dispensaries in the City of Willows. In both instances, they are having difficulties finding existing buildings that satisfy the City's distance and/or zoning requirements.

Under most circumstances, dispensary applicants prefer to occupy an existing building as there are financial benefits compared to purchasing land and constructing a new building. By removing the distance requirements from churches, schools, licensed daycare or preschool facilities, playgrounds and/or parks, and reducing the distance requirements to 500 feet from kindergarten through grade 12 schools, the City will increase the opportunity for private retail dispensary investment in existing structures and allowable zoned areas.

As a result of these challenges, staff reviewed State regulations, as well as the policies of other local jurisdictions. For example, the State does not have any distance requirements for the location of a retail dispensary cannabis businesses but does have many safeguards in place to ensure the safety of customers and prevent underage purchases. The state mandates that cannabis goods are required to be in packaging that is child-resistant, tamper evident and resealable. In addition, there are strict labeling requirements such as:

1. Not making the label attractive to individuals under the age of 21 — This includes using cartoons, images popularly used to advertise to children, imitating candy labeling, and

using the words “candy,” “candies” or a variation, such as “kandy” or “kandeez,” anywhere on the label.

2. Must contain government warning statement for nonmanufactured cannabis goods (in capital and bold letters) “GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE 1 CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”

Furthermore, State law mandates security requirements for retail dispensary cannabis businesses such as:

1. Individuals shall be granted access to the retail area to purchase cannabis goods only after the retailer or an employee of the retailer has confirmed the individual’s age and identity.
2. A licensed retailer or licensed microbusiness authorized to engage in retail sales shall hire or contract for security personnel who are at least 21 years of age to provide onsite security services for the licensed retail premises during the hours of operation. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services.
3. Peace officers may use a person under 21 years of age to attempt to purchase cannabis goods, for the purposes of enforcing the Act and to apprehend licensees, employees, or agents of licensees who sell cannabis goods to minors. For purposes of this section, a “minor” is a person under 21 years of age.
4. Each licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels on the licensed premises.
5. A licensee shall maintain an alarm system as defined in Business and Professions Code section 7590.1(c) at the licensed premises.
6. A licensed retailer shall sell and deliver cannabis goods only between the hours of 6:00 a.m. Pacific Time and 10:00 p.m.

There are many other safeguards in place in addition to the provisions listed above. The full code of regulations can be found in the [California Code of Regulations Title 4 Division 19. Department of Cannabis Control.](#)

Many other jurisdictions are following State regulations and relaxing distance requirements such as the City of Chico and Red Bluff. In an effort to bolster the City of Willows' revenue stream, staff recommends following the lead of the State and surrounding municipalities by adopting the following recommended code revisions (or something similar) from the Cities of Chico and Red Bluff:

City of Chico Municipal Code 5.42.120 Commercial Cannabis Businesses – (Location Limitations):

- A. *All commercial cannabis businesses shall be located in an approved land use designation area as identified under Title 19.75.*
- B. *No retailer-storefront commercial cannabis business shall be located within 1000' feet of another retailer-storefront commercial cannabis business. In the event that two or more applications for commercial cannabis retailer-storefront uses are submitted and are under consideration simultaneously for locations within 1000' of each other, all applications may continue to be considered until final award of Commercial Cannabis Permit and use permit. However, final award of use permit by Planning Commission may not allow retailer-storefront uses to be located within 1000' of each other.*

City of Red Bluff Municipal Code 6B.17 - (Location Limitations):

- A. *Commercial cannabis businesses shall only be located in those zoning districts as set forth in Chapter 25.*
- B. *No commercial cannabis business may be located within a 600-foot linear radius measured from property line to property line of a school, day care center or youth center that is in existence at the time of submission of a completed initial application for a CCBP. This prohibition shall not apply to any subsequent renewal of a CCBP.*

Fiscal Impact:

There is no fiscal impact to the City by modifying distance requirements for Cannabis retail businesses. However, should a distance modification be approved by the Council, there is an increased chance that one or two Cannabis dispensaries may locate in the City of Willows thereby increasing the City's overall General Fund revenues.

Attachments:

- Attachment 1: Council Resolution XX-2024
- Attachment 2: Council Resolution 32-2017
- Attachment 3: Map of 1,000-foot Distance Requirement
- Attachment 4: Map of 500-foot Distance Requirement from Schools
- Attachment 5: Chico Cannabis Dispensary Ordinance
- Attachment 6: Red Bluff Cannabis Dispensary Ordinance



City of Willows
Resolution XX-2024

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, STATE OF CALIFORNIA, MODIFYING
RESOLUTION NO. 32-2017 TO MODIFY DISTANCE REQUIREMENTS FOR RETAIL/DISPENSARY
CANNABIS BUSINESSES**

WHEREAS, on November 28, 2017 the City Council of the City of Willows enacted “An Ordinance of the City Council of the City of Willows Repealing Willows Municipal Code Chapter 9.20 (“Medical Marijuana”), Adopting New Chapter 9.20 (“Cannabis”), Repealing Chapter 8.10.010 (“Definitions”), Adopting New Chapter 8.10.010, and Amending Chapter 8.10 (“Nuisance”) to Regulate Cannabis, Use, Cultivation, Sales, and Other Cannabis Activities in the City of Willows” (hereafter the “Cannabis Ordinance”); and

WHEREAS, the City Council of the City of Willows, pursuant to Chapter 9.20.070 of the Cannabis Ordinance has authorized the establishment of retail and dispensary businesses selling both medical and non-medical cannabis within the City of Willows; and

WHEREAS, Chapter 9.20.070 of the Cannabis Ordinance requires the City Council to adopt a resolution establishing the maximum number of Retail/Dispensary Cannabis Business licenses that may be issued within the City of Willows in order to prevent excessive concentrations of such businesses, and to set other special conditions that may be necessary and appropriate for the regulation of such businesses; and

WHEREAS, The City Council of the City of Willows approved Resolution NO. 32-2017, which established that no such Retail/Dispensary Cannabis License shall be issued for any business location, and no such license holder may conduct business in any location, nearer than one thousand (1,000) feet to any church, elementary school, middle school, high school, licensed daycare or preschool facility, playground or parks; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WILLOWS AS
FOLLOWS:**

1. That no such Retail/Dispensary Cannabis License shall be issued for any business location, and no such license holder may conduct business in any location, nearer than five hundred (500) feet linear radius measured from property line to property line of a school and;
2. This Resolution supersedes the following provision of Resolution NO. 32-2017 “2. *That no such Retail/Dispensary Cannabis License shall be issued for any business location, and no such license holder may conduct business in any location, nearer than one thousand (1,000) feet to any church, elementary school, middle school, high school, licensed daycare or preschool facility, playground or parks*”; and

3. All other provisions of Resolution NO.32-2017 shall remain in full force and effect.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council on this 14th day of May 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

Gary Hansen, Mayor

Amos Hoover, City Clerk

RESOLUTION NO. 32-2017

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS
ESTABLISHING THE MAXIMUM NUMBER OF RETAIL/DISPENSARY
CANNABIS BUSINESS LICENSES PERMITTED IN THE CITY OF WILLOWS**

WHEREAS, the City Council of the City of Willows, pursuant to Chapter 9.20.070 has authorized the establishment of retail and dispensary businesses selling both medical and non-medical cannabis within the City of Willows; and

WHEREAS, in 1996 “The Compassionate Use Act” of 1996 was enacted by Proposition 215 enabling persons who are in need of cannabis for medical purposes to obtain and use it without fear of State criminal prosecution; and

WHEREAS, on November 8, 2016 California voters approved Proposition 64, the “Adult Use of Marijuana Act”, which established a licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of recreational cannabis, and which recognized the authority of local jurisdictions to either ban or regulate certain activities related to the cultivation, manufacture, transportation, storage, distribution, delivery, and sale of recreational cannabis; and

WHEREAS, on June 27, 2017 Governor Brown signed SB 94, a bill which among other things established a new statutory framework which reconciled the MCRSA and AUMA and regulating medical and non-medical cannabis use, possession, cultivation and commercial activities in the State of California (referred to as “MAUCRSA”); and

WHEREAS, on November 28, 2017 the City Council of the City of Willows enacted “An Ordinance of the City Council of the City of Willows Repealing Willows Municipal Code Chapter 9.20 (“Medical Marijuana”), Adopting New Chapter 9.20 (“Cannabis”), Repealing Chapter 8.10.010 (“Definitions”), Adopting New Chapter 8.10.010, and Amending Chapter 8.10 (“Nuisance”) to Regulate Cannabis, Use, Cultivation, Sales, and Other Cannabis Activities in the City of Willows” (hereafter the “Cannabis Ordinance”); and

WHEREAS, the City Council of the City of Willows, pursuant to Chapter 9.20.070 of the Cannabis Ordinance has authorized the establishment of retail and dispensary businesses selling both medical and non-medical cannabis within the City of Willows; and

WHEREAS, Chapter 9.20.070 of the Cannabis Ordinance requires the City Council to adopt a resolution establishing the maximum number of Retail/Dispensary Cannabis Business licenses that may be issued within the City of Willows in order to prevent excessive concentrations of such businesses, and to set other special conditions that may be necessary and appropriate for the regulation of such businesses; and

WHEREAS, the City Council finds and determines that the adoption of this Resolution is exempt from environmental review pursuant to California Environmental Quality Act Guidelines

Section 15061(b)(3) in that there is nothing in this Resolution or its implementation that could have a foreseeable significant effect on the environment,

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

1. That, pursuant to Chapter 9.20.070 of the Willows Municipal Code, the City Council of the City of Willows hereby orders that the number of Retail/Dispensary Cannabis Licenses issued to conduct such business in the City of Willows shall not exceed two (2); and
2. That no such Retail/Dispensary Cannabis License shall be issued for any business location, and no such license holder may conduct business in any location, nearer than one thousand (1,000) feet to any church, elementary school, middle school, high school, licensed daycare or preschool facility, playground or parks; and
3. That the City of Willows Planning Commission is hereby directed to establish, in accordance with the terms of this Resolution, in which zones of the City of Willows Retail/Dispensary Cannabis Licensed business may operate as a permitted use.

PASSED AND ADOPTED by the City Council of the City of Willows this 28th day of November, 2017, by the following vote:

AYES: Williams, Mello, Yoder, Vice-Mayor Warren & Mayor Hansen

NOES: None.

ABSTAIN: None.

ABSENT: None.

ATTEST:


ROBYN JOHNSON, CITY CLERK

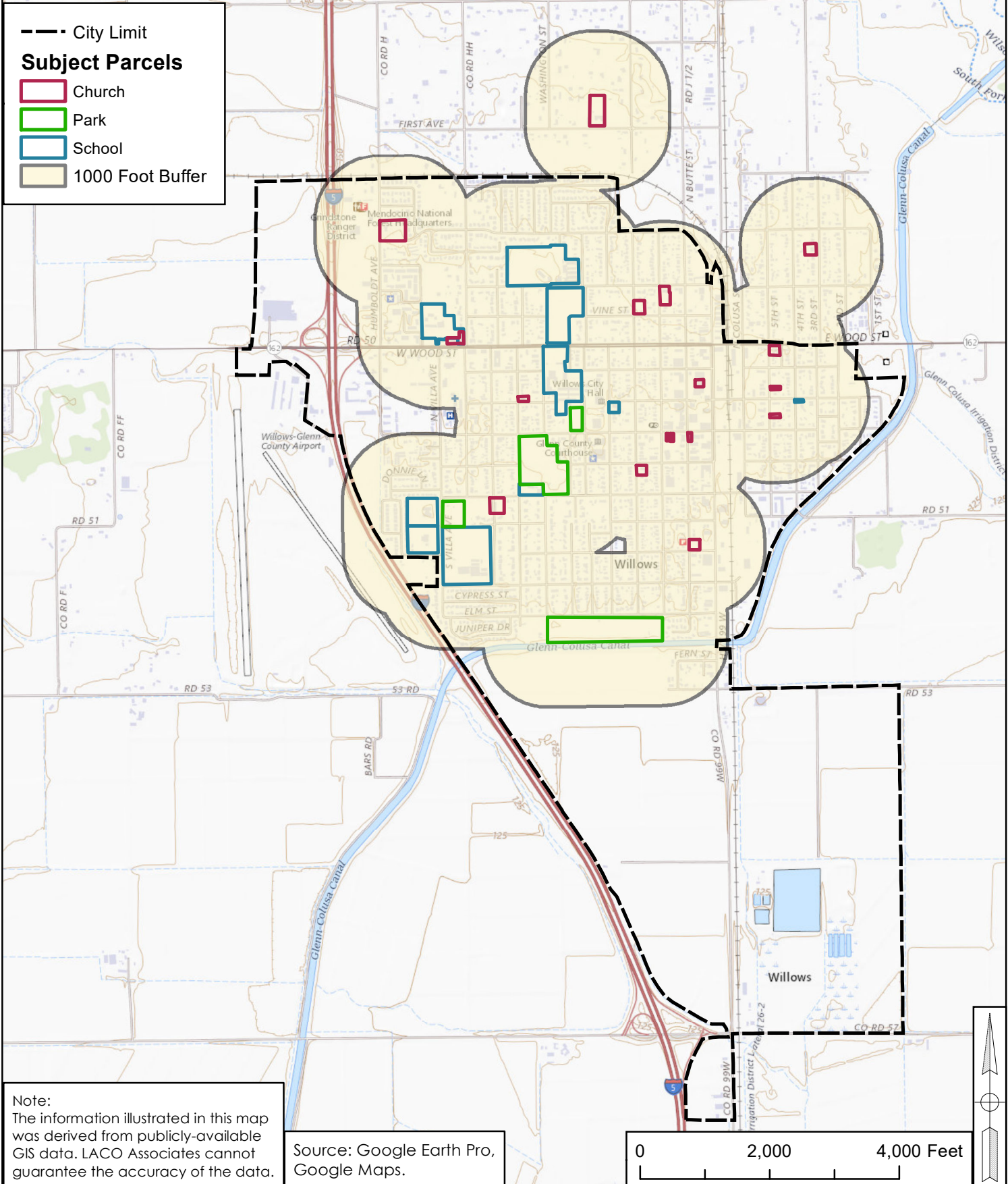
APPROVED:


GARY HANSEN, MAYOR



| | | | | | |
|---|----------------------------------|-------|------------|---------|----------|
| PROJECT | City of Willows Ordinance Review | BY | MCH | FIGURE | |
| CLIENT | City of Willows | CHECK | BET | | 1 |
| LOCATION | City of Willows, CA | DATE | 03/18/2024 | JOB NO. | |
| Dispensary Setback From Sensitive Parcels | | | | | 10560.00 |

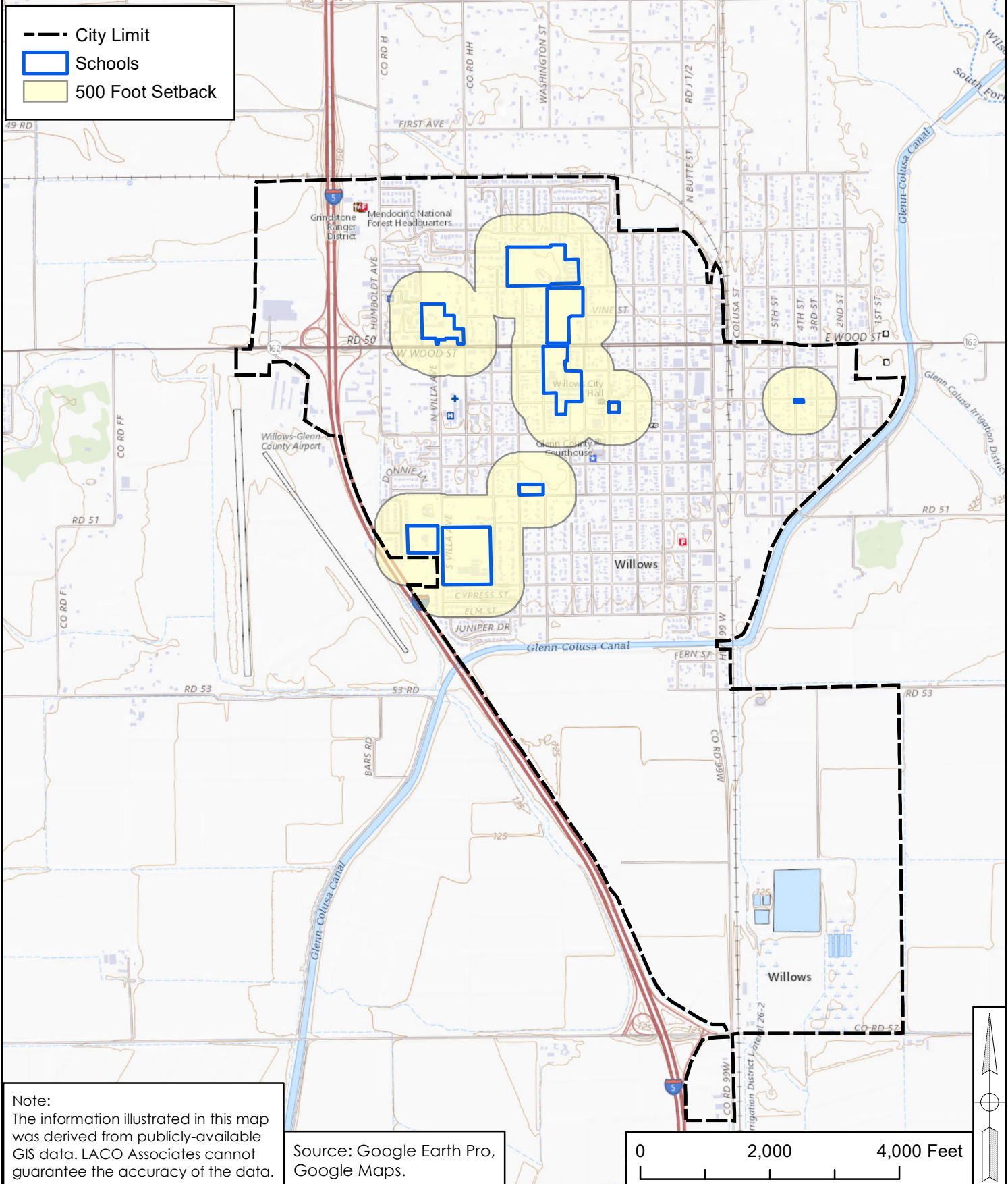
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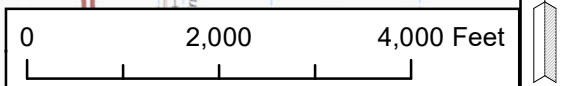
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|----------|----------------------------------|-------|------------|---------|----------|
| PROJECT | City of Willows Ordinance Review | BY | MCH | FIGURE | 3 |
| CLIENT | City of Willows | CHECK | BET | | |
| LOCATION | City of Willows, CA | DATE | 04/17/2024 | JOB NO. | 10560.00 |
| | 500 Foot Setbacks From Schools | | | | |

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Note:
 The information illustrated in this map was derived from publicly-available GIS data. LACO Associates cannot guarantee the accuracy of the data.

Source: Google Earth Pro, Google Maps.



COMMERCIAL CANNABIS BUSINESSES



Publisher's Note: This Chapter has been **AMENDED** by new legislation (Ord. [2589](#), adopted 7-5-2023). The text of the amendment will be incorporated below when the ordinance is codified.

Section:

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- 5.42.020 Legal authority.
- 5.42.030 Commercial cannabis businesses prohibited unless specifically authorized.
- 5.42.040 Compliance with state and local laws.
- 5.42.050 Definitions.
- 5.42.060 Commercial cannabis businesses allowed; activities prohibited.

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- 5.42.100 Commercial cannabis permit required.
- 5.42.105 Evidence of cannabis employee background check required.
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- 5.42.120 Location limitations.
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- 5.42.140 Effect of license or permit expiration, suspension, revocation, or termination.
- 5.42.150 Revocation of permits.
- 5.42.160 Appeals.
- 5.42.170 Appeal for initial permit; limited grounds.

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- 5.42.200 Permits and inspections prior to commencing operations.
- 5.42.210 City business license.
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- 5.42.230 Permit; non-assignable and non-transferable.
- 5.42.240 Change in location of commercial cannabis business.
- 5.42.250 Changes in ownership of commercial cannabis business.
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- 5.42.270 Changes in name of business only.
- 5.42.280 Alterations to approved facility.
- 5.42.290 Any other changes in information as reflected in the submitted application or entitlements.

ARTICLE IV. OPERATIONAL REQUIREMENTS

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- 5.42.310 Operating requirements for store front retail facilities.
- 5.42.311 Operating requirements for non-storefront retail facilities.
- 5.42.312 Operating requirements for testing laboratories.

- 5.42.313 Operating requirements for cannabis manufacturing.**
- 5.42.314 Operating requirements for distributors.**
- 5.42.315 Additional operating requirements for retail delivery businesses.**
- 5.42.316 Delivery services originating outside of City.**
- 5.42.317 Permissible delivery locations and hours of operation.**
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- 5.42.330 Records and recordkeeping.**
- 5.42.340 Fees and charges.**
- 5.42.350 Promulgation of local regulations, standards and other legal duties.**
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ARTICLE V. ENFORCEMENT

- 5.42.400 Responsibility for violations.**
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- 5.42.420 Violations and penalties.**
- 5.42.430 Effect on other ordinances.**

ARTICLE I. GENERALLY

5.42.010 Purpose and intent.

The purpose of this chapter is to regulate commercial cannabis activity in the City of Chico, whether the cannabis is for medicinal or adult-use commercial purposes by enacting a permitting and regulatory scheme for this action.

It is the purpose and intent of this chapter, in conjunction with Title 19 of the Chico Municipal Code, and resolutions and other policies adopted by the City, to implement the provisions to provide access to cannabis as authorized by the California Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA” or the Act), and related laws, regulations, and policies issued by the State of California, while imposing reasonable regulations on commercial activities and the use of land to protect the City’s residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this chapter to regulate the manufacturing, testing, distribution, and retail sale of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same, as may be amended from time to time by the State of California and the City, (hereinafter, collectively, “commercial cannabis businesses”), in a responsible manner to protect the health, safety, and welfare of the residents of the City of Chico and to enforce local rules and regulations consistent with State law. It is the purpose of this chapter to prohibit the commercial cultivation and microbusiness uses of cannabis within the City of Chico.

It is the further purpose and intent of this chapter to require all commercial cannabis businesses operating in the City to obtain and renew annually a Commercial Cannabis Permit to operate within Chico and an annual City of Chico Business License.

Nothing in this chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate State or federal law. The provisions of this chapter are in addition to any other permits, licenses, approvals, and compliance or regulatory inspections which may be required to conduct business in the City, and are in addition to any permits, licenses, approvals and compliance or regulatory inspections required under the City of Chico, the County of Butte, State of California, or other state and local laws, rules and regulations.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.020 Legal authority.

The City of Chico is a Charter City, established under the Constitution of the State of California, has the power to make and enforce within its jurisdictional limits all laws and regulations in respect to municipal affairs subject only to such restriction and limitations as may be provided in the Constitution of the State of California or provision of the City Charter. Moreover, pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of Chico is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses. Moreover, pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of Chico is authorized to adopt ordinances and local resolutions that establish local standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.030 Commercial cannabis businesses prohibited unless specifically authorized.

Engaging in, conducting or operating commercial cannabis businesses, or causing, allowing, permitting or maintaining a commercial cannabis business (other than the transportation of cannabis or cannabis products as provided under California Business & Professions Code section 26090(e)), within the City's jurisdiction, shall be unlawful and prohibited, except as specifically authorized by state law, this chapter, Title 19 of the Chico Municipal Code, and all other codes, ordinances, and resolutions of the City of Chico.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.040 Compliance with state and local laws.

Nothing in this chapter shall be construed as authorizing any actions that violate federal, state law or local law with respect to engaging in, or in the operation of, a commercial cannabis business. It shall be the responsibility of the permittees and responsible persons of a commercial cannabis business to ensure that a commercial cannabis business is, at all times, operating in a manner compliant with all applicable federal, State and local laws, including for as long as applicable, all State cannabis laws and regulations, any subsequently enacted State law or regulatory, licensing, or certification standards or requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval when a Conditional Use Permit is required for certain uses.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.050 Definitions.

When used in this chapter, and in Title 19, and all other codes, ordinances, and resolutions of the City of Chico in regard to commercial cannabis businesses and uses, the following words shall have the meanings ascribed to them as set forth herein. Any reference to California statutes includes any regulations promulgated thereunder, and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

"Act" shall mean the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, as in California Business and Professions Code section 26000 et seq. "Act" may also be used interchangeably with "MAUCRSA."

"Adult use" shall mean use of cannabis products by individuals 21 years of age and older and who do not possess a physician's recommendation.

"Applicant" under this chapter shall include any individual or entity applying for a Commercial Cannabis Permit, and shall include any officer, director, partner, or other duly authorized representative applying on behalf of an entity.

"Business license" is the license issued by the City's Finance Department after payment of the business fee as set forth in Chapter 3.32 of the City of Chico City Code.

"Cannabis" means all parts of the *Cannabis sativa Linnaeus*, *Cannabis indica*, or *Cannabis ruderalis* plants, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of a cannabis plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this chapter, "cannabis" does not mean "industrial hemp" as defined by Section 11018.5 of the California Health and Safety Code. Cannabis shall also have the same meaning as in Section 26001(f) of the Business and Professions Code, as same may be amended from time to time.

"Cannabis accessories" means any equipment, products or materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, smoking, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing cannabis or cannabis products into the human body. Cannabis accessories shall also have the same meaning as in Section 11018.2 of the Health and Safety Code, as same may be amended from time to time.

"Cannabis concentrate" means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this chapter. A cannabis concentrate is not considered food, as defined by Section 109935 of the Health and Safety Code, or drug, as defined by Section 109925 of the Health and Safety Code. Cannabis concentrate shall also have the same meaning as in Section 26001(h) of the Business and Professions Code, as same may be amended from time to time.

"Cannabis event" means a public or private event where compensation is provided or exchanged, either directly or indirectly or as part of an admission or other fee for service, for the provision, hosting, promotion or conduct of the event where consumption of cannabis is part of the activities.

"Cannabis products" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including but not limited to cannabis concentrate, or an edible or topical product containing cannabis or cannabis concentrate and other ingredients. Cannabis products shall also have the same meaning as in Section 11018.1 of the Health and Safety Code, as same may be amended from time to time.

"Canopy" means all areas occupied by any portion of a cannabis plant, inclusive of all vertical planes, whether contiguous or noncontiguous on any one site.

“City” means the City of Chico, California.

“City Manager” means the City Manager of the City of Chico, including their designee.

“Code” means the City of Chico City Code.

“Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products as provided for in MAUCRSA and state regulations. Commercial cannabis activity shall also have the same meaning as in Section 26001(k) of the Business and Professions Code, as same may be amended from time to time.

“Commercial cannabis business” means any business or operation, which engages in medicinal or adult-use commercial cannabis activity, as authorized by this chapter, as may be amended from time to time by the City, including, the manufacturing, testing, distribution, and retail as explicitly allowed herein, of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same.

“Commercial cannabis permit” means the regulatory permit issued by the City of Chico to a commercial cannabis business, which is required before any commercial cannabis activity may be conducted in the City, pursuant to this chapter.

“Conditional use permit” means a discretionary land use approval as required and pursuant to Chapter 24 of Title 19 of the Chico Municipal Code.

“Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. Cultivation shall also have the same meaning as in Section 26001(l) of the Business and Professions Code, as same may be amended from time to time. Whenever references to cultivation are made in this chapter, permitted or licensed cultivation shall only be personal cultivation, as commercial cultivation is expressly prohibited.

“Customer” means a natural person 21 years of age or older; or, a natural person 18 years of age or older who possesses a physician’s recommendation for medicinal use, or a primary caregiver. Customer shall also have the same meaning as in Section 26001(n) of the Business and Professions Code, as same may be amended from time to time.

“Day care center” has the same meaning as in Section 1596.76 of the Health and Safety Code, as same may be amended from time to time, and includes any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and school-age child care centers.

“Delivery” is the commercial transfer of cannabis or cannabis products to a customer. Delivery also includes the use by a retailer of any technology platform owned and controlled by the retailer. Delivery shall also have the same meaning as in Section 26001(p) of the Business and Professions Code, as same may be amended from time to time.

“Dispensing” means any activity involving the retail sale of cannabis or cannabis products from a retailer.

“Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees. Distribution shall also have the same meaning as in Section 26001(r) of the Business and Professions Code, as same may be amended from time to time.

“Distributor” means a person holding a valid Commercial Cannabis Permit for distribution issued by the City of Chico, and a valid state license for distribution (DCC License Type 11), required by state law to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis products from a licensed manufacturer, for sale to a licensed retailer.

“Edible cannabis product” means a cannabis product that is intended to be used, in whole or in part, for human consumption, and is not considered food. Edible cannabis product has the same meaning as Business and Professions Code section 26001(t).

“Fire Chief” shall mean the Fire Chief of the Chico Fire Department, or their designee.

“License or State license” means a license issued by the State of California, or one of its departments or divisions, under MAUCRSA, and any subsequent State of California legislation or regulations regarding the same, to lawfully engage in commercial cannabis activity.

“Licensee” means any person holding a license issued by the State of California to conduct commercial cannabis business activities.

“Live plants” means living cannabis flowers and plants including seeds, immature plants, and vegetative stage plants.

“Manager” means any person(s) designated by the commercial cannabis business to act as the representative or agent of the commercial cannabis business in managing day-to-day operations with corresponding liabilities and responsibilities, and/or the person in apparent charge of the premises where the commercial cannabis business is located. Evidence of management includes, but is not limited to, evidence that the individual has the power to direct, supervise, or hire and dismiss employees, controls hours of operations, creates policy rules, or purchases supplies.

“Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product. Manufacture shall also have the same meaning as in Section 26001(ag) of the Business and Professions Code, as may be amended from time to time.

“Manufacturer” means one that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or

by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or re-labels its container. A manufacturer may also be a person that infuses cannabis in its products but does not perform its own extraction. Manufacturer shall also have the same meaning as in Section 26001(ah) of the Business and Professions Code, as same may be amended from time to time. A manufacturer must be owned and operated by a person issued a valid Commercial Cannabis Permit for manufacturing from the City of Chico and a valid state license as required for manufacturing of cannabis products issued by the State of California's Department of Cannabis Control as a Manufacturer 1 (Type 6- Non-volatile) or Manufacturer 2 (Type 7- Volatile) Manufacturer License.

"Manufacturing or Manufacture" means the production, preparation, propagation, or compounding of cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or re-labels its container.

"Medicinal cannabis or medicinal cannabis product" means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) by a medicinal cannabis patient in California who possesses a physician's recommendation.

"Medicinal use" means the use of medicinal cannabis or medicinal cannabis product.

"Microbusiness" means a business which would be required to obtain a California Department of Cannabis Control Type 12 Microbusiness license, or is who engaged in at least three (3) of the following commercial cannabis activities: indoor cultivation (less than 10,000 square feet), manufacturing (non-volatile), distribution, and retailer-storefront, as defined within this chapter.

"Operation" means any act for which a license is required under state law for commercial cannabis activities or the provisions of the MAUCRSA or any commercial transfer of cannabis or cannabis products. Operation shall also have the same meaning as in Section 26001(an) of the Business and Professions Code, as same may be amended from time to time.

"Owner" means any of the following, or a group or combination of any of the following acting as a unit:

(1) A person with an aggregate ownership interest of 5 percent or more in the business applying for a City of Chico Commercial Cannabis Permit, whether a partner, shareholder, principal, member, or the like, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the business, non-profit, or other entity applying for a City of Chico Commercial Cannabis Permit.

"Patient or qualified patient" means the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health & Safety Code Section 11362.5.

"Permit" means a Commercial Cannabis Permit issued by the City of Chico authorizing the holder to engage in a locally authorized commercial cannabis business.

"Permittee" means any person holding a Commercial Cannabis Permit issued by the City of Chico authorizing the holder to engage in a locally authorized commercial cannabis business.

"Person" means any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit or entity, and the plural as well as the singular.

"Premises" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant where the commercial cannabis business will be or is being conducted. The premises shall be a contiguous area and shall only be occupied by one permittee.

"Purchaser" means the customer who is engaged in a transaction with a permittee for purposes of obtaining cannabis or cannabis products.

"Regulations" means those regulations prescribed and issued by the State of California, through its respective departments and/or divisions, pursuant to Section 26013 of the Business and Professions Code, including those regulations as found in the California Code of Regulations (including Title 4, Division 19), as may be amended from time to time, to implement, interpret, administer and enforce the Act, and providing licensing and enforcement criteria for commercial cannabis activities and businesses.

"Responsible person" means all owners and operators of a commercial cannabis business, including the permittee and all officers, directors, managers, members, or partners, and all persons with authority, including apparent authority, over the premises of the commercial cannabis business.

"Retailer-Storefront or storefront retailer" is a storefront retailer of a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale to customers at a fixed location, including an establishment that also offers delivery of cannabis

and cannabis products as part of a retail sale, and which are open to the public, and where the operator is authorized to operate in the City as a retailer, and holds a valid California Department of Cannabis Control Type 10 license as required by state law to operate as a retailer.

“Retailer-Delivery or non-storefront retailer” means a non-storefront, delivery only retailer as a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale to customers, where the premises are non-storefront, closed to the public, and sales are conducted exclusively by delivery, where a vehicle is used to convey the cannabis or cannabis products to the customer from a fixed location, and where the operator is authorized by the City of Chico to operate as a retailer, and holds a valid California Department of Cannabis Control Type 9 license as required by state law to operate as a retailer.

“Sell”, “sale”, and “to sell” includes any transaction whereby, for any consideration, title to cannabis or cannabis products are transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the permittee from whom the cannabis or cannabis product was purchased.

“State law” means all laws of the State of California, which includes, but are not limited to, all rules, regulations, and policies adopted by State of California agencies, departments, divisions, and regulatory entities, as same may be amended from time to time.

“Testing Laboratory” means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

(1) Accredited as ISO/IEC17025 by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the State.

(2) Licensed by the California Department of Cannabis Control as a Testing Laboratory (Type 8).

Testing laboratory shall also have the same meaning as in Section 26001(ax) of the Business and Professions Code, as may be amended from time to time.

“Transport” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by law and which may be amended or repealed by any subsequent State of California legislation regarding the same.

“Youth center” means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.060 Commercial cannabis businesses allowed; activities prohibited.

A. Allowed: The classification and type of commercial cannabis business explicitly allowed for in this chapter and Title 19, as otherwise conditioned, and as may be amended from time to time by the City, are as follows:

1. Testing laboratory (DCC License Type 8);
2. Distribution (DCC License Type 11);
3. Manufacturer (DCC License Type 6- Non-Volatile and Type 7- Volatile);
4. Retailer-delivery only (DCC License Type 9); and
5. Retailer-storefront (DCC License Type 10).

After obtaining a Commercial Cannabis Permit from the City of Chico pursuant to this chapter, obtaining land use clearance from the City of Chico Community Development Director, obtaining a business license from the City of Chico, obtaining all required County of Butte approvals or permits when applicable, and the appropriate state-issued permit from the State of California for such cannabis business activity, permittees engaged in the above allowed business types may conduct such business in regard to medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same as otherwise allowed while in compliance with state law and the provisions of this chapter, Title 19, and all other codes and resolutions of the City of Chico.

B. Prohibited: The following business types and activities are expressly prohibited:

1. Commercial cultivation;
2. Microbusiness;
3. Cannabis event;
4. Any kiosk, i-Pad, tablet, smartphone, fixed location or technology platform, whether manned or unmanned, that facilitates, directs, or assists the retail sale or delivery of cannabis or cannabis products in violation of this chapter; and
5. All other uses not enumerated under Section 5.42.060A.

ARTICLE II. COMMERCIAL CANNABIS PERMIT

5.42.100 Commercial cannabis permit required.

A. Prior to engaging in any commercial cannabis activity, one must obtain a Commercial Cannabis Permit. The initial permit and annual renewal of an authorized and lawful Commercial Cannabis Permit is made expressly contingent upon the commercial cannabis business' ongoing compliance with all requirements of State law, this chapter, the City of Chico City Code, any local regulations adopted by the City governing the commercial cannabis business at issue, the securing and approval of a Use Permit (when required pursuant to Title 19 of the Chico Municipal Code), and any required approval, permit or license required by any applicable local or State law, rules, or regulations.

B. No person may engage in, conduct, authorize, establish, or operate a commercial cannabis business, or cause, allow, or permit same, within the City of Chico unless and until the following are obtained, complied with, adhered to, and fulfilled:

1. A Commercial Cannabis Permit has been approved by the City, pursuant to the City's laws, rules, policies, and regulations, as applicable, as same may be amended from time to time; and
2. Zoning clearance issued by the Community Development Director, including where applicable, issuance of a Conditional Use Permit; and
3. A City business license issued by the Finance Department authorizing the business operation of a commercial cannabis business; and
4. A valid State of California Seller's Permit or other valid State of California license or permit for the applicable type of commercial cannabis business at issue has been obtained; and
5. Permittee is currently in compliance with all applicable state and local laws and regulations pertaining to engaging in, conducting or operating a commercial cannabis business and commercial cannabis activities, including the duty to first obtain any required State licenses pursuant to MAUCRSA and applicable regulations; and
6. Permittee is currently in compliance with any and all applicable state and local laws and regulations pertaining to the occupancy of the premises for the City-approved commercial cannabis business operation, including any and all applicable building and fire code provisions; and
7. Prior to operating in the City and as a condition of issuance of a regulatory permit, operator of each cannabis facility shall execute an indemnity agreement with the City of Chico and an acknowledgement of limitations on City's liability, certifications, assurances, and warranties.

C. Applicant shall be responsible for all fees and noticing obligations required for processing all permits.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.105 Evidence of cannabis employee background check required.

A. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorize City authorities to access state and local criminal history information for cannabis employment, licensing, or certification purposes, summary criminal history information for cannabis employment, licensing, or certification purposes, and authorize access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every applicant for a Certificate of Approval (including owners and other representatives of the applicant) and every person to be employed at the facility must submit fingerprints and other information deemed necessary by the Chief of Police or their designee(s) for a background check by the Chico Police Department. A fee for the cost of the background investigation, which shall be the actual cost to the City of Chico to conduct the background investigation as it deems necessary and appropriate, including City staff time and costs, shall be paid at the time the person submits for the background check.

B. The criminal background check must at a minimum identify the following:

1. Whether the individual applying for cannabis employment has ever been convicted of a violent felony as defined by California Penal Code 667.5, or equivalent offenses in other states;
2. Whether the individual applying for cannabis employment has ever been convicted of a crime involving dishonesty, fraud or deceit, including but not limited to fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, respectively; or equivalent offenses in other states; or
3. Whether the individual applying for cannabis employment has ever been convicted of the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

C. The Chief of Police may, at his/her discretion, require applicants to utilize a third-party provider for purposes of conducting the criminal background check. The third-party background check may serve in place of, or in addition to, the criminal background check performed by the Chico Police Department, as described in Section 5.42.105A.

D. Evidence of a conviction of any the offenses enumerated in Section 5.42.105B. shall be grounds for denial of employment.

E. Violation of this section shall be grounds for immediate suspension of the business' operating permit. The business operator shall have the right to an appeal pursuant to Section 5.42.160.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.110 Number of commercial cannabis businesses authorized.

A. This section is intended to establish a method for the determination of the maximum number of commercial cannabis businesses that may be issued Commercial Cannabis Permits to operate in the City under each category of commercial cannabis business type. The City Council may establish further policies and procedures by minute order, ordinance or resolution regarding processes and procedures for processing and selecting of permits.

B. Nothing in this chapter creates a mandate, right, obligation, or expectation that the City must, will or shall authorize any or all of the permits available at any time, increase the number of permits available, or issue a permit to a commercial cannabis business that submits an application to the City if it is determined that it is in the best interest of the City to not authorize such in the City, or if an applicant does not meet the standards established in the application requirements or further amendments to the application process. There is no guarantee that the City will authorize any commercial cannabis business to operate in the City.

C. The number of retailer-storefront permits shall be determined by population density of the City of Chico. For every 25,000 residents of the City, based on the most recent Population Estimates for Cities, Counties, and the State, conducted by the California Department of Finance, the City Council may authorize up to one retailer-storefront permit. The City Council shall from time to time, at its sole and absolute discretion, establish by resolution the number of retailer-storefront permits authorized for commercial cannabis businesses based on this formula.

D. No more than the number of cannabis retailers initially authorized herein to operate or as amended by resolution may operate within the City of Chico at any one time and shall be issued a permit by the City of Chico. At the time of the passage of this chapter, the maximum number of commercial cannabis businesses per classification citywide are as follows:

Retailer-Storefront - Four (4)

Retailer-Non-Storefront - No maximum

Testing laboratory - No maximum

Manufacturing - No maximum

Distribution - No maximum

E. Each year following the initial award of permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of Commercial Cannabis Permits which are authorized for issuance. The City Council, in its discretion, may determine by resolution that the number of Commercial Cannabis Permits should remain the same, be reduced, or be increased.

F. A person may only have an ownership interest in one (1) retailer-storefront business in the City of Chico. Any person with community property rights of an ownership interest is considered a person with ownership interest in this section.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.120 Location limitations.

A. All commercial cannabis businesses shall be located in an approved land use designation area as identified under Title 19.75.

B. No retailer-storefront commercial cannabis business shall be located within 1000' feet of another retailer-storefront commercial cannabis business. In the event that two or more applications for commercial cannabis retailer-storefront uses are submitted and are under consideration simultaneously for locations within 1000' of each other, all applications may continue to be considered until final award of Commercial Cannabis Permit and use permit. However, final award of use permit by Planning Commission may not allow retailer-storefront uses to be located within 1000' of each other.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.130 Expiration, renewal, revocation, and suspension of commercial cannabis permits.

Each Commercial Cannabis Permit issued pursuant to this chapter shall expire one (1) year after the date of its issuance. The City Council shall establish by resolution procedures for the renewal, revocation, and suspension of Commercial Cannabis Permits.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.140 Effect of license or permit expiration, suspension, revocation, or termination.

A. Expiration, suspension or revocation of a license, permit or entitlement issued by the State of California related to a

commercial cannabis business shall be grounds for immediate suspension of a commercial cannabis business to operate within the City, unless and until such license, permit or entitlement is reinstated or reissued.

1. Permittee shall notify the City Manager in writing within forty-eight (48) hours of any suspension, revocation, or termination of a license issued by the State of California, or by any of its departments or divisions.

2. Should the State of California, or any of its departments, divisions, or agencies, suspend, revoke or terminate the license of a commercial cannabis business operating in the City, such suspension, revocation or termination, the City Manager shall suspend the ability of a commercial cannabis business to operate within the City of Chico unless and until the State of California, or its respective department, division, or agency reinstates or reissues the State license. Notice of such suspension shall be provided to the commercial cannabis business.

B. Expiration, suspension or revocation of a license, permit or entitlement issued by the City of Chico related to a commercial cannabis business shall be grounds for immediate suspension of a commercial cannabis business to operate within the City, unless and until such license, permit or entitlement is reinstated or reissued. Notice of such suspension shall be provided to the commercial cannabis business.

C. The commercial cannabis business shall have the right to an appeal pursuant to Section 5.42.160.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.150 Revocation of permits.

A. The following are grounds for revocation of a Commercial Cannabis Permit:

1. Failure of a permittee to comply with any requirement imposed by the provisions of this Code (or successor provision or provisions), including, but not limited to, any rule, regulation, condition or standard adopted pursuant to this chapter, or any term or condition imposed on the Commercial Cannabis Permit or entitlements or Use Permit, or any provision of State law.

2. Revocation of a State license issued under this chapter.

3. If the permittee, its owner(s), manager(s) or a responsible person has, within the past three (3) years, been sentenced or had a judgment issued in a criminal or civil court proceeding, and/or has been sanctioned or fined for, enjoined from, or found guilty of or plead guilty or no contest to a charge for engaging in a commercial cannabis activity in the State without the necessary permits and approvals from the applicable State and/or local jurisdictions; or has had a commercial cannabis license revoked or suspended by the applicable State and/or local jurisdictions.

4. Conviction within the past ten (10) years of the permittee, its owner(s) or manager(s), or a responsible person, including a plea of guilty or no contest, to any of the following offenses shall be grounds for revocation of a Commercial Cannabis Permit issued by the City:

i. A violent felony, as specified in Section 667.5(c) of the Penal Code.

ii. A serious felony, as specified in Section 1192.7(c) of the Penal Code.

iii. A felony involving fraud, deceit, or embezzlement.

iv. A felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

v. A felony for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code.

vi. A felony or misdemeanor involving the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance occurring after January 1, 2016.

B. If the City Manager determines that a ground for revocation of a Commercial Cannabis Permit exists, the City Manager shall serve written notice of revocation to the permittee or responsible person. The notice may be served on the recipient either personally or by certified first class mail to the address listed on the application. This notice shall state the reasons for the action, the effective date of the decision, the right of the permittee to appeal the decision to the City Council, or its appointed hearing officer or body, and that the City Manager's decision will be final if no written appeal is timely submitted to, and received by, the City, pursuant to the provisions of this chapter.

C. This notice will be effective within ten (10) days from the date of service of the notice. To exercise the right to appeal, the permittee must file with the City Clerk a written basis for the appeal, including evidence relating to the grounds for revocation, and the applicable fee. The appeal will be heard by the City Council or its appointed hearing officer or body in accordance with Section 5.42.160. If no timely appeal is filed, the City Manager's decision will be final 10 days after the date on the notice of revocation. If an appeal is timely and properly filed in accordance with this chapter, then the effective date of the notice is stayed until a decision after the hearing on the appeal is issued.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.160 Appeals.

A. Notice of appeals.

1. Within ten (10) calendar days after the notice of the decision of the City Manager or their designee(s) to revoke, suspend or deny an initial or renewed permit, or to add conditions to a permit, an aggrieved party may appeal such action by filing a written appeal with the City Clerk setting forth the reason why the decision was not proper. Reasons shall be stated with specificity and shall address the issues outlined in Section 5R.42.170(a). Date of service shall mean the date when a notice or written decision was personally delivered to the permittee, or the date when the notice was caused to be delivered by certified, first class mail. In cases in which the City can verify delivery of a notice to an applicant, or in which an applicant is documented as refusing delivery, lack of receipt of the notice cannot form the basis for an appeal.

2. The Notice of Appeal shall be in writing and signed by the person making the appeal ("appellant"), or their legal representative, and shall contain the following:

- i. Name, address, and telephone number of the appellant.
- ii. Specify decisions, actions, or a particular part thereof, made that are the subject of the appeal.
- iii. Include a true and correct copy of the notice issued by the City Manager for which the appellant is appealing.
- iv. State with specificity the reasons and grounds for making the appeal, including, but not limited to, a statement of facts upon which the appeal is based in sufficient detail to enable the City Council, or any appointed hearing officer, to understand the nature of the controversy, the basis of the appeal, and the relief requested.
- v. All documents or other evidence pertinent to the appeal that the appellant requests the hearing officer or body to consider at the hearing.
- vi. An appeal fee, as established by Resolution of the City Council.

3. Failure of the City Clerk to receive a timely appeal constitutes a waiver of the right to appeal the notice issued by the City Manager. In this event, City Manager's notice of revocation, nonrenewal, suspension and/or other action is final and binding.

4. In the event a written Notice of Appeal is timely filed, the nonrenewal, suspension, revocation, or other action shall not become effective until a final decision has been rendered and issued by the City Council, or appointed hearing officer or body. Notices of appeal not served in a timely manner or served by non-operational businesses shall not serve to allow such businesses to operate pending appeal.

5. If no appeal is timely filed in the event of a decision of nonrenewal, the Commercial Cannabis Permit shall expire at the conclusion of the term of the permit. If no appeal is timely filed in the event of a decision supporting suspension or revocation, the suspension or revocation shall become effective upon the expiration of the period for filing a written Notice of Appeal.

B. Review by City Council, or appointed hearing officer or body; appeal hearing and proceedings.

1. All appellants shall, subject to filing a timely written Notice of Appeal, obtain review thereof before the City Council, or appointed hearing officer or body.

2. Upon receipt by the City Clerk of a timely-filed appeal, the City Clerk shall forward such appeal to each member of the City Council. Any member of the City Council may within ten (10) days of such notification then request that the City Clerk place on the next regularly scheduled City Council meeting or special Council meeting the question of whether the City Council shall sit as the appeals board. In the event that City Council does not affirmatively choose to hear such appeal or does not act to appoint another body to serve to head such appeal, the City Clerk shall immediately obtain the services of a hearing officer from the Office of Administrative Hearings.

3. The administrative appeal shall be scheduled no later than forty-five (45) days, and no sooner than thirty (30) days, after receipt of a timely filed Notice of Appeal if such appeal is to be heard by the City Council or other City-appointed body. If the Office of Administrative Hearings is utilized for such hearing, then the hearing shall be scheduled as expeditiously as possible pursuant to the availability of a hearing officer. The appellant(s) listed on the written Notice of Appeal shall be notified in writing of the date, time, and location of the hearing at least ten (10) days before the date of the hearing ("notice of appeal hearing").

4. All requests by an appellant to continue a hearing must be submitted to the City Clerk in writing no later than three (3) business days before the date scheduled for the hearing. The City Council, or appointed hearing officer or body, may continue a hearing for good cause or on its own motion; however, in no event may the hearing be continued for more than thirty (30) calendar days, unless there is a stipulation by all parties to do so.

5. The City Council shall preside over the hearing on appeal, or at City Council's discretion, the City Council may appoint a hearing officer or body to conduct the hearing.

C. At the date, time and location set forth in the Notice of Appeal hearing, the City Council, or an appointed hearing officer or body, shall hear and consider the testimony of the appellant(s), City staff, and/or their witnesses, as well as any documentary evidence properly submitted for consideration.

D. The following rules shall apply at the appeal hearing:

1. Appeal hearings are informal, and formal rules of evidence and discovery do not apply. However, rules of privilege

shall be applicable to the extent they are permitted by law, and irrelevant, collateral, undue, and repetitious testimony may be excluded.

2. The City bears the burden of proof to establish the grounds for denial, nonrenewal, suspension or revocation of a permit by a preponderance of evidence. The appellant(s) or permittee(s) bear the burden of proof regarding denial of an initial permit, as described in Section 5.42.170.

3. The issuance of the City Manager's notice constitutes prima facie evidence of grounds for the denial, nonrenewal, suspension or revocation, and City personnel who significantly took part in the investigation, which contributed to the City Manager issuing a notice of decision, may be required to participate in the appeal hearing.

4. The City Council, or the appointed hearing officer or body, may accept and consider late evidence not submitted initially with the Notice of Appeal upon a showing by the appellant of good cause. The City Council, or appointed hearing officer or body, shall determine whether a particular fact or facts amount to a good cause on a case-by-case basis.

5. The appellant may bring a language interpreter to the hearing at their sole expense.

6. The City may, at its discretion, record the hearing by stenographer or court reporter, audio recording, or video recording. If the appellant requests from the City that said recording take place, the costs of same shall be deposited with the City at the time the Notice of Appeal and appeal fee are submitted to the City.

E. If the appellant, or their legal representative, fails to appear at the appeal hearing, the City Council, or the appointed hearing officer or body, may cancel the appeal hearing and send a notice thereof to the appellant by certified, first class mail to the address(es) stated on the Notice of Appeal. A cancellation of a hearing due to non-appearance of the appellant shall constitute the appellant's waiver of the right to appeal and a failure to exhaust all administrative remedies. In such instances, the City Manager's notice of decision is final and binding.

F. Decision of the City Council, or appointed hearing officer or body; final decision.

1. Following the conclusion of the appeal hearing, the City Council, or appointed hearing officer or body, shall determine if any ground exists for the non-issuance, nonrenewal, suspension or revocation of a Commercial Cannabis Permit or other action. If the City Council, or appointed hearing officer or body, determines that no grounds for denial, nonrenewal, suspension, revocation, or other action exist, the City Manager's notice of decision shall be deemed vacated. If the City Council, or appointed hearing officer or body, determines that one or more of the reasons or grounds enumerated in the notice of decision exists, a written final decision shall be issued within ten (10) business days, which shall at minimum contain the following:

i. A finding and description of each reason or grounds for non-issuance, nonrenewal, suspension, revocation, or other action that exists.

ii. Any other finding, determination or requirement that is relevant or related to the subject matter of the appeal.

iii. A holding that the City Manager's decision is affirmed or modified.

2. The decision of the City Council, or appointed hearing officer or body, is final and conclusive and is subject to the time limits set forth in California Code of Civil Procedure Section 1094.6.

G. A copy of the final decision shall be served by certified, first class mail on the appellant. If the appellant is not the owner of the real property in which the commercial cannabis business is located, or proposed to be located, a copy of the final decision may also be served on the property owner by first class mail to the address shown on the last equalized assessment roll. Failure of a person to receive a properly addressed final decision shall not invalidate any action or proceeding by the City pursuant to this chapter.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.170 Appeal for initial permit; limited grounds.

A. The grounds for denial of an initial denial of a Commercial Cannabis Permit are limited to the following:

1. Deviation from the City's published Application Procedures that adversely affected the applicant by altering the outcome of the City's decision on the applicant's application. Examples of appealable deviations are:

a. Failure on the part of the City to provide appropriate notification regarding changes to the application process via website postings and/or email to the applicant prior to the time the application was submitted;

b. Failure on the part of the City to provide an applicant an equal opportunity to modify an application, where that opportunity was provided to other applicants required to comply with the same criteria under the exact same process for the type of activity in which they applied for in the City.

2. Scoring of one or more portions of the applicant's application was not justified based on the information presented in the application, or due to a material error or omission on the part of the individual(s) scoring the application.

B. Any appeal based upon Section 5.42.170.A(1) must be supported by substantial evidence that the applicant presented the relevant information with completeness and in the appropriate section of the application. Information presented in the application that is incomplete in nature, or that is relevant to a question posed by the City on the application form but appears in the incorrect section, even if complete, may be grounds for the dismissal of the appeal.

(Ord. 2552 §1, Ord. 2589 §2)

ARTICLE III. ISSUANCE AND PERMIT REQUIREMENTS

5.42.200 Permits and inspections prior to commencing operations.

Prior to commencing operations, a commercial cannabis business shall be subject to inspection of the premises, and must obtain all required plan approvals and building permits which would otherwise be required for any business of the same size and intensity operating in that zone. Accordingly, the permittee shall also obtain all required Building Division approvals, Fire Department approvals, Butte County Health Department approvals and any other permit or approval required by this chapter, Code or applicable law, rules or regulations.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.210 City business license.

Prior to commencing operations, a permittee of a commercial cannabis business shall obtain a City of Chico business license.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.220 Limitations on City's liability.

A. To the fullest extent permitted by local, state and/or federal law, the City of Chico shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Permit pursuant to this chapter, or otherwise approving the operation of any commercial cannabis business.

B. As a condition to the approval of any Commercial Cannabis Permit, Conditional Use Permit, and any other agreement, permit, or license between the City and applicant, the applicant shall meet the following conditions prior to issuance of the Commercial Cannabis Permit:

1. It must execute an agreement, in a form approved by the City Attorney, agreeing to indemnify, defend at the applicant's sole cost and expense, and hold harmless the City of Chico, and its officers, officials, employees, representatives, and agents from any and all claims, losses, damages, injuries, liabilities or losses which arise out of their license, permit, or other entitlement to operate a commercial cannabis business related to:

i. The City's drafting, adoption and passage of local ordinances, and related resolutions, policies, rules and regulations, allowing for commercial cannabis businesses and/or, if necessary in the future, making any zoning law amendment(s);

ii. The City's issuance of the Commercial Cannabis Permit;

iii. The City's approval and execution of a land use entitlement and/or Conditional Use Permit;

iv. The City's decision to approve the operation of the commercial cannabis business or activity;

v. The process used by the City in making its decision to issue, approve or deny a permit, or handle any appeal of any issuance, approval or denial of a permit; and/or

vi. The alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.

2. Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City's Risk Manager.

3. Reimburse the City of Chico for all costs and expenses, including but not limited to attorney fees and costs and court costs, which the City of Chico may be required to pay as a result of any legal challenge related to the City's approval of the applicant's Commercial Cannabis Permit, or related to the City's approval of the applicant's commercial cannabis activity, or the City's approval of a Use Permit. The City of Chico may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

C. The terms and provisions as enumerated in this section related to indemnification and limitation on the City's liability shall be an explicit term of a Commercial Cannabis Permit and if applicable as a condition in the Use Permit, that an applicant and a permittee shall agree to in order for same to be valid.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.230 Permit; non-assignable and non-transferable.

A. Commercial Cannabis Permits issued under this chapter are valid only as to the approved permittee at the specified approved location, and is therefore nontransferable to other persons, entities, projects or locations, without the filing of a new or amended application.

B. No Commercial Cannabis Permit may be sold, transferred or assigned by a permittee, or by operation of law, to any other person, persons, or entities, unless a written amendment is made consistent with this chapter, Codified Resolution 5R.42 and Chapter 19. Any such sale, transfer, or assignment, or attempted sale, transfer, or assignment inconsistent with these requirements shall be deemed to constitute a voluntary surrender of such permit and such permit shall thereafter be

null and void, except as set forth in this chapter, or unless a written amendment to the Commercial Cannabis Permit, and where applicable the Use Permit, is ultimately approved.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.240 Change in location of commercial cannabis business.

A. No permittee may operate at a location different from the location approved and specified in the Commercial Cannabis Permit and entitlements (e.g., use permit) until such change of location is approved and a new Commercial Cannabis Permit or land use entitlement is issued for that location. Operating at a location different from the location approved and specified in the Commercial Cannabis Permit and entitlements in violation of this section shall be grounds for revocation of the permit.

B. For commercial cannabis permits where entitlements are issued by the City Council or Planning Commission, no permittee shall change the location of the commercial cannabis business specified in the Commercial Cannabis Permit and entitlements until any such change of location is approved by the approving body and such decision becomes final.

C. For all other Commercial Cannabis Permit, no permittee shall change the location of the commercial cannabis business specified in the Commercial Cannabis Permit and entitlements until any such change of location is approved by the City Manager. Prior to such decision, City Manager shall consult with the Police, Fire, Community Development and Public Works Departments.

D. The change of location of a commercial cannabis businesses shall meet all the requirements under this chapter, including but not limited to:

1. The permittee shall submit a change of location application to the City at least sixty (60) calendar days prior to the proposed change. Additional time may be necessary for processing by the City based on land use entitlements and staff workload.

2. The proposed location shall meet all the requirements under this Code, including but not limited to this chapter and the Chico Zoning Ordinance.

3. The proposed location may be reviewed and evaluated using the same review criteria as used and relied upon under the initial application process.

4. For relocation of a permittee's commercial cannabis business issued by the City Council, such relocation application shall be subject to the prior review and approval by the Planning Commission and/or City Council at a public meeting, as appropriate for amending the applicable entitlements.

5. No later than twenty-one (21) days prior to any public meeting required under this section, the permittee shall give notice to all property owners and occupants located within five hundred (500) feet of the proposed premises of the proposed relocation of any commercial cannabis business.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.250 Changes in ownership of commercial cannabis business.

A. No permittee shall transfer ownership or control of a commercial cannabis business unless and until the proposed new owner submits all required application materials and pays all applicable fees, and independently meets the requirements of this chapter such as to be entitled to the issuance of an original Commercial Cannabis Permit. Prior to approval of such transfer, the City Manager shall consult with the Police, Fire, Community Development and Public Works Departments.

B. A proposed agreement to be duly executed between the permittee and the proposed new owner must also be submitted wherein the permittee assigns all duties, responsibilities, waivers, and/or obligations within the entitlements to the proposed new owner, and the proposed new owner assumes same. Same shall be presented as a proposed amendment to the originally, executed entitlements.

C. In the event of a substantial change in the ownership of a permittee business entity (changes that result in a change of fifty-one (51) percent or more of the original ownership), each new owner must be approved by the City Council after completion of a new or amended application process which may include evaluation under any applicable review criteria used and relied upon during the original review and selection process.

D. A permittee may change the form of business entity without applying to the City Council for a new Commercial Cannabis Permit, provided that either:

1. The ownership of the new business entity is the same as the original permit holder business entity; or

2. If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under the MAUCRSA, provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

E. Although a new Commercial Cannabis Permit is not required in the two circumstances listed in this subsection D., the permittee shall notify the City in writing of the change within ten (10) calendar days of the change, and obtain an amendment to the original Commercial Cannabis Permit. Such change may require amendment to associated entitlements, which shall be reviewed upon receipt of such notice.

F. No permittee may avail themselves of the provisions of this section if the City Manager, or their designee, has notified the permittee that the Commercial Cannabis Permit has been or may be suspended, revoked, or is not being/has not been renewed.

G. Failure to comply with this section is grounds for revocation of a Commercial Cannabis Permit, and/or grounds to issue a notice to cure, pursuant to the provisions of the corresponding Use Permit.

H. Any attempt to transfer a Commercial Cannabis Permit either directly or indirectly in violation of this section is hereby declared void, and such a purported transfer shall be deemed a ground for revocation of the permit.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.260 Change in ownership when the permittee is a partnership or corporation.

A. One or more proposed partners in a partnership granted a Commercial Cannabis Permit may make application to the City Manager, together with the fee established by the City Council, to amend the original application, providing all information as required for partners in the first instance and, upon approval thereof, the transfer of the interests of one or more partners to the proposed partner or partners may occur. If the permittee is a partnership and one or more of the partners should die, one or more of the surviving partners may acquire, by purchase or otherwise, the interest of the deceased partner or partners without effecting a surrender or termination of such permit. In such circumstance, the Commercial Cannabis Permit, upon notification to the City Manager, shall be placed in the name of the surviving partners upon proof of acquisition by the remaining partner(s) of the decedent's interest. Prior to such action becoming final, City Manager shall consult with the Police, Fire, Community Development and Public Works Departments.

B. If the Commercial Cannabis Permit is issued to a corporation, stock may be sold, transferred, issued, or assigned to stockholders who have been named on the application regardless of the percentage of stock held by such person at the time of application. A person not listed on the application as a stockholder may acquire less than fifty (50) percent in a corporation without necessitating an application for amendment of Commercial Cannabis Permit due to change of ownership. If a person not listed on the application as a stockholder at any time acquires more than fifty (50) percent of the aggregate stock in a corporation, an amendment to the Commercial Cannabis Permit indicating the new ownership structure shall be obtained from the City. In the event that more than fifty (50) percent of the aggregate stock in a corporation is acquired by one person, without an amendment to the Commercial Cannabis Permit being obtained from the City, the permit shall be deemed terminated and void; provided, however, the proposed stock purchaser transferee may submit to the City Manager, together with the fee established by the City Council, an application to amend the original application providing all information as required for stockholders in the first instance under this chapter, and, upon approval thereof, the transfer may then occur.

C. All changes in ownership as described in this section must be submitted to the City within thirty (30) calendar days, along with any organizational documents reflecting said changes. Furthermore, said corresponding amendments to the corresponding executed entitlements must also be made, and reviewed and approved as addressed in the entitlements, or as required by the City's policy concerning amendments to such entitlements. Failure to submit changes in ownership in violation of this section is grounds for revocation of the permit.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.270 Changes in name of business only.

A. No permittee shall operate, conduct, manage, engage in, or carry on the business of a commercial cannabis business under any name other than the name of the commercial cannabis business specified in the permit.

B. The permittee shall advise the City Manager at least fifteen (15) calendar days prior of all changes of name or designation under which the business is to be conducted. The change of name or designation shall be accompanied by a non-refundable fee established by resolution of the City Council to defray the costs of reissuance of the Commercial Cannabis Permit, and to make any amendments to the corresponding executed entitlements in the new business name.

C. Said change in name must also be made in the form of an amendment to the corresponding executed entitlements, and reviewed and approved as outlined in the entitlements, or as required by the City's policy concerning amendments to such entitlements.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.280 Alterations to approved facility.

A. No alterations to an approved facility may be undertaken without approval of the City Manager for businesses allowed by right under Title 19.

B. No alterations to an approved facility may be undertaken at a business issued a use permit or other entitlement issued as a discretionary approval (i.e., by Planning Commission or City Council) without approval of the issuing body.

C. The City Manager or their designee shall review proposed alterations to an approved facility to determine if such alterations are material to the permits, licenses, and entitlements issued for the facility. In the event that such alterations are material changes to the permits, licenses, and entitlements, such proposed alterations shall be considered by the person or body or bodies issuing the permits, license and entitlements. Material changes shall include, but not be limited to, increased square footage of interior space, decreased parking, decreased accessibility, changes to the security plan, and alteration of

a previously submitted floorplan.

D. All required City approvals, plan approvals, and permits must be obtained before causing, allowing, or permitting alterations to, and/or extensions or expansions of, the existing building(s), structure(s), or portions thereof, approved as a location for a commercial cannabis business. Said alterations, extensions, or expansions shall comply with all applicable state and local laws, regulations and standards, including those concerning building and fire safety, as well as occupancy.

E. Undertaking alterations to an approved facility without appropriate approval in violation of this section shall be grounds for revocation of the permit.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.290 Any other changes in information as reflected in the submitted application or entitlements.

A. Permittee shall notify the City on a form approved by the City Manager within fifteen (15) calendar days of any other change in the information provided in the application form or any change in status of compliance with the provisions of this chapter or resolutions or the Chico Zoning Ordinance relating to commercial cannabis businesses, including any change in the commercial cannabis business form of ownership or management members.

B. Such form shall be submitted along with a permit and appropriate fee, as adopted by Resolution of the City Council.

C. Any changes in the information provided by permittee in the Commercial Cannabis Permit application form, or any change in status of compliance in regard to the provisions of this chapter or Chapter 19.75 of the Chico Municipal Code, including any change in the commercial cannabis business form of ownership or management members without compliance with this section shall be grounds for revocation of the permit.

(Ord. 2552 §1, Ord. 2589 §2)

ARTICLE IV. OPERATIONAL REQUIREMENTS

5.42.300 General prohibitions.

A. It is unlawful for any person:

1. To sell, give, exchange, dispense or distribute cannabis or cannabis products for on-site consumption, use or sampling on any business premises.

2. To conduct a Cannabis Event in the City.

3. To consume or use cannabis or cannabis products, whether by smoking, vaping, inhaling, eating, drinking or any other means:

i. In, on or about the premises of any commercial cannabis business;

ii. In, on or about any publicly owned or operated property; any place open to, or accessible by the public; any place smoking is prohibited; or any place visible from any public place with normal unaided vision;

iii. In, on or about any other business, club, cooperative or commercial event, regardless if open to the public or only to members, ticket holders or event invitees;

iv. Any location where an entry or other fee is charged to attendees or to the host or where a thing of value or consideration is received or exchanged, directly or indirectly, for or related to the provision of cannabis.

B. Added artificial flavor prohibited. Retailers shall not sell cannabis products which contain an added characterizing flavor. For purposes of this chapter, "characterizing flavor" means a taste or aroma, other than the taste or aroma of cannabis, imparted either prior to or during consumption. This includes, but is not limited to, tastes or aromas relating to food or drink of any sort, including but not limited to menthol, mint, wintergreen, fruit, chocolate, vanilla, honey, candy, cocoa, dessert, alcoholic beverages, herbs, or spices. Flavor agents consisting of terpenes of cannabis shall not be considered an added characterizing flavor. Such prohibition shall not apply to cannabis products which are manufactured as edible or topical products.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.305 Restriction on alcohol and tobacco sales, dispensing or consumption.

No person shall cause, allow, or permit the sale, dispensing, or consumption of alcoholic beverages or tobacco products on or about the premises of a commercial cannabis business, pursuant to and consistent with the prohibition of same by state law.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.310 Operating requirements for store front retail facilities.

A. Retailers shall verify the age and all necessary documentation of each individual to ensure the customer is not under the age of eighteen (18) years. If the potential customer is over 18 but under 21 years old, retailer shall confirm the customer's possession of a valid doctor's recommendation and/or Health and Safety Code Section 11362.71 identification card (Medical

Marijuana Card). For adult-use purchasers, retailers shall verify that all customers are 21 years of age or older for the purchase of cannabis or cannabis products.

B. Individuals must show a government-issued identification, and, in the case of purchases of medical cannabis, their physician's recommendation, or a cannabis card issued pursuant to Health and Safety Code Section 11362.71 in order to gain access into the retailer. The government-issued identification and, if applicable, doctor's recommendation or cannabis card must also be shown at the point of sale station at the time of purchase. Doctor recommendations are not to be obtained or provided at the retail location.

C. Uniformed licensed security personnel shall be employed by permittee to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities.

D. Retailers may have readily available for sale on-site in the retail sales area of the retailer only that quantity of cannabis and cannabis products to meet the daily demand. Additional product may be stored in a secured, locked area to which customers, vendors, and visitors shall not have access.

E. All restroom facilities used by customers shall remain locked and under the control of management.

F. Retailers authorized to conduct retail activities shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of state law and this division.

1. The sale and delivery of cannabis goods shall not occur through a pass-through window or a slide-out tray to the exterior of the premises.

2. Retailers shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.

3. No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.

4. All cannabis goods sold by a retail business shall be contained in child-resistant packaging.

5. Retailers shall record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.

6. A retail licensee who is engaged in retail sales shall hire or contract for security personnel who are at least 21 years of age to provide security services for the licensed retail premises. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code.

G. Access to retailer premises.

1. Access to the premises of a retail licensee/permittee shall be limited to individuals who are at least 21 years of age.

2. Notwithstanding Section 5.42.310(h)(1) individuals who are at least 18 years of age and in possession of a valid physician's recommendation shall be granted access to the premises of a retail licensee/permittee for the sole purpose of purchasing medicinal cannabis consistent with the physician's recommendation.

H. Authorized sales. A retailer shall only sell adult-use cannabis and adult-use cannabis products to individuals who are at least 21 years of age. A retailer shall only sell medicinal cannabis or medicinal cannabis products to individuals who are at least 18 years of age, if those individuals are in possession of a valid physician's recommendation.

I. Limited access areas. A retailer shall establish limited-access areas and permit only authorized individuals to enter the limited-access areas. Authorized individuals include individuals employed by the retailer as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access area. All individuals granted access to the limited access area shall be at least 21 years of age, and if not employed by the retailer, shall be escorted at all times by an employee of the licensee/permittee. A retailer shall maintain a log of all individuals who are not employees who are granted access to the limited access area. These logs shall be made available to the Chief of Police or their designee upon request.

J. Operating hours of the store front retailer permittees shall be limited to the hours of 8:00 a.m. through 9:00 p.m. Pacific Standard Time, seven days a week.

K. Store front/retail security requirements. All provisions incorporated within Section 5.42.320 of this chapter (Security Requirements), are directly applicable to and binding on all commercial cannabis businesses, including all store front/retail businesses.

L. Educational materials. Cannabis retailers shall provide written educational materials to all customers:

1. Regarding each product sold, with information regarding the name and type of product, instructions for use, and expected effects.

2. Regarding all edible cannabis products and cannabis concentrate products sold to a customer, which shall include:

i. information on safe storage and use of the product,

ii. warning against child access and exposure to the product, and

iii. warnings of potential side effects concerning brain development of individuals under the age of twenty-five years, and

iv. warnings of potential harm to pregnant women.

M. Training required. All employees who interact with public customers as well as all management staff complete training to ensure competency of employees for their assigned functions within the first year of the retailers' first year of operation, and within one year of each employee's hire date thereafter. The retailer shall maintain records showing completion of each employee's training for a period of two years and provide such records to the City Manager or his/her designee upon request.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.311 Operating requirements for non-storefront retail facilities.

A. Non-store front retailers (delivery) which conduct deliveries from or within the City of Chico shall comply with the following:

1. Operating hours of the non-store front retailer license shall be limited to the hours of 8:00 a.m. through 9:00 p.m., seven days a week.
2. The commercial non-store front retailer shall only sell cannabis or cannabis products to a natural person 21 years of age or older, or a natural person 18 years of age or older who possesses a physician's recommendation.
3. Retailers may have only that quantity of cannabis and cannabis products to meet the daily demand readily available for sale on-site in the retail sales area of the retailer. Additional product may be stored in a secured, locked area to which customers, vendors, and visitors shall not have access.

B. Educational materials. Cannabis retailers shall provide written educational materials to all customers:

1. Regarding each product sold, with information regarding the name and type of product, instructions for use, and expected effects.
2. Regarding all edible cannabis products and cannabis concentrate products sold to a customer, which shall include:
 - a. information on safe storage and use of the product,
 - b. warning against child access and exposure to the product,
 - c. warnings of potential side effects concerning brain development of individuals under the age of twenty-five years, and
 - d. warnings of potential harm to pregnant women.

C. Training required. All employees who interact with public customers as well as all management staff complete training to ensure competency of employees for their assigned functions within the first year of the retailers' first year of operation, and within one year of each employee's hire date thereafter. The retailer shall maintain records showing completion of each employee's training for a period of two years, and provide such records to the City Manager or his/her designee upon request.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.312 Operating requirements for testing laboratories.

A. Testing labs shall be required to conduct all testing in a manner pursuant to Business and Professions Code Section 26100 and shall be subject to state and local law. Each testing lab shall be subject to additional regulations as determined from time to time as more regulations are developed under this chapter and any subsequent State of California legislation or regulations regarding the same.

B. Testing labs shall conduct all testing in a manner consistent with general requirements for the competence of testing and calibrations activities, including sampling using verified methods.

C. All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the Department of Cannabis Control.

D. Testing labs shall destroy any harvest batch whose testing sample indicates noncompliance with health and safety standards required by the Department of Cannabis Control unless remedial measures can bring the cannabis or cannabis products into compliance with quality standards as specified by law and implemented by the Department of Cannabis Control.

E. Each operator shall ensure that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing required by state law and that the testing laboratory employee transports the sample to the testing laboratory.

F. Except as provided by state law, a testing laboratory shall not acquire or receive cannabis or cannabis products except from a licensee in accordance with state law, and shall not distribute, sell, or dispense cannabis, or cannabis products, from the licensed premises from which the cannabis or cannabis products were acquired or received. All transfer or transportation

shall be performed pursuant to a specified chain of custody protocol.

G. A testing laboratory may receive and test samples of cannabis or cannabis products from a qualified patient or primary caregiver only if the qualified patient or primary caregiver presents the qualified patient's valid physician's recommendation for cannabis for medicinal purpose. A testing lab shall not certify samples from a qualified patient or primary caregiver for resale or transfer to another party or licensee. All tests performed by a testing laboratory for a qualified patient or primary caregiver shall be recorded with the name of the qualified patient or primary caregiver and the amount of the cannabis or cannabis products received.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.313 Operating requirements for cannabis manufacturing.

A. Cannabis manufacturing shall only be permitted for Type 6 or Type 7 state licenses for manufacturing facilities as such types are known at the time of adoption of this ordinance. Any subsequently created manufacturing state license types shall be considered by the Council and/or Planning Commission prior to being permitted to operate within the City. Type 6 and Type 7 manufacturing uses shall be allowed only in those zone districts as defined in Chapter 19 of the Chico Municipal Code for cannabis manufacturing.

B. Any compressed gases used in the manufacturing process shall not be stored on any property within the City of Chico in containers that exceeds the amount which is approved by the Chico Fire Department and authorized by the regulatory permit. Each site or parcel subject to a commercial cannabis business permit shall be limited to a total number of tanks as authorized by the Chico Fire Department on the property at any time.

C. Cannabis manufacturing facilities may use heat, screens, presses, steam distillation, ice water, ethanol and other methods without employing solvents or gases to create keef, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.

D. If an extraction process uses a professional grade closed loop CO₂ gas extraction system every vessel must be certified by the manufacturer for its safe use as referenced in Section 5.42.313(F). The CO₂ must be of at least ninety-nine percent purity.

E. Closed loop systems for compressed gas extraction systems must be commercially manufactured and bear a permanently affixed and visible serial number.

F. Certification from an engineer licensed by the State of California, or by a certified industrial hygienist, must be provided to the Community Development Department for a professional grade closed loop system used by any commercial cannabis manufacturing manufacturer to certify that the system was commercially manufactured, is safe for its intended use, and was built to codes of recognized and generally accepted good engineering practices, including but not limited to:

1. The American Society of Mechanical Engineers (ASME);
2. American National Standards Institute (ANSI);
3. Underwriters Laboratories (UL); or
4. The American Society for Testing and Materials (ASTM).

G. The certification document must contain the signature and stamp of the professional engineer or industrial hygienist and serial number of the extraction unit being certified.

H. Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for their use by the Fire Department and meet any required fire, safety, and building code requirements specified in the California Building Reference Codes.

I. Cannabis manufacturing facilities may use food grade glycerin, ethanol, and propylene glycol solvents to create or refine extracts. Ethanol should be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.

J. Cannabis manufacturing facilities creating cannabis extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace.

K. Any person using solvents or gases in a closed looped system to create cannabis extracts must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely.

L. Parts per million for one gram of finished extract cannot exceed state standards for any residual solvent or gas when quality assurance tested.

M. Permittee shall be subject to initial review and annual review of compliance with the California Fire Code for issuance of an operational permit issued by the Fire Chief.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.314 Operating requirements for distributors.

- A. A distributor shall not store non-cannabis goods or non-cannabis accessories that are to be sold to another party on any licensed premises. Additionally, a distributor shall not distribute non-cannabis goods or non-cannabis accessories at a licensed premise. For the purposes of this section, non-cannabis goods are any goods that do not meet the definition of cannabis goods as defined in Section 5000(c) of the California Code of Regulations.
 - B. After taking physical possession of a cannabis goods batch, the distributor shall contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.
 - C. A distributor shall ensure that all cannabis goods batches are stored separately and distinctly from other cannabis goods batches on the distributor's premises.
 - D. The distributor shall ensure that the batch size from which the sample is taken meets the requirements of state law, specifically the testing provisions within the California Code of Regulations.
 - E. A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded, and the recording kept available to state and local authorities for a minimum of 180 days, pursuant to Title 16, Section 5305 of the California Code of Regulations.
 - F. A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab as being in compliance with state health and safety requirements pursuant to Sections 5705, 5710 and 5714 of the California Code of Regulations.
- (Ord. 2552 §1, Ord. 2589 §2)

5.42.315 Additional operating requirements for retail delivery businesses.

- A. Delivery personnel. A cannabis delivery retailer shall maintain a database and provide a list of the individuals and vehicles authorized to conduct vehicle dispensing, and a copy of the valid California driver's license issued to the driver of any such vehicle on behalf of the cannabis delivery retailer to the Chief of Police.
- B. Delivery requests. During delivery, a physical copy of the delivery request (and/or invoice) shall be in the vehicle at all times, and the driver shall make it available upon the request of agents or employees of the City requesting documentation.
- C. Vehicle information. Prior to commencing operations, the following information shall be provided to the City:
 - 1. Proof of ownership of the vehicle or a valid lease for all vehicles that will be used to deliver cannabis or cannabis products.
 - 2. The year, make, model, color, license plate number, and numerical Vehicle Identification Number (VIN) for all vehicles that will be used to deliver cannabis goods.
 - 3. Proof of insurance as required by Section 5.42.220 B.2. for all vehicles being used to deliver cannabis goods.
 - 4. The licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.
 - 5. The licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days.
- D. Delivery vehicle. A cannabis delivery retailer shall only permit or allow delivery of cannabis or cannabis products in a vehicle that is:
 - 1. insured at or above the legal requirement in California;
 - 2. capable of securing (locking) the cannabis or cannabis products during transportation;
 - 3. capable of being temperature controlled if perishable cannabis or cannabis products is being transported; and
 - 4. does not display advertising or symbols visible from the exterior of the vehicle that suggest the vehicle is used for cannabis delivery or affiliated with a cannabis retailer.
- E. Delivery sales records. A cannabis delivery retailer shall facilitate deliveries with a technology platform owned by or licensed to the non-storefront delivery only retailer that uses Global Positioning System technology to track and database technology to record and store the following information:
 - 1. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer departed the licensed premises.
 - 2. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer completed vehicle dispensing to the qualified patient, primary caregiver, or customer.
 - 3. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer returned to the licensed premises.
 - 4. The route the individual conducting vehicle dispensing on behalf of the storefront retailer will travel between departing

and returning to the permitted premises to conduct vehicle dispensing.

5. For each individual vehicle dispensing transaction, the identification of the individual conducting deliveries on behalf of the storefront retailer.

6. For each individual delivery transaction, the vehicle used to conduct vehicle dispensing on behalf of the storefront retailer permittee.

7. For each individual vehicle dispensing transaction, the identity of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the storefront retailer.

8. For each individual vehicle dispensing transaction, the type and quantity of cannabis or cannabis products dispensed and received.

9. For each individual vehicle dispensing transaction, the dollar amount to be charged by the storefront retailer and received by the individual conducting deliveries on behalf of the storefront retailer the cannabis or cannabis products dispensed and received.

F. Customer verification. The individual making deliveries on behalf of the cannabis delivery retailer shall for each transaction:

1. Verify the identity and age of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the delivery only retailer, and

2. If a medicinal cannabis transaction,

a. verify the validity of the qualified patient's recommendation from a physician to use cannabis for medical purposes or primary caregiver's status as a primary caregiver for the particular qualified patient, and

b. maintain a copy of the physician recommendation or Identification Card, as described in Health and Safety Code Sections 11362.71 through 11362.77, as may be amended from time to time, at its permitted business location for a period of not less than seven (7) years.

G. Required notifications. Delivery retailers shall notify qualified patients, primary caregivers, and customers in writing of the following:

1. "The sale or diversion of cannabis or cannabis products without a permit issued by the City of Chico is a violation of State law and the Chico City Code."

2. "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from a permittee is a crime and can lead to arrest."

3. "Warning: the use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."

4. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis- derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer."

H. Educational materials. A cannabis delivery retailers shall provide written educational materials to all customers:

1. Regarding each product sold, with information regarding the name and type of product, instructions for use, and expected effects.

2. Regarding all edible cannabis products and cannabis concentrate products sold to a customer, which shall include information on safe storage and use of the product, warning against child access and exposure to the product, and warnings of potential side effects concerning brain development of individuals under the age of twenty-five years and potential harm to pregnant women.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.316 Delivery services originating outside of City.

A. Until such time that permits for retailer-storefront or non-storefront retail businesses are issued by the City, and the first of such business type within the City offers delivery services, out-of-City cannabis delivery services may conduct business within the City of Chico, subject to all other applicable operational requirements herein.

B. Businesses from outside of Chico offering delivery services inside the City shall cease delivery operations at the time of expiration of their annual business license renewal occurring after the first retailer-storefront or non-storefront retail business permit is issued by the City and such permittee offers delivery services. The City shall provide notice to legally operating delivery services of the date of required cessation of operations.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.317 Permissible delivery locations and hours of operation.

Cannabis delivery service businesses permitted to engage in delivery of cannabis and cannabis products are subject to the following requirements:

A. A licensed cannabis delivery service may only deliver medicinal and adult use cannabis and cannabis goods to residential addresses in the City of Chico. Deliveries to all commercial addresses are expressly prohibited.

B. A licensed cannabis delivery service shall not deliver medicinal or adult use cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency.

C. A licensed cannabis delivery service shall only deliver medicinal and adult use cannabis goods to consumers during the hours of 8:00 a.m. and 9:00 p.m. Pacific Standard Time.

D. Deliveries of cannabis or cannabis goods to residential properties located within 600 feet of a public or private K-12 school shall not occur during school hours (8:00 a.m. to 3:00 p.m. weekdays).

(Ord. 2552 §1, Ord. 2589 §2)

5.42.320 Security requirements.

A. A permitted commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the Police Chief or their designee(s), these security measures shall include, but shall not be limited to, all of the following:

1. Alarm system (perimeter, and fire).
2. Remote monitoring of alarm systems by licensed security professionals.
3. Perimeter lighting systems (including motion sensors) for after-hours security.
4. Perimeter security and lighting as approved by the Police Chief and the Community Development Director or their designee(s).
5. Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.
6. Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
7. Except for live growing plants at a retail-storefront use offered for sale as a whole live plant, all cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live plants that are being sold at retail shall be kept in a manner as to prevent diversion, theft, and loss. No part of such live plants shall be used for consumption or manufacture prior to retail sale of such live plant.
8. Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. All cameras shall record in color. All exterior cameras shall be in weather-proof enclosures, shall be located to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions. The commercial cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Chief of Police or their designee(s), and that it is compatible with the City's software and hardware. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the Chief of Police or their designee(s). Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available to the Chief of Police or their designee(s) upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business and shall be capable of enlargement via projection or other means. Internet Protocol address information shall be provided to the Chico Police Department by the commercial cannabis business, to facilitate remote monitoring of security cameras by the Department or its designee.
9. Sensors shall be installed to detect entry and exit from all secure areas and shall be monitored in real time by a security company licensed by the State of California Bureau of Security and Investigative Services.
10. Having a professionally installed, maintained, and monitored real-time alarm system by a security company licensed by the State of California Bureau of Security and Investigative Services.
11. Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
12. Security personnel shall be on-site during business hours or alternative security as authorized by the Chief of Police or their designee(s), and must have a verified response security patrol when closed. Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the Chief of Police or their designee(s), with such approval not to be unreasonably withheld.
13. Each commercial cannabis business shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
14. Entrance areas are to be locked at all times and under the control of a designated responsible party that is either: (a)

an employee of the commercial cannabis business; or (b) a licensed security professional.

15. Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.

16. Each commercial cannabis business shall demonstrate to the Chief of Police, City Manager or their designees, compliance with the state's track and trace system for cannabis and cannabis products, as soon as it is operational.

17. Each commercial cannabis business shall have a professionally installed video surveillance system, access control and intrusion alarm systems designed to protect the inventory, facility, and employees. Each business shall have network security protocols that are certified by Underwriters Laboratories.

18. Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises.

19. Emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.

B. Each commercial cannabis business shall identify a designated security representative/liaison to the City of Chico, who shall be reasonably available to meet with the City Manager or their designee(s) regarding any security related measures and/or operational issues. The designated security representative/liaison shall, on behalf of the commercial cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager or their designee upon request that meets the following requirements:

1. Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.

2. Identifies all managers of the commercial cannabis business and their contact phone numbers.

3. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the manager's office.

4. Confirms that burglar and fire alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.

5. Identify a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business' control.

6. Confirm that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these areas are: (a) free of individuals loitering or causing a disturbance; (b) are cleared of employees and their vehicles one-half hour after closing.

C. As part of the application and permitting process each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, any hazardous materials that may be used by the business, and any currency.

D. The commercial cannabis business shall cooperate with the City whenever the City Manager or their designee(s) makes a request, with or without prior notice, to inspect or audit the effectiveness of any security plan or of any other requirement of this chapter.

E. A commercial cannabis business shall notify the Chief of Police or their designee(s) within twenty-four (24) hours after discovering any of the following:

1. Significant discrepancies identified during inventory.

2. Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business, or any crime occurring on the premises or involving the business.

3. The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.

4. Any other breach of security.

F. Compliance with the foregoing requirements shall be verified by the City Manager or their designee prior to commencing business operations. The City Manager or their designee may supplement these security requirements once operations begin, subject to review by the City Manager or their designee if requested by the business owner.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.330 Records and recordkeeping.

A. Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities and shall maintain all invoices, receipts and other records supporting all revenues, expenses, assets, and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, each commercial cannabis business shall file a sworn statement detailing the commercial cannabis business' revenue and number of sales during the previous twelve-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross revenues for each month, and all applicable taxes paid or due to be paid. On an annual basis, each owner and operator shall

submit to the City a financial audit of the business' operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager, or their designee.

B. Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the City Manager upon request.

C. All records collected by a permittee pursuant to this chapter shall be maintained for a minimum of seven (7) years and shall be made available by the permittee to the agents or employees of the City of Chico upon request, except that private medical records shall be made available only pursuant to a properly executed search warrant, subpoena, or court order.

D. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA), each commercial cannabis business shall allow City of Chico officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.340 Fees and charges.

A. All related fees and charges associated with the operation of a commercial cannabis business as referenced or determined by this chapter shall be established by Resolution of the City Council, which may be amended from time to time.

B. No application shall be considered prior to timely payment in full of all fees and charges required for any permit mandated by this chapter.

C. No person may commence or continue any commercial cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a commercial cannabis business, and as mandated by this chapter.

D. All commercial cannabis businesses authorized to operate under this chapter shall pay all sales tax, use tax, business tax and other applicable taxes, and all license, registration, and other fees required under federal, state and local law. Each commercial cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of fees, costs or taxes required to be paid during any period.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.350 Promulgation of local regulations, standards and other legal duties.

A. In order to effectuate the intent of this chapter, the City Manager, or their designee, is authorized to establish any additional local rules, regulations, policies and standards governing the operating requirements applicable to all commercial cannabis businesses to promote the public's safety, welfare or health; application review and approval process; the issuance, denial or renewal of Commercial Cannabis Permit; the ongoing operation of commercial cannabis businesses and the City's oversight of same; and/or concerning any other subject determined to be necessary to carry out the intent and purposes of this chapter, including without limitation, establishing time periods to solicit applications pursuant to this chapter, and corresponding deadlines for timely submittals of same to the City, as well as the drafting of any forms or applications, as required by this chapter.

B. Additional local rules, regulations, policies and standards shall be published on the City's website and maintained and available to the public in the Office of the City Clerk.

C. Local rules, regulations, policies, and standards promulgated by the City Manager shall become effective upon date of publication. Commercial cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.360 Fees deemed debt to City of Chico.

The amount of any fee, cost or charge imposed pursuant to this chapter, or as imposed and mutually agreed-upon pursuant to any entitlements shall be deemed a debt to the City of Chico that is recoverable in any manner authorized by this Code, state law, provision of an approved entitlement, or in any court of competent jurisdiction.

(Ord. 2552 §1, Ord. 2589 §2)

ARTICLE V. ENFORCEMENT

5.42.400 Responsibility for violations.

Permittees, responsible persons, and/or managers shall be responsible for violations of the laws of the State of California

or of the City of Chico City Code, whether committed by the permittee, or any employee or agent of the permittee, which violations occur on the premises of the commercial cannabis business whether or not said violations occur within the permit holder's presence. Any act or omission of any employee constituting a violation of the provisions of this chapter shall be deemed the act or omission of the permittee, responsible person, or manager, for purposes of determining whether the permit shall be revoked, suspended, or not renewed.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.410 Inspections.

A. The City Manager, Chief of Police, Fire Chief, or their designee(s), charged with enforcing the provisions of the City of Chico City Code may enter the location of a commercial cannabis business at any time during regular business hours, without notice, and inspect the location of any commercial cannabis business as well as any recordings and records required to be maintained pursuant to this chapter or under applicable provisions of State law.

B. It is unlawful for any person having responsibility over the operation of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a commercial cannabis business under this chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial cannabis business under this chapter or under State or local law.

C. A commercial cannabis business may be subject to a mandatory inspection, during regular business hours, without notice, to ensure compliance with the provisions of the City Code. The City Manager has the authority to inspect commercial cannabis businesses at whatever frequency is necessary to ensure public health, safety and welfare.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.420 Violations and penalties.

A. Any person who violates any provision of this chapter is guilty of a misdemeanor and shall also be subject to all other remedies available under this Code.

B. It is unlawful for any permittee of a commercial cannabis business, or its responsible person, manager or any other responsible person employed by or working in concert with them or on their behalf, whether directly or indirectly, to continue to operate, conduct, or maintain a commercial cannabis business after the City-issued Commercial Cannabis Permit has been suspended or revoked, or not timely renewed, pursuant to a non-contested notice of decision issued by the City Manager, or after the issuance of a final order after an appeal hearing.

C. Any commercial cannabis business operated, conducted, or maintained contrary to the provisions of this chapter shall be, and the same is declared to be, unlawful and a public nuisance, and the City may, in addition to or in lieu of prosecuting a criminal action, commence an administrative or civil action(s) or proceeding(s), for the abatement, removal and enjoinder thereof, in the manner provided by law, and shall take such other steps and shall apply to such court or courts as may have jurisdiction to grant such relief to abate, cause cessation, or remove such commercial cannabis business and restrain and enjoin any person from operating, conducting or maintaining a commercial cannabis business contrary to the provisions of this chapter.

D. Each person shall be guilty of a separate offense for each and every day, or part thereof, during which a violation of this chapter, or of any law or regulation referenced herein, is allowed, committed, continued, maintained or permitted by such person, and shall be punishable accordingly.

E. Whenever in this chapter any act or omission is made unlawful, it shall include causing, permitting, aiding, abetting, suffering, or concealing the fact of such act or omission.

F. The penalties set forth herein are cumulative and in addition to all other remedies, violations, and penalties set forth in this chapter, the City's Code, or in any other ordinance, laws, rules or regulations of the City, County, or the State of California.

(Ord. 2552 §1, Ord. 2589 §2)

5.42.430 Effect on other ordinances.

Except as designated in this chapter, the provisions of this chapter shall control for regulation of commercial cannabis businesses as defined herein if other provisions of the Code conflict therewith. This chapter shall not, however, relieve any person of their duty to comply with such laws if additional obligations, duties, or prohibitions are imposed thereby.

(Ord. 2552 §1, Ord. 2589 §2)

Section

- 6B.1 Purpose and intent
- 6B.2 Legal authority
- 6B.3 Commercial cannabis businesses prohibited unless specifically authorized
- 6B.4 Compliance with state and local laws
- 6B.5 Definitions
- 6B.6 Type of commercial cannabis businesses allowed; activities prohibited
- 6B.7 Personal cultivation

§ 6B.1 PURPOSE AND INTENT.

(A) The purpose of this article is to regulate commercial and personal cannabis activity in the City of Red Bluff, whether the cannabis is for medicinal or adult-use commercial purposes, by enacting permitting and regulatory procedures for this action. It is the purpose and intent of this chapter, in conjunction with the balance of Chapter 25 of this code and resolutions and other policies adopted by the city, to implement the provisions to provide access to cannabis as authorized by the California Medicinal and Adult-Use Cannabis Regulation and Safety Act and related laws, regulations, and policies issued by the State of California while imposing reasonable regulations on commercial activities and the use of land to protect the city's residents, neighborhoods, and businesses from significant negative impacts. As such, it is the purpose and intent of this chapter to regulate the commercial cannabis business activity in a responsible manner to protect the health, safety and welfare of the residents of the City of Red Bluff and to enforce local rules and regulations consistent with state law.

(B) It is the purpose and intent of this chapter to require all commercial cannabis businesses operating in the city to obtain and renew annually a commercial cannabis permit to operate within the City of Red Bluff. Nothing in this chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state law. The provisions of this chapter are in addition to any other permits, licenses, approvals, and compliance or regulatory inspections which may be required to conduct business in the city, and are in addition to any permits, licenses, approvals and compliance or regulatory inspections required under the City of Red Bluff, the State of California, or other state and local laws, rules and regulations.

(Ord. 1063, passed 2-15-2022)

§ 6B.2 LEGAL AUTHORITY.

The City of Red Bluff is a general law city, established under the Constitution of the State of California, that has the power to make and enforce within its jurisdictional limits all laws and regulations in respect to municipal affairs. Moreover, pursuant to §§ 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, and any subsequent state legislation and/or regulations regarding same, the City of Red Bluff is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses. Moreover, pursuant to §§ 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, and any subsequent state legislation and/or regulations regarding same, the City of Red Bluff is authorized to adopt ordinances and local resolutions that establish local standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses.

(Ord. 1063, passed 2-15-2022)

§ 6B.3 COMMERCIAL CANNABIS BUSINESSES PROHIBITED UNLESS SPECIFICALLY AUTHORIZED.

(A) No person shall engage in, conduct and/or operate a commercial cannabis business, or cause, allow, permit and/or maintain a commercial cannabis business on any real property, within the city except as specifically authorized both by the provision of this code, including but not limited to this chapter, and state law.

(B) Except as specifically authorized in this chapter, or expressly made exempt from city regulation by state law, the cultivation, manufacturing, processing, storing, laboratory testing, labeling, transporting, dispensing, furnishing, distribution, delivery, and/or sale of cannabis or a cannabis product is expressly prohibited anywhere in the city.

(Ord. 1063, passed 2-15-2022)

§ 6B.4 COMPLIANCE WITH STATE AND LOCAL LAWS.

Nothing in this chapter shall be construed as authorizing any actions that violate state law or local law with respect to engaging in, or in the operation of, a commercial cannabis business. It shall be the responsibility of the permittees and responsible persons of a commercial cannabis business to ensure that a commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, including for as long as applicable, all state cannabis laws and regulations, any subsequently enacted state law or regulatory, licensing, or certification standards or requirements, and any specific additional operating procedures or requirements.

(Ord. 1063, passed 2-15-2022)

§ 6B.5 DEFINITIONS.

Unless otherwise defined in this chapter or Article XXV of Chapter 25, Division 1 of Article I of Chapter 1, Article XII of Chapter 2, or the context clearly indicates a different meaning, the words and phrases used in this chapter shall have the same definitions ascribed to them in Division 10 of the Business and Professions Code, including § 26001, California Code of Regulations Title 4, Division 19, Department of Cannabis Control, and California Health and Safety Code § 11362.7; any reference to California statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

ACT or **MAUCRSA**. The California Medicinal and Adult-Use Cannabis Regulation and Safety Act, as set forth in California Business and Professions Code § 26000 *et seq.*

ADULT USE. Use of cannabis products by individuals 21 years of age and older and who do not possess a physician's recommendation.

APPLICANT. Any individual or entity applying for a commercial cannabis permit, and shall include any officer, director, partner or other duly authorized representative applying on behalf of an entity.

BUSINESS LICENSE. A license issued by the Finance Director pursuant to Chapter 12 of this code.

CANNABIS. All parts of the cannabis sativa linnaeus, cannabis indica, or cannabis ruderalis plants, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of a cannabis plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. **CANNABIS** also means the separated resin, whether crude or purified, obtained from cannabis. **CANNABIS** does not include the mature stalks of the plant; fiber produced from the stalks; oil or cake made from the seeds of the plant; any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake; or the sterilized seed of the plant, which is incapable of germination. For the purposes of this chapter, **CANNABIS** does not mean **INDUSTRIAL HEMP** as defined by California Health and Safety Code § 11018.5. **CANNABIS** shall also have the same meaning as in California Business and Professions Code § 26001(f), as the same may be amended from time to time.

CANNABIS ACCESSORIES. Any equipment, products or materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, smoking, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing cannabis or cannabis products into the human body.

CANNABIS ACCESSORIES shall also have the same meaning as in California Health and Safety Code § 11018.2, as same may be amended from time to time.

CANNABIS CONCENTRATE. Cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from glandular trichomes from a cannabis plant is a concentrate for purposes of this chapter. A cannabis concentrate is not considered food, as defined by California Health and Safety Code § 109935, or a drug, as defined by California Health and Safety Code § 109925. **CANNABIS CONCENTRATE** shall also have the same meaning as in California Business and Professions Code § 26001(g), as same may be amended from time to time.

CANNABIS EVENT. A public or private event where compensation is provided or exchanged, either directly or indirectly or as part of an admission or other fee for service, for the provision, hosting, promotion or conduct of the event where consumption of cannabis is part of the activities.

CANNABIS PRODUCTS. Cannabis that has undergone a process whereby the plant material has been transformed into a concentrate (or a solution/dilution), including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients. Cannabis products are not considered food, as defined by California Health and Safety Code § 109935, a drug, as defined by California Health and Safety Code § 109925, or a cosmetic, as defined by California Health and Safety Code § 109900. **CANNABIS PRODUCTS** shall also have the same meaning as in California Health and Safety Code § 11018.1, as same may be amended from time to time.

CITY ATTORNEY. The City Attorney of the City of Red Bluff, including their designee.

CITY CLERK. The City Clerk of the City of Red Bluff, including their designee.

CITY MANAGER. The City Manager of the City of Red Bluff, including their designee.

COMMERCIAL CANNABIS ACTIVITY. Includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and/or cannabis products as provided for in MAUCRSA and state regulations. **COMMERCIAL CANNABIS ACTIVITY** shall also have the same meaning as in California Business and Professions Code § 26001, or any successor section thereto.

COMMERCIAL CANNABIS BUSINESS. Any business or operation which engages in medicinal or adult-use commercial cannabis activity, as authorized by this chapter, including the cultivation, manufacturing, testing, distribution, microbusiness, event organization and retail as explicitly allowed herein of medicinal and adult use cannabis and cannabis products, and the ancillary transportation and delivery of same.

COMMERCIAL CANNABIS BUSINESS PERMIT or **CCBP**. A permit issued by the Director to allow a person to engage in commercial cannabis activity and/or operate a commercial cannabis business pursuant to the requirements of this chapter.

COMPETITIVE APPLICATION. The process to issue CCBPs when the number of applications received exceeds the

number of CCBPs that may be issued pursuant to this chapter.

CULTIVATION. Any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis pursuant to California Business and Professions Code § 26001, as may be amended from time to time. Whenever references to **CULTIVATION** are made in this chapter, **CULTIVATION** may refer to either commercial cultivation or non-commercial personal cultivation as specified.

CULTIVATOR. A person who cultivates cannabis.

CULTIVATION AREA. A location where cannabis is sprouted, cloned, planted, grown, harvested, dried, cured, graded, sorted, or trimmed, or a location where any combination of those activities occurs.

CUSTOMER. A natural person 21 years of age or older, or a natural person 18 years of age or older who possesses a physician's recommendation for medicinal use, or a primary caregiver. **CUSTOMER** shall also have the same meaning as in California Business and Professions Code § 26001, as may be amended from time to time.

DATE OF SERVICE. The date when a notice or written decision was served upon a person pursuant to this chapter.

DAY CARE CENTER. Has the same meaning as in California Health and Safety Code § 1596.76, meaning a child day care facility other than a family day care home.

DELIVERY. The commercial transfer of cannabis or cannabis products to a customer. **DELIVERY** shall also have the same meaning as in California Business and Professions Code § 26001, as same may be amended from time to time.

DCC. The state Department of Cannabis Control.

DIRECTOR. Unless otherwise specified, means the Community Development Director of the City of Red Bluff, including their designee.

DISPENSING. Any activity involving the retail sale of cannabis or cannabis products from a retailer.

DISTRIBUTION. The procurement, sale, and transport of cannabis and cannabis products between licensees or permittees. **DISTRIBUTION** shall also have the same meaning as in California Business and Professions Code § 26001, as may be amended from time to time. Distribution shall also encompass all activities authorized by the DCC for "distributor" or "transport" type licenses.

DISTRIBUTOR. An entity that engages in the distribution of cannabis from a licensed commercial cannabis business and transporting it for sale or other purposes necessary for operations to another commercial cannabis business. This definition shall encompass all distributor or transport type licenses issued by the DCC.

EVENT ORGANIZER. A person or commercial cannabis business who engages in the organizing and operating of a cannabis event.

FINANCE DIRECTOR. The Finance Director of the City of Red Bluff, including their designee.

FIRE CHIEF. The Fire Chief of the City of Red Bluff Fire Department, including their designee.

INDOOR CULTIVATION. The cultivation of cannabis within a permanent structure using exclusively artificial light or within any type of structure using artificial light at a rate above 25 watts per square foot, and includes mixed-light cultivation.

LICENSE OR STATE LICENSE. A license issued by the State of California, or one of its departments or divisions, under MAUCRSA, and any subsequent State of California legislation or regulations regarding the same, to lawfully engage in commercial cannabis activity.

LICENSEE. Any person holding a license issued by the State of California to conduct commercial cannabis business activities.

MANAGER. Any person(s) designated by the commercial cannabis business to act as the representative or agent of the commercial cannabis business in managing day-to-day operations with corresponding liabilities and responsibilities, and/or the person in apparent charge of the premises where the commercial cannabis business is located. Evidence of management includes, but is not limited to, evidence that the individual has the power to direct, supervise, hire and dismiss employees, controls hours of operations, creates policy rules, and purchases supplies.

MANUFACTURE. To compound, blend, extract, infuse, dilute, or otherwise make or prepare a cannabis product. Manufacture shall also have the same meaning as in California Business and Professions Code § 26001, as same may be amended from time to time.

MARIJUANA. Shall have the same meaning as cannabis.

MEDICINAL/MEDICAL CANNABIS. Any cannabis or cannabis product(s), intended to be cultivated, possessed, remunerated or donated, for use pursuant to the Compassionate Use Act of 1996 (California Health and Safety Code § 11362.5) and/or the Medical Marijuana Program Act (California Health and Safety Code § 11362.7) by any qualified individual on behalf of any qualified patient who possesses a physician's recommendation or approval to use cannabis for medicinal purposes.

MICROBUSINESS. A business which would be required to obtain a DCC microbusiness license and who is engaged in at least three of the following commercial cannabis activities: cultivation (less than 10,000 square feet), manufacturing (non-

volatile), distribution, and retailer as defined within this chapter.

MIXED LIGHT CULTIVATION. Cultivation using a combination of natural sunlight and supplemental artificial lighting that may also include light deprivation mechanisms, as defined by state regulation. This term refers to various types of greenhouses, whereby all cannabis plants are not legally visible or accessible to the public, and the rooftop of the structure is transparent or translucent to natural light, with the walls and ingress/egress points being secured, opaque and obstructed from public view and access. For the purposes of this chapter, mixed light is included within the meaning of indoor cultivation.

NON-VOLATILE MANUFACTURER. An entity engaging in the manufacture of cannabis whereby the use of any mechanical methods, solvent or extraction medium used in the extraction, concentration or dilution of cannabis that is not a volatile solvent as defined by the DCC. For purposes of this chapter, such solvents and mediums include, but are not limited to: lipids; vinegars; glycerin; heat; cold; water; ice; pressure; carbon dioxide; and ethanol. This definition shall comply with the definition set forth by the DCC and includes all cannabis manufacture methods not explicitly deemed volatile by the DCC.

OPERATION. Any act for which a license is required under state law for commercial cannabis activities or any commercial transfer of cannabis or cannabis products. **OPERATION** shall also have the same meaning as in California Business and Professions Code § 26001, as same may be amended from time to time.

OUTDOOR CULTIVATION. Any cultivation of cannabis that does not occur within a fully enclosed structure and/or the contents of that structure are visible from any public right-of-way.

OWNER, OWNING, OWNERSHIP. Any of the following, or a group or combination of any of the following acting as a unit: a person with an aggregate ownership interest of 5% or more in the business applying for CCBP, whether a partner, shareholder, principal, member, or the like, unless the interest is solely a security, lien, or encumbrance.

PATIENT or QUALIFIED PATIENT. The same definition as California Health and Safety Code §§ 11362.5 and 11362.7 *et seq.* (as it may be amended) and which means a person who is entitled to the protections of California Health and Safety Code § 11362.5.

PERMITTEE. Any person holding a commercial cannabis business permit issued by the city authorizing the holder to engage in a locally authorized commercial cannabis business.

PERSON. Any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit or entity, and the plural as well as the singular. For the purposes of this chapter, **PERSON** also includes any subsidiaries, affiliates, solely owned entities or “doing business as” filings that involve more than name changes only. The intent of this definition is to prevent the obfuscation of ownership and to remove the potential for monopolies being held in the commercial cannabis sector within city limits.

PERSONAL CULTIVATION. Includes cultivation of adult use cannabis by natural persons for their own use pursuant to California Health and Safety Code § 11362.2, and medical cannabis by patients for their own use or by primary caregivers for a patient’s use within the meaning of the Compassionate Use Act of 1996, California Health and Safety Code § 11362.5 and the Medical Marijuana Program Act, California Health and Safety Code § 11362.7.

POLICE CHIEF. The Chief of the City of Red Bluff Police Department, including their designee.

POSSESSION. Any activities involving the possession, storage, or transportation of cannabis.

PREMISES. The designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant where the commercial cannabis business will be or is being conducted.

PRIMARY CAREGIVER. Shall have the same meaning as set forth in California Health and Safety Code, §§ 11362.5 and 11362.7.

PUBLIC WORKS DIRECTOR. The Public Works Director of the City of Red Bluff, including their designee.

QUALIFIED INDIVIDUAL. Shall have the same meaning as set forth in California Health and Safety Code, §§ 11362.5 and 11362.7.

RESPONSIBLE PERSON. All owners and operators of a commercial cannabis business, including the permittee and all officers, directors, or partners.

RETAILER-DELIVERY or NON-STOREFRONT RETAILER. A non-storefront, delivery only retailer as a commercial cannabis business facility where cannabis, cannabis products, either individually or in any combination, are for retail sale to customers; where the premises are non-storefront, closed to the public, and sales are conducted exclusively by delivery; where a vehicle is used to convey the cannabis or cannabis products to the customer from a fixed location; and where the operator is authorized by the City of Red Bluff to operate as a retailer, and holds a valid California Department of Cannabis Control License as required by state law to operate as a retailer. This definition shall comply with the definition set forth by the Department of Cannabis Control as it may change for non-storefront retailers.

RETAILER-STOREFRONT or STOREFRONT RETAILER. A storefront retailer of a commercial cannabis business facility where cannabis, cannabis products, or cannabis accessories are offered, either individually or in any combination, for retail sale to customers at a fixed location, including an establishment that also offers delivery of cannabis and cannabis products as part of a retail sale, and which are open to the public, and where the operator is authorized to operate in the city as a retailer, and holds a valid California Department of Cannabis Control License as required by state law to operate as a

retailer. This definition shall comply with the definition set forth by the Department of Cannabis Control as it may change.

REVOKE/REVOCAION. To render null, void and vacate entirely any entitlement or permit without intent to grant again, return or otherwise reinstate.

SCHOOL. Has the same meaning as "educational institution" as defined in California Education Code § 210.3.

SELL, SALE and TO SELL. Includes any transaction whereby, for any consideration, title to or ownership of cannabis or cannabis products are transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased, and does not include nontransferable exchanges of cannabis where the receiving party has prior ownership interest before harvest (otherwise known as "direct access").

STATE LAW. All laws of the State of California and includes any duly adopted regulation set forth in the California Code of Regulations.

STATE REGULATIONS. Those regulations issued by the State of California, through its respective departments and/or divisions, pursuant to California Business and Professions Code § 26013, including those set forth in the California Code of Regulations Title 4, Division 19, as may be amended from time to time, to implement, interpret, administer and enforce the Act, and providing licensing and enforcement criteria for commercial and medicinal cannabis activities and businesses.

TAC. The City of Red Bluff Technical Advisory Committee, as set forth in Chapter 2 of this code.

TESTING LABORATORY. A laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products. **TESTING LABORATORY** shall also have the same meaning as in California Business and Professions Code § 26001(at), as same may be amended from time to time. This definition shall remain compliant with the definition of **TESTING LAB** as it may be updated by the DCC.

TRANSPORT. The transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee for the purposes of conducting commercial cannabis activity authorized by law and which may be amended or repealed by any subsequent State of California legislation regarding the same.

VOLATILE MANUFACTURER. An entity engaging in the use of volatile substances to process and manufacture cannabis and produce cannabis products using the full capacity of techniques, chemicals and solvents allowed by the DCC to manufacture cannabis, cannabis products, and/or cannabis concentrates, or to package/repackage cannabis products. This definition shall encompass the full range of cannabis manufacture activities as they may be updated by the DCC.

YOUTH CENTER. Has the same meaning as set forth in California Health and Safety Code § 11353.1.

(Ord. 1063, passed 2-15-2022)

§ 6B.6 TYPE OF COMMERCIAL CANNABIS BUSINESSES ALLOWED; ACTIVITIES PROHIBITED.

(A) *Allowed.* The following types of licensees may be allowed to operate as commercial cannabis businesses within the city, provided such licensee and/or business has first obtained a CCBP, a business license and the appropriate state-issued license(s):

- (1) Testing laboratory;
- (2) Distributor;
- (3) Volatile manufacturer;
- (4) Non-volatile manufacturer;
- (5) Retailer-delivery only;
- (6) Retailer-storefront;
- (7) Indoor cultivator;
- (8) Microbusiness; and
- (9) Cannabis event organizer.

(B) *Prohibited.* The following types of state licenses are prohibited from operating in the city:

- (1) Outdoor commercial cannabis cultivation; and
- (2) Cannabis events.

(Ord. 1063, passed 2-15-2022)

§ 6B.7 PERSONAL CULTIVATION.

(A) *Compliance with state law.* Unless otherwise authorized by this chapter, no person shall cultivate cannabis, except for cultivation that is by and for a natural person's sole personal use, or by a qualified primary caregiver who cultivates medical

cannabis on behalf of a qualified patient(s), and that occurs solely within a private residence or lawfully existing fully enclosed accessory building or structure thereto, including greenhouses and similar structures whose contents are not visible from the public right-of-way, pursuant to the requirements and limitations of California Health and Safety Code § 11362.2 and this chapter.

(B) *Outdoor prohibition.* Outdoor cultivation is prohibited in all zoning districts of the city, unless and until the City Council resolves by majority vote to allow outdoor cultivation consistent with the provisions of this chapter.

(C) *General requirements for personal cultivation.*

(1) The requirements listed herein are applicable to all personal cannabis cultivation within the city. The right of any person under state law to cultivate cannabis for medicinal or adult use does not confer upon them the right to create or maintain a public nuisance.

(2) Indoor personal cultivation of cannabis may only be conducted inside a lawfully existing dwelling and/or accessory building or structure on the same parcel by an adult who lawfully resides at that property.

(3) Buildings and/or structures and equipment used for indoor cultivation, including but not limited to grow lights, shall comply with all applicable provisions of this code and state law, including but not limited to the building, electrical and fire codes. Personal cultivation of cannabis shall not interfere with the primary occupancy of the building or structure, including regular use of kitchen(s), bathroom(s) or the garage.

(4) No exterior evidence of cannabis cultivation shall be discernible from the public right-of-way.

(5) Nothing in this section authorizes modifications to any property, building and/or structure thereon in violation of this code and/or state law.

(D) *Medicinal cannabis.*

(1) Medicinal cannabis shall be cultivated by a qualified patient or primary caregiver exclusively for the medical purposes of qualified patients, in accordance with the Compassionate Use Act, the Medical Marijuana Program Act and MAUCRSA.

(2) Medicinal cannabis shall only be cultivated by a qualified patient or primary caregiver of at least 18 years of age, and such cultivation must be conducted pursuant to applicable state law and guidelines, including the California Attorney General's Guidelines for the Security and Non-Diversion of Cannabis Grown for Medical Use.

(E) *Adult use cannabis.*

(1) Adult use cannabis shall only be cultivated by a person 21 years of age or older.

(2) The cumulative total of cannabis plants on the property shall not exceed six plants, regardless of the number of persons residing on the property.

(F) *Property owner rights.*

(1) Nothing in this chapter is intended, nor shall it be construed, to preclude any owner of real property from limiting or prohibiting personal cultivation of cannabis on their property by any person, including tenants.

(2) For the purposes of this section, the property owner's intentions regarding cannabis shall be evidenced by language within written rental or lease agreements.

(3) Property owners that allow personal cultivation of cannabis or commercial cannabis activities on their property, in accordance with California laws and this chapter, on that basis shall not be liable for tenant's compliance or noncompliance with state and local laws.

(4) Property owners that limit or prohibit personal cultivation of cannabis or commercial cannabis activities on their property on that basis shall not be liable for tenant's compliance or non-compliance with state and local laws.

(Ord. 1063, passed 2-15-2022)

ARTICLE II: COMMERCIAL CANNABIS BUSINESS PERMIT

Section

- 6B.15 Commercial cannabis business permit required
- 6B.16 Number of commercial cannabis businesses allowed
- 6B.17 Location limitations
- 6B.18 Submission of commercial cannabis business permit applications
- 6B.19 Commercial cannabis business permit application process
- 6B.20 Competitive application selection process
- 6B.21 Effect of state license expiration, suspension or revocation

6B.22 Permit renewal

6B.23 Revocation or suspension of commercial cannabis business permits

6B.24 Appeals

§ 6B.15 COMMERCIAL CANNABIS BUSINESS PERMIT REQUIRED.

(A) No person may engage in any commercial cannabis activity within the city unless the person:

(1) Has a valid CCBP issued by the city;

(2) Has a valid state license;

(3) Any other applicable approvals, including, but not limited to, a building permit, city business license, and a development agreement; and

(4) Is currently in compliance with all applicable state and local laws and regulations pertaining to the commercial cannabis activity including but not limited to the requirements of this chapter.

(B) (1) It shall be unlawful to rent, lease, or otherwise permit any commercial cannabis activity at any location, structure, or vehicle in the city by a person:

(a) That does not have a valid CCBP issued by the city;

(b) That does not have a valid state license;

(c) That does not have any other applicable approvals, including, but not limited to, a building permit and city business license; or

(d) That is not currently in compliance with all applicable state and local laws and regulations pertaining to the commercial cannabis activity.

(2) Property owners shall have strict liability for any commercial cannabis activity at any location, structure, or vehicle in the city by a person:

(a) That does not have a valid CCBP issued by the city;

(b) That does not have a valid state license; or

(c) That does not have any other applicable approvals, including, but not limited to, a building permit and city business license.

(C) A copy of the CCBP shall be displayed at all times in a place visible to the public. The CCBP shall be issued to the specific person or persons listed on the cannabis permit application and list the authorized business entity if applicable.

(D) A CCBP shall not be issued to any person, and no person shall engage in any commercial cannabis activity and/or have any ownership interest in a commercial cannabis business, nor shall a person be employed by or work in a commercial cannabis business, who has been convicted of a felony within the past seven years, unless that felony has been dismissed, withdrawn, expunged or set aside pursuant to California Penal Code §§ 1000, 1203.4 or 1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance, or who is required to register as a sex offenders pursuant to California Penal Code § 290. Exempted from these prohibitions is a conviction for a felony involving cannabis where the underlying offense has subsequently been designated as a misdemeanor or infraction or decriminalized pursuant to the provisions of MAUCRSA or other state law.

(E) Applicant shall be responsible for all fees and noticing obligations required for processing all permits.

(F) Permittees shall be and remain in compliance with all applicable state and local laws and regulations pertaining to engaging in, conducting or operating a commercial cannabis business. Permittee shall obtain any applicable state license prior to commencing operations.

(G) The City Manager shall have the authority to adopt rules and/or regulations governing the implementation of this chapter.

(H) In addition to any other requirement of this chapter, no CCBP shall be issued to any cannabis business unless and until a development agreement has been entered into by the applicant and the city pursuant to the procedures set forth in Chapter 25, Article XXVII. Such development agreement may include provisions for specified public benefit payments to the city by the applicant or permittee.

(Ord. 1063, passed 2-15-2022)

§ 6B.16 NUMBER OF COMMERCIAL CANNABIS BUSINESSES AUTHORIZED.

(A) The maximum numbers of commercial cannabis businesses that may be issued a CCBP per classification are as follows:

(1) Retailer-storefront: three.

- (2) Retailer-non-storefront: no maximum.
- (3) Testing laboratory: no maximum.
- (4) Manufacturer: no maximum.
- (5) Distributor: no maximum.
- (6) Indoor cultivator: no maximum.
- (7) Microbusiness: no maximum.
- (8) Cannabis event organizer: no maximum.
- (9) Outdoor commercial cultivation: zero.

(B) Each year following the initial award of permits, or at any time, the City Council may, in its sole and absolute discretion, establish by resolution the number of CCBPs which can be issued per each classification. The number of CCBPs can remain the same, be reduced, or be increased. However, nothing in this section shall authorize the revocation or non-renewal of an existing CCBP solely due to a reduction in the number of permits authorized for issuance.

(C) No person may have an ownership interest in more than one commercial cannabis business in the city for a retailer-storefront business.

(Ord. 1063, passed 2-15-2022)

§ 6B.17 LOCATION LIMITATIONS.

(A) Commercial cannabis businesses shall only be located in those zoning districts as set forth in Chapter 25.

(B) No commercial cannabis business may be located within a 600 foot linear radius measured from property line to property line of a school, day care center or youth center that is in existence at the time of submission of a completed initial application for a CCBP. This prohibition shall not apply to any subsequent renewal of a CCBP.

(Ord. 1063, passed 2-15-2022)

§ 6B.18 SUBMISSION OF COMMERCIAL CANNABIS BUSINESS PERMIT APPLICATIONS.

(A) Following the effective date of this chapter, the Director shall make available the necessary forms, adopt any necessary application rules for the submission, intake, review, and approval of CCBP applications not otherwise set forth in this chapter, and establish dates upon which applications will be accepted.

(B) For those classifications for which only a limited number of CCBPs are authorized, the Director shall establish an initial period of not less than 30 days by which all such applications must be submitted. If the number of applications submitted in this initial period exceeds the maximum number of CCBPs authorized, the procedure set forth in § 6B.20 for competitive applications shall be utilized to award permits.

(C) Any person applying for a CCBP under this chapter shall submit a completed application therefor on the forms promulgated by the Director along with any additional required documents and fees.

(D) The Director shall accept for processing applications meeting the requirements set forth in this section. Any applications not adhering to the requirements set forth herein, or which demonstrate an inability to comply with the requirements of this chapter may be rejected. The application shall include the following information, in addition to any additional information deemed necessary by the city to process the application:

- (1) Payment of fees;
- (2) Application is filled out completely;
- (3) The address, suite number (if applicable) and Assessor’s parcel number of the property on which the proposed business shall be located;
- (4) The name, address, and contact information for the business owner(s). If the owner is a corporation, limited liability company, partnership or other type of entity, legal documents outlining the business structure shall be provided, along with the name, address and contact information for each officer. The following documents, if applicable to the business structure, shall be provided:
 - (a) Articles of incorporation;
 - (b) Articles of organization;
 - (c) Certificate of limited partnership;
 - (d) Statement of partnership authority; and
 - (e) Fictitious name statements;
- (5) For each owner/officer:

- (a) Copy of Social Security card;
 - (b) Copy of Department of Motor Vehicles (DMV) issued driver's license, DMV issued ID card or passport;
 - (c) Proof of address (DMV issued driver's license, DMV issued ID card and/or recent utility bill in owner/officer's name); and
 - (d) Percentage of ownership interest held in the applicant entity;
 - (6) A completed live scan application for each owner/officer on a form specified by the Director for all owners holding more than 20% financial interest in the applicant entity;
 - (7) The name and address of the applicant's current agent for service of process;
 - (8) A completed city business license application. Applicant has signed all indemnity, liability, disclosure or other legal agreements required under this chapter;
 - (9) Applicant has agreed that upon approval from the State of California for commercial cannabis activity that they shall provide the Director with a copy of all documents submitted to the State of California upon request; and
 - (10) Applicant has attested under penalty of perjury that all information submitted is truthful, accurate, and whole; and that nothing has been altered to misrepresent fact by lie or omission.
- (E) Should the Director determine that the application is missing and/or needs further information, they may so notify the applicant in writing. The failure of the applicant to provide the requested information with ten business days shall cause the application to be rejected.
- (F) All information submitted by applicants shall be true, correct, whole, and be free of any material misrepresentation of fact, lie or omission.

(Ord. 1063, passed 2-15-2022)

§ 6B.19 COMMERCIAL CANNABIS BUSINESS PERMIT APPLICATION PROCESS.

- (A) Approval of a permit under this section grants applicants ability to seek state licensing. Issuance of a license by DCC to the applicant for the specified commercial cannabis activity is required prior to any commercial cannabis business engaging in commercial cannabis activity.
- (B) The Director, after receiving the application and the required information, and except for competitive applications, shall grant the permit, if they find all the following:
- (1) The application complies with all the requirements of this chapter;
 - (2) The applicant has not knowingly made a material misrepresentation in the application;
 - (3) The applicant has not had a CCBP denied or revoked for cause by the city within the last five years prior to the date of the application; and
 - (4) The commercial cannabis business, as proposed by the applicant would comply with all applicable provisions of state law and this code, including, but not limited to this chapter and all health, zoning, fire and safety requirements.
- (C) Upon determination by the Director that an application is in compliance with this chapter and Chapter 25, such application shall be approved and issued a CCBP within ten business days, except for competitive applications as provided for in this chapter and/or for those applications that require a development agreement. Upon approval, permittees must obtain licensing from the DCC prior to operating.
- (D) Competitive applications for which the Director has made a determination that such application is in compliance with this chapter shall be authorized to proceed to the competitive application selection process and shall be so notified within ten business days.
- (E) If any of the items listed in this section are not met or provided, the Director may notify the applicant of the deficiency in writing, after which the applicant will have ten business days from the date of notice to correct the deficiency. If the deficiency is not corrected to the satisfaction of the Director within ten business days, the Director may deny the permit.

(Ord. 1063, passed 2-15-2022)

§ 6B.20 COMPETITIVE APPLICATION SELECTION PROCESS.

- (A) The Director shall establish objective review criteria consistent with this section utilizing a point system or equivalent quantitative evaluation scale. Following notification under § 6B.19, applicants shall submit a supplemental statement indicating which criteria they meet, along with evidence and/or documentation in support thereof, in a form and manner established by the Director.
- (B) (1) The objective review criteria established shall include at a minimum the following elements:
- (a) Community engagement;
 - (b) Local business partnerships; and

(c) Living wage provisions.

(2) The Director may establish additional elements in their discretion to be included in the objective review criteria in order to select qualified applicants.

(C) Within 60 days of the deadline to submit applications the Director shall evaluate each application, based upon the objective review criteria. After the initial review, ranking, and scoring under the objective review criteria, the Director will make a final determination in accordance with this section and shall so notify all applicants. There shall be no right to appeal the ranking and/or scoring of applications.

(D) Upon notification that an applicant has met the objective review criteria and is otherwise eligible to receive a CCBP, the applicant must enter into a negotiated development agreement with the city within 120 days. Failure to enter into a development agreement shall render the applicant ineligible to receive a CCBP for that property. Should an applicant become ineligible to receive a CCBP, the next highest scoring applicant, if any, shall be notified that they have 120 days to enter into a negotiated development agreement. The time periods required under this section shall not include the time required for public hearings as set forth in § 25.247 and may be extended upon mutual written agreement of the applicant and the city. There shall be no right under this chapter to appeal a decision of the City Council not to enter into a development agreement and/or any subsequent ineligibility of an applicant for a CCBP.

(E) The Director may delegate his or her duties hereunder to the TAC, or to other body established by the city to review and score applications. Members of the TAC and/or any other body shall be subject to all conflict-of-interest provisions of state and local law, including but not limited to the Political Reform Act, California Government Code § 81000 *et seq.*

(F) For purposes of this section, the following principals shall apply in establishing the minimum elements of objective review criteria and points to be awarded therefore:

(1) *Community engagement.* Shall include past, present or planned activities that demonstrate understanding of the City of Red Bluff community, its values, how the commercial cannabis business plans to integrate into the community, and involvement with local non-profits/charitable/volunteer organizations.

(2) *Local business partnerships.* Shall include past, present or planned partnerships with, including the procurement of goods and services from, businesses located within the city.

(3) *Living wage provisions.* Shall mean a binding commitment by the commercial cannabis business to provide wages to each employee that exceeds the Tehama County area median income by a minimum of 120% exclusive of any bonuses or commissions and may include a commitment to hire and retain a specified number of residents of the city, enter into a labor peace agreement below the minimum number of employees mandated by state law, and/or other employee benefits such as paid leave, health insurance and similar factors.

(G) Any permit awarded under this section may include conditions of approval requiring that the commercial cannabis business permittee comply with the objective review criteria set forth in its supplemental statement or otherwise committed to during the application process.

(Ord. 1063, passed 2-15-2022)

§ 6B.21 EFFECT OF STATE LICENSE EXPIRATION, SUSPENSION OR REVOCATION.

(A) Suspension or expiration of a state license issued to a commercial cannabis business shall immediately suspend the ability of that commercial cannabis business to operate within the city, and shall serve to suspend the CCBP, unless the state reinstates or reissues the state license within 90 days. Should the state license remain suspended or expired for 90 days or longer, any CCBP issued pursuant to this chapter shall expire and be of no further force and effect. Should the state revoke or terminate the license of a commercial cannabis business for cause, such revocation or termination shall also serve to revoke or terminate the CCBP and the ability of a commercial cannabis business permitted pursuant to this chapter, including any owner or manager thereof, to operate any commercial cannabis business within the city for a period of five years from the date of such revocation or termination.

(B) A permittee shall have no right to appeal the expiration, suspension or revocation of a CCBP or the ability to operate a commercial cannabis business under this chapter that is based on the status of their state license; provided, however, an owner or manager thereof may appeal their prohibition from operating another commercial cannabis business in the city. Such appeal shall be based on the hearing procedures set forth in this chapter. The burden shall at all times be on the appellant to show good cause why the prohibition should be reversed or modified.

(Ord. 1063, passed 2-15-2022)

§ 6B.22 PERMIT RENEWAL.

(A) All commercial cannabis business permits may be renewed annually one year after the date of issuance. Permit renewals shall be initiated not more than 90 days prior to the specified renewal date.

(B) Permit renewals shall be granted so long as the commercial cannabis business remains in compliance with this chapter and submits the renewal fee adopted pursuant to § 6B.38.

(C) Renewals not submitted in a timely fashion shall be subject to a late renewal fee adopted pursuant to § 6B.38.

(D) Any permit expired and not renewed within 60 days shall be void on the sixty-first day.

§ 6B.23 REVOCATION OR SUSPENSION OF COMMERCIAL CANNABIS BUSINESS PERMITS.

(A) *Grounds.* A CCBP may be revoked or suspended by the Director on any of the following grounds:

- (1) Where the Director has found and determined that the preservation of the public health, safety, peace and welfare necessitate revocation of said permit;
- (2) Where the permittee, the commercial cannabis business and/or any owner, manager or any employee thereof has violated or is in violation of any applicable provisions of this chapter, other applicable provisions of this code and/or any other applicable provision of state law;
- (3) Where a permit has been granted on false or fraudulent evidence, testimony, or application; or
- (4) Where the permittee, commercial cannabis business and/or any owner, manager or employee thereof has violated or is in violation of the terms and provisions of said permit.

(B) *Factors for suspension or revocation.* The Director may consider, but is not limited to, the following factors in deciding whether a permit should be suspended or revoked in accordance with this chapter, as applicable:

- (1) The nature and severity of the acts, offense, or crimes under consideration;
- (2) Any corrective action taken by the permittee;
- (3) Prior violations at the permitted premises by the permittee and the effectiveness of prior corrective action;
- (4) Previous sanctions imposed against the permittee;
- (5) The number and/or variety of current violations;
- (6) The likelihood of recurrence;
- (7) All circumstances surrounding the violation;
- (8) Whether the violation was willful;
- (9) Any actual or potential harm to the public;
- (10) The length of time the permit has been held by the permittee;
- (11) Evidence of expungement proceedings under California Penal Code § 1203.4; and
- (12) Any other factor that makes the situation unique or the violation of greater concern, with respect to the permittee or the permitted premises.

(C) *Hearing prior to suspension or revocation.* No permit shall be suspended or revoked, unless based on the suspension and/or revocation of a state license, until said permittee has had an opportunity for a hearing before the Director. The Director may delegate this duty to the Technical Advisory Committee.

(D) Written notice of the revocation or suspension, the reasons therefore and the requirement to request a hearing shall be given by certified mail to a permittee's last known mailing address or by such other method reasonably calculated to provide notice.

(E) The revocation or suspension shall be final and effective after ten calendar days following the date of mailing set forth in division (D), unless the permittee files an application for a hearing with the City Clerk prior to such effective date. There shall be no cost to the permittee for such a hearing under this section.

(F) Except as otherwise provided in division (G), the hearing shall be commenced within 30 calendar days of the filing of an application for hearing, unless the city and permittee agree otherwise. Hearings conducted pursuant to this section shall be open to the public, shall not be conducted according to the technical or traditional rules relating to evidence, and shall provide, personally or by counsel or both, an opportunity for permittee to defend and present evidence on their behalf. At least ten calendar days prior to the hearing, permittee shall be provided with any documentation upon which the revocation or suspension is based. Following the close of the hearing, the Director or TAC shall within 30 days render a written decision, which if by the TAC shall be based upon a majority vote thereof, whether or not to impose revocation or suspension.

(G) Notwithstanding the foregoing, the Director may suspend, pending a hearing, any CCBP where it has been determined by thereby that an immediate suspension of the permit is necessary for the protection of the public health, safety, peace and welfare. In the event of such a suspension, the Director shall, within 12 hours after said suspension, cause to be served upon said business or permittee a written statement containing the grounds for said suspension, any written documentation upon which the revocation is based and a notice of hearing to show cause before the Director or TAC why said permit should not be permanently revoked, which said hearing shall be commenced no later than five calendar days following the service of said notice unless the parties thereto agree otherwise, and thereafter followed by a written decision pursuant to division (F).

(H) Following the hearing, or a waiver thereof by permittee, the Director or TAC may also modify and/or add conditions

and/or requirements of the CCBP in lieu of suspension or revocation.

(I) Appeals from decision of the Director or TAC provided for herein shall be made in accordance with the procedure of § 6B.24.

(Ord. 1063, passed 2-15-2022)

§ 6B.24 APPEALS.

(A) Notice of appeal.

(1) Within ten calendar days after the issuance notice of the decision of the Director or TAC to revoke, suspend, modify or deny the issuance or renewal of a CCBP, the applicant or permittee may appeal such action by filing a written notice of appeal with the City Clerk setting forth the reason why the decision was not proper. The grounds for the appeal shall be stated with specificity. A decision to rank and/or score an application pursuant to § 6B.20 shall not be subject to appeal.

(2) The notice of appeal shall be in writing and signed by the person making the appeal (“appellant”), or their legal representative, and shall contain the following:

(a) Name, address, and telephone number of the appellant;

(b) Specify the decisions, actions, or a particular part thereof, made that are the subject of the appeal;

(c) Include a true and correct copy of the notice and/or decision issued by the Director or TAC for which the appellant is appealing;

(d) State with specificity the reasons and grounds for making the appeal, including, but not limited to, a statement of facts upon which the appeal is based in sufficient detail to enable the City Council, or any appointed hearing officer, to understand the nature of the controversy, the basis of the appeal, and the relief requested;

(e) All available documents or other evidence pertinent to the appeal that the appellant requests the hearing officer or body to consider at the hearing; and

(f) A non-refundable appeal fee, as established by resolution of the City Council.

(3) Failure of the appellant to timely submit a written appeal constitutes a waiver of the right to appeal any appealable notice and/or decision of Director or TAC. In this event, such notice of revocation, suspension and/or other action is final and binding and shall become effective upon the expiration of the period for filing a written notice of appeal.

(4) In the event a written notice of appeal is timely filed, the non-renewal, suspension, revocation, or other action shall not become effective until a final decision has been rendered and issued by the City Council or appointed hearing officer or body.

(B) Appeal hearing and proceedings.

(1) All appellants shall, subject to filing a timely written notice of appeal and payment of fees, be entitled to a hearing before the City Council, or appointed hearing officer or body.

(2) Upon receipt by the City Clerk of a timely-filed appeal, the City Clerk shall place on the next regularly scheduled City Council meeting or earlier special council meeting the question of whether the City Council itself shall hear the appeal. The City Council’s decision shall be limited to whether or not to hear the appeal or delegate that authority and shall not include consideration or discussion of the merits or facts of the appeal. In the event that the City Council does not affirmatively choose to hear such appeal or does not act to appoint another body to serve to hear such appeal, the City Clerk shall obtain the services of a hearing officer from the state Office of Administrative Hearings or other agency or organization that provides neutral hearing officers.

(3) The administrative appeal shall be scheduled no later than 45 days, and no sooner than 30 days, after receipt of a timely-filed notice of appeal, if such appeal is to be heard by the City Council or other city-appointed body. If the state Office of Administrative Hearings or other agency or organization is utilized for such hearing, then the hearing shall be scheduled as expeditiously as possible pursuant to the availability of a hearing officer. The appellant(s) listed on the written notice of appeal shall be notified in writing of the date, time, and location of the hearing at least ten days before the date of the hearing (“notice of appeal hearing”).

(C) At the date, time and location set forth in the notice of appeal hearing, the City Council, or an appointed hearing officer or body, shall hear and consider the testimony of the appellant(s), city staff, and/or their witnesses, as well as any documentary evidence properly submitted for consideration.

(D) The following rules shall apply to the appeal hearing:

(1) The hearing shall be a new (i.e., “*de novo*”) hearing based on a preponderance of the evidence standard. The formal or technical rules of evidence shall not apply. However, irrelevant, collateral, undue, and/or repetitious testimony or other evidence may be excluded. The appellant bears the burden of proof on appeal.

(2) The City Council, or appointed hearing officer or body, may accept and consider late evidence not submitted initially with the notice of appeal upon a showing by the appellant of good cause. The City Council, or appointed hearing officer or body, shall determine whether a particular fact or facts amount to a good cause on a case-by-case basis.

(3) The appellant may bring a language interpreter to the hearing at their sole expense.

(4) All parties may, at their own discretion, record the hearing by stenographer or court reporter, audio recording, or video recording. If the appellant requests from the city that said recording take place, the costs of same shall be deposited with the city at the time the notice of appeal is submitted to the city.

(E) The appellant or their legal representative's failure to appear at the appeal hearing shall constitute both the appellant's waiver of the right to appeal and a failure to exhaust all administrative remedies. In such instance, Director or TAC's notice of decision is final and binding.

(F) *Decision of the City Council, or appointed hearing officer or body; final decision.*

(1) Following the conclusion of the appeal hearing, the City Council, or appointed hearing officer or body shall determine if any ground exists for the non-issuance, non-renewal, suspension or revocation of the commercial cannabis permit or other appealed action and shall issue a written decision within ten business days thereof.

(2) The decision of the City Council, or appointed hearing officer or body, is final and conclusive and is subject to the time limits set forth in California Code of Civil Procedure § 1094.6.

(G) A copy of the final decision shall include notification of the time limits of California Code of Civil Procedure § 1094.6 and be served by certified, first-class U.S. Mail on the appellant. If the appellant is not the owner of the real property in which the commercial cannabis business is located, or proposed to be located, a copy of the final decision may also be served on the property owner by first class mail to the address shown on the last equalized assessment roll. Failure of a person to receive a properly addressed final decision shall not invalidate any action or proceeding by the city pursuant to this chapter.

(Ord. 1063, passed 2-15-2022)



Date: May 14, 2024
To: Willows City Council
From: Marti Brown, City Manager
(on behalf of Mayor Hansen)
Subject: Glenn Groundwater Authority – Council Policy Direction on Surface Water User Classification Definition

Recommendation:

Receive update on the Glenn Groundwater Authority (GGA) 218 process and provide policy direction on the surface water user classification definition options.

Rationale for Recommendation:

The GGA seeks policy feedback and direction from member agencies on the options it has narrowed down for water user classification definitions to be provided to the board of directors by May 17, 2024.

Background:

The Glenn Groundwater Authority (GGA) is updating its fee structure to take effect beginning fiscal year 2024/2025. The current fee structure includes a uniform fee per acre with a maximum fee of \$1.93 per acre. The new fee structure under development currently includes four separate user classifications (Dryland, Surface Water User, Groundwater User, Municipal Water User), each with a different maximum fee. Each parcel will be assigned a single user classification and charged accordingly.

Discussion and Analysis:

Please see Attachment 1 for further discussion and analysis.

Attachment:

Attachment 1: Memo from GGA - Input on Surface Water User Classification Definition

Groundwater Sustainability Agency

225 North Tehama Street, Willows, CA 95988 | 530.934.6540

Memo

To: Glenn Groundwater Authority Member Agencies

From: Glenn Groundwater Authority Board of Directors

Date: May 6, 2024

Subject: Input on Surface Water User Classification Definition

The Glenn Groundwater Authority (GGA) is updating its fee structure to take effect beginning fiscal year 2024/2025. The current fee structure includes a uniform fee per acre with a maximum fee of \$1.93 per acre. The new fee structure under development currently includes four separate user classifications (Dryland, Surface Water User, Groundwater User, Municipal Water User), each with a different maximum fee. Each parcel will be assigned a single user classification and charged accordingly. A User Classification Change Request process will be in place to correct errors in classifications or update classifications based on more current data. The GGA also envisions including a variance process within its fee policy to allow a landowner to request a more refined approach to assign more than one user class per parcel. This process would be especially important for larger parcels with multiple land uses (example: split use of irrigated agricultural crops and non-irrigated habitat).

The GGA has discussed at length various user classification definitions. One outstanding definition, the Surface Water User classification, would benefit from input from the member agencies. It has been requested that each Director discuss the options with its respective agency and provide its preferred option by May 17. The following two options are being considered.

Surface Water User Classification Definition Options

Option 1: Includes parcels within the GGA service area that use surface water as a primary source of water when it is available but may include conjunctive use. All parcels that are within the service district boundary of surface water district will be classified in the Surface Water User fee category.

Option 3: Includes parcels within the GGA service area that use surface water as a primary source of water but may include conjunctive use. Parcels that are within the service district boundary of surface water district will have to opportunity to be classified in the Surface Water User fee category if they provide information to GGA confirming the parcel uses surface water when it is available. A one-time verification of this information shall be provided by **DATE**, 2024, in order to be categorized in the Surface Water User fee category initially. If no such affirmative proof of surface water use is provided, the parcel shall be classified in the Groundwater user fee category.

Two draft user class maps are attached showing Option 1 and Option 3. The Option 3 map does not account for any parcels that may provide the proof of surface water use, and instead shows the scenario that all parcels within the surface water district boundary are classified in the Groundwater User fee category. It seems likely to assume some parcels would convert to the surface water user class.

The other three user classification definitions are provided below for reference.

Dryland User Class – includes parcels within the GGA service area that are considered open space, natural habitat, vacant, dryland farmed or rangeland. Parcels included in this user class have zero to very low groundwater use. This would include parcels that have no groundwater wells or have wells for stock water use or low domestic use only on large parcels consisting of 10 acres or more. This may include parcels located within surface water service area boundaries who have opted out of receiving surface water deliveries or do not use surface water at any time.

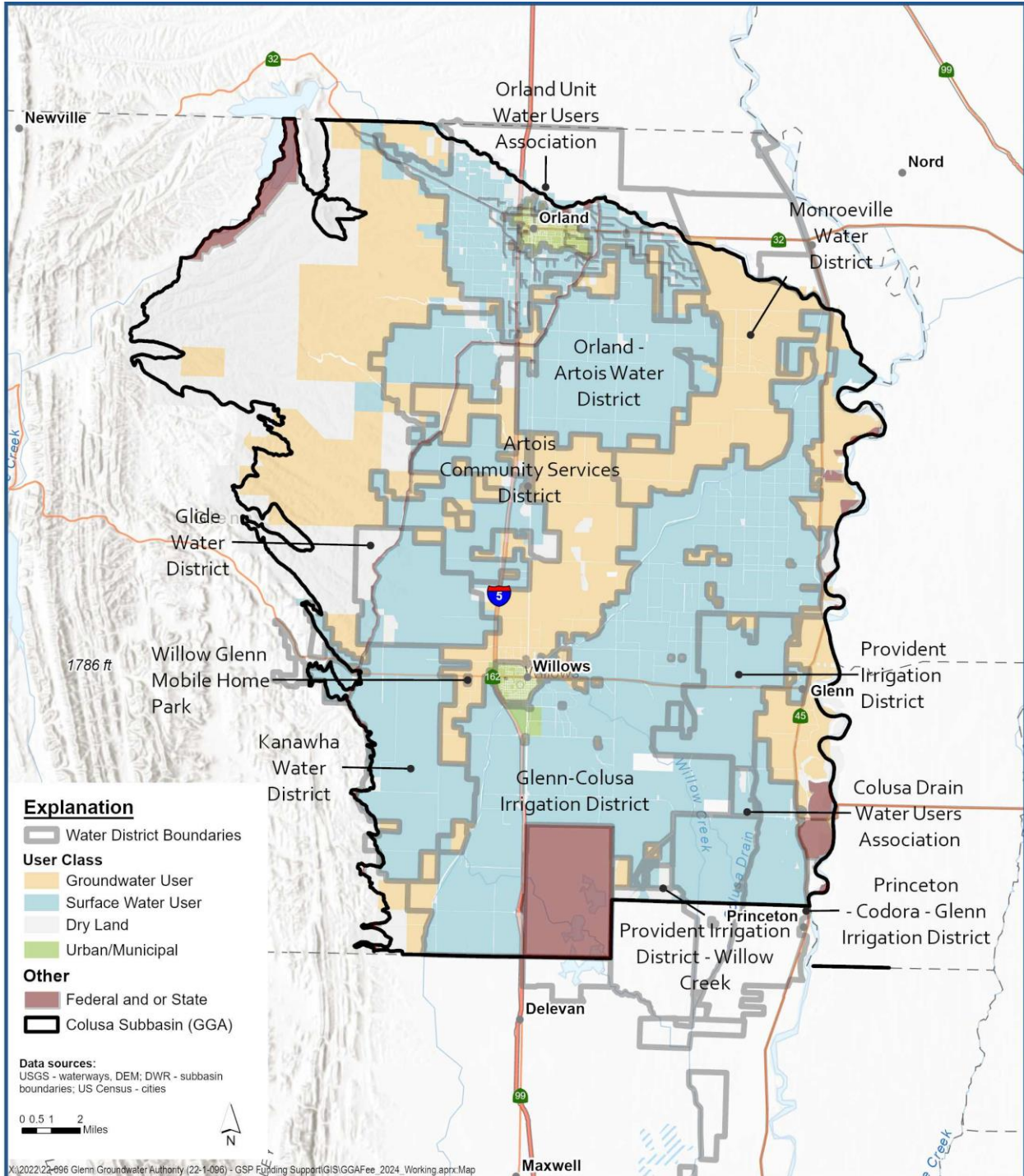
Groundwater User Class – includes parcels within the GGA service area that use groundwater. These parcels will typically have a well(s) on the parcel serving as the primary source of water supply for residential and/or irrigation water uses. Includes parcels located within surface water provider service areas that have opted out of using surface water and/or do not use surface water when its available.

Urban Area User Class – includes parcels within incorporated cities, located within the GGA service area that pay fees to the GGA directly through an annual payment plan. If urban parcels are billed for GGA fees through a local SGMA Fee process users would be charged based on water source (per groundwater or surface water definitions above).

Attachments:

- Draft GGA User Class Map- Option 1
- Draft GGA User Class Map- Option 3

Draft GGA User Class Map- Option 1



- Explanation**
- Water District Boundaries
 - User Class**
 - Groundwater User
 - Surface Water User
 - Dry Land
 - Urban/Municipal
 - Other**
 - Federal and or State
 - Colusa Subbasin (GGA)

Data sources:
 USGS - waterways, DEM; DWR - subbasin boundaries; US Census - cities



X:\2022\22-096 Glenn Groundwater Authority (22-1-096) - GSP Funding Support\GIS\GGAfee_2024_Working.aprx.Map

| Category | Acres* |
|---------------------------------|-------------------|
| Colusa Subbasin Boundary (GGA) | 305,904.97 |
| Federal/State/BIA | 13,950.97 |
| Bureau of Land Management | 75.62 |
| Fish and Wildlife Service | 10620.14 |
| Bureau of Reclamation | 1,487.60 |
| Army Corps of Engineers | 1,767.61 |
| City/County Owned (Unbillable) | 3,924.10 |
| Urban- City (Billed Separately) | 3,733.20 |
| Theoretical | 284,296.70 |

* Acres calculated using GIS for theoretical total

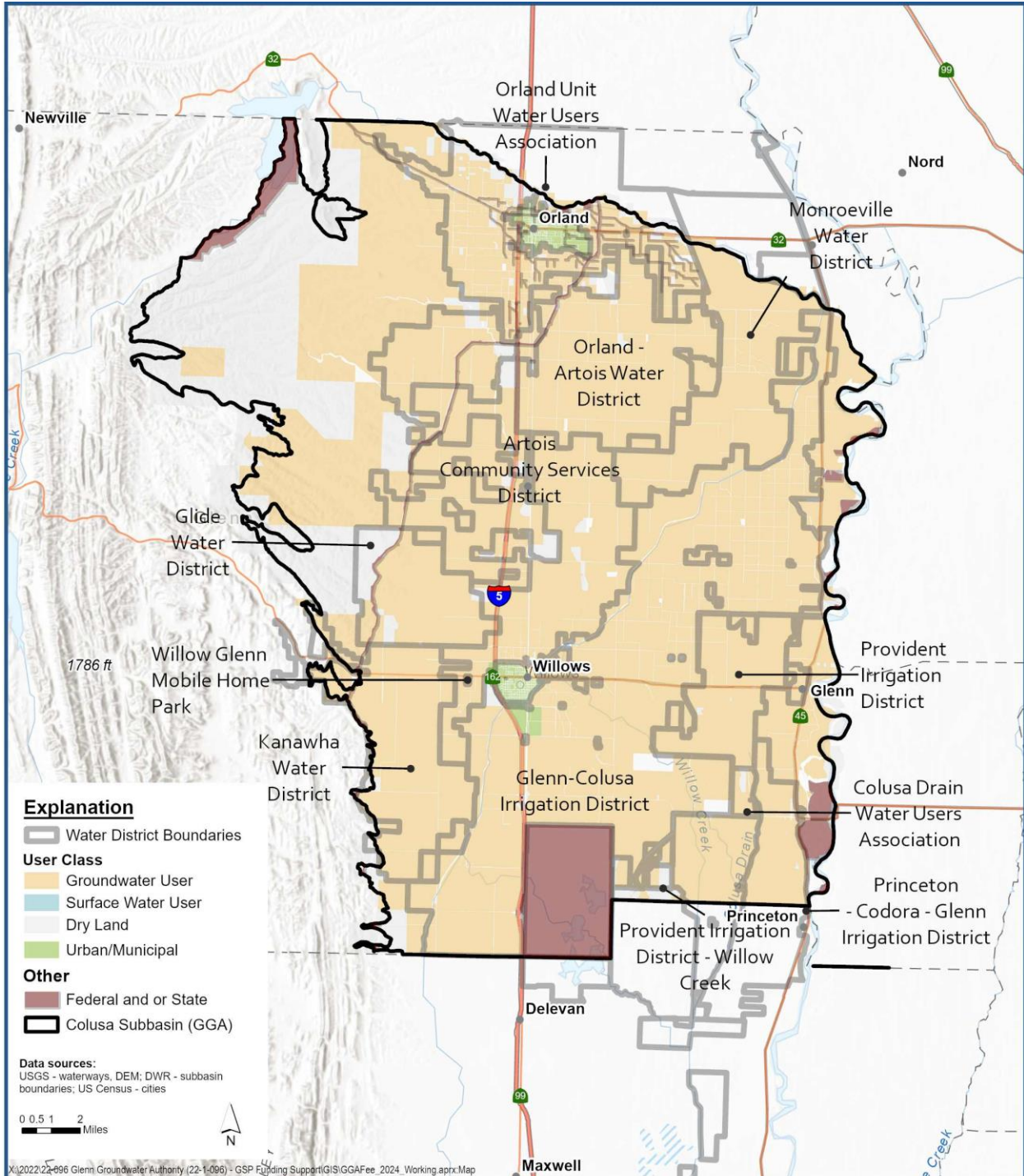
| User Class | Acres* |
|--|-------------------|
| Dry Land | 40,910.78 |
| Groundwater User | 90,055.75 |
| Surface Water User | 161,683.95 |
| Urban/Municipal Water User. Not included in total. | 2,529.64 |
| Total | 292,650.48 |

*Boundary parcel acreage calculated using GIS; Interior parcel acreage from tax roll
 Updated 5/6/2024

Glenn Groundwater Authority GSA (Colusa Subbasin) User Class Map



Draft GGA User Class Map- Option 3



| Category | Acres* |
|---------------------------------|-------------------|
| Colusa Subbasin Boundary (GGA) | 305,904.97 |
| Federal/State/BIA | 13,950.97 |
| Bureau of Land Management | 75.62 |
| Fish and Wildlife Service | 10620.14 |
| Bureau of Reclamation | 1,487.60 |
| Army Corps of Engineers | 1,767.61 |
| City/County Owned (Unbillable) | 3,924.10 |
| Urban- City (Billed Separately) | 3,733.20 |
| Theoretical | 284,296.70 |

| User Class | Acres* |
|--|-------------------|
| Dry Land | 40,910.79 |
| Groundwater User | 251,739.70 |
| Surface Water User | 0.00 |
| Urban/Municipal Water User. Not included in total. | 2,529.63 |
| Total | 292,650.49 |

*Boundary parcel acreage calculated using GIS;
Interior parcel acreage from tax roll
Updated 5/6/2024

Glenn Groundwater Authority GSA (Colusa Subbasin) User Class Map



* Acres calculated using GIS for theoretical total



COMMENTS AND REPORTS



CLOSED SESSION