



**REGULAR MEETING**

**JOINT SAND CITY COUNCIL AND  
SUCCESSOR AGENCY OF THE  
REDEVELOPMENT AGENCY**

**TUESDAY, MAY 3, 2022**

**5:30 PM**

**AGENDA**  
**JOINT SAND CITY COUNCIL AND SUCCESSOR AGENCY OF THE REDEVELOPMENT**  
**AGENCY**

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Regular Meeting - Tuesday, May 3, 2022  
5:30 PM

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**THIS MEETING WILL BE HELD VIRTUALLY AND IS COMPLIANT WITH ASSEMBLY BILL (“AB”) 361, SIGNED INTO LAW ON SEPTEMBER 16, 2021, WHICH AMENDS GOVERNMENT CODE SECTION 54953 TO PROVIDE AUTHORITY FOR PUBLIC AGENCIES TO HOLD VIRTUAL MEETINGS DURING A PROCLAIMED STATE OF EMERGENCY AND REMAIN IN COMPLIANCE WITH THE BROWN ACT (GOV. CODE §§ 54950 ET SEQ.).**

**TO PARTICIPATE IN THE ZOOM COUNCIL MEETING LIVE:**

**<https://us02web.zoom.us/j/4614728829>**

**Meeting ID: 461 472 8829**

**To participate telephonically by calling the number below:**

**(669) 900-6833**

**Meeting ID: 461 472 8829#**

**If prompted to enter a participant ID, press #**

**How to submit written Public Comments:**

If any member of the public would like to provide written comments at the meeting, please do as set forth below.

Written: All comments received before 8:00 am the day of the meeting will be posted on the City’s website as “Correspondence” under the relevant agenda item and provided to the City Council members at the meeting. Please email your comments to [connie@sandcityca.org](mailto:connie@sandcityca.org).

Read Aloud During the Meeting: Email your comments to [connie@sandcityca.org](mailto:connie@sandcityca.org) when the Mayor opens the public comment period for the relevant agenda item; please indicate the agenda item and title in your email subject line. If you want your comment read aloud, prominently write “Read Aloud at Meeting” at the top of the email and your comments will be read into the record (not to exceed three minutes at staff’s cadence).

DURING EACH MEETING, members of the public may participate by calling and speaking live during the designated time(s), subject to time limits that may be imposed pursuant to the Brown Act at the number provided above.

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- 1. ROLL CALL**
- 2. PLEDGE OF ALLEGIANCE**
- 3. INVOCATION**

**4. ANNOUNCEMENT BY MAYOR, CITY ATTORNEY, CITY MANAGER & CITY STAFF**

**5. COMMUNICATIONS**

Members of the public may address the City Council/Successor Agency on matters not appearing on the City Council/Successor Agency Agenda at this time for up to three minutes. In order that the City Clerk may later identify the speaker in the minutes of the meeting, it is helpful if speakers state their names. Public comments regarding items on the scheduled agenda will be heard at the time the item is being considered by the City Council/Successor Agency.

The City Council Chambers podium is equipped with a portable microphone for anyone unable to come to the podium. If you need assistance, please advise the City Clerk as to which item you would like to comment on and the microphone will be brought to you.

**6. CONSENT CALENDAR**

The Consent Agenda consists of routine items for which City Council approval can be taken with a single motion and vote. A Council member may request that any item be placed on the Regular Agenda for separate consideration.

6A. Approval of April 19, 2022 Sand City Council Meeting Minutes  
[4.19.22 Minutes.pdf](#)

6B. Approval of City RESOLUTION Authorizing a Service Agreement for Auditor Services by Hayashi & Wayland for Fiscal Year 2021-2022 at a cost not to exceed \$65,500  
[Staff Report.Hayashi & Wayland Audit Services.pdf](#)  
[Resolution. Authorizing a Service Agreement for Auditor Services for FY 2021-2022.pdf](#)

6C. Approval of City RESOLUTION Calling for November 8, 2022 General Municipal Election, Requesting the County Elections Department to Conduct the Election, and Requesting Consolidation of the Election  
[Staff Report.Calling for Election 2022.pdf](#)  
[Resolution.2022 Election.pdf](#)

6D. Approval of City RESOLUTION Authorizing the Extension of Remote Teleconference Meetings of the City Council and Boards, Commissions, and Committees for the Period of May 19, 2022 through June 18, 2022 pursuant to AB 361 and Ralph M. Brown Act Provisions  
[Resolution. Authorizing the Extension of Remote Teleconference Meetings.pdf](#)

**7. CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

**8. NEW BUSINESS**

8A. Discussion of Cost of Living Adjustment for Miscellaneous Employees  
[Memo.Consideration of Miscellaneous Employee COLA for FY 2022-2023.pdf](#)

8B. Discussion and Direction on Commercial Cannabis Ordinance  
[Staff Report.Discussion and Direction on Commercial Cannabis Ordinance.pdf](#)  
[Draft Cannabis Ordinance.pdf](#)

8C. Consideration of Naming Park for the South of Tioga project  
[Staff Report.Consideration of Naming of City Park in South of Tioga Project.pdf](#)

8D. Comments by Council Members on Items of Interest to Sand City

8E. Upcoming Meetings/Events

## **9. CLOSED SESSION**

9A. City Council/Successor Agency Board to adjourn to Closed Session regarding Conference with labor negotiator pursuant to Cal.Gov. Code Section 54957.6  
1) Agency designated representative: Vibeke Norgaard, City Manager  
Employee Organization: Sand City Police Officers Association (POA)

9B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with Cal. Gov Code section 54957.1

## **10. ADJOURNMENT**

The current agenda is available in PDF format on our website at:  
[www.sandcity.org](http://www.sandcity.org)

If you have a request for a disability-related modification or accommodation, including auxiliary aids or services, which will allow you to participate in a Sand City public meeting, please call the City Clerk at (831) 394-3054 extension 220, or give your written request to the City Clerk at 1 Pendergrass Way, Sand City, CA 93955 at least 48 hours prior to the scheduled meeting to allow the City Clerk time to arrange for the requested modification or accommodation.

**AGENDA ITEM  
6A.**

**Approval of April 19, 2022 Sand City  
Council Meeting Minutes**

**MINUTES**  
**JOINT SAND CITY COUNCIL AND SUCCESSOR**  
**AGENCY OF THE REDEVELOPMENT AGENCY**

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Regular Meeting - Tuesday, April 19, 2022

5:30 PM

As allowed per Assembly Bill (AB361), this meeting was conducted in person and by  
teleconference

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The Mayor called the meeting to order at 5:30 p.m.

**AGENDA ITEM 1, ROLL CALL**

Present: Mayor Mary Ann Carbone  
Council Member Blackwelder  
Councilmember Cruz (virtual attendance)  
Councilmember Hawthorne (virtual attendance)  
Councilmember Sofer

Staff: Vibeke Norgaard, City Manager  
Connie Horca, City Clerk  
Brian Ferrante, Chief of Police

**AGENDA ITEM 2, PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Chief of Police Brian Ferrante.

**AGENDA ITEM 3, INVOCATION**

The invocation was led by Reverend Robert Hellam.

**AGENDA ITEM 4, ANNOUNCEMENT BY MAYOR, CITY ATTORNEY, CITY MANAGER & CITY STAFF**

Mayor Carbone announced the Victims Rights Ceremony, her attendance at the Association of Monterey Bay Governments (AMBAG) meeting that discussed the 6<sup>th</sup> Cycle Regional Housing Needs Allocation (RHNA) for member jurisdiction on the Peninsula. The draft RHNA is available for a 45-day public review period. The Mayor also reported on the REAP Program, receipt of two requests from the TANF and SCAIR organizations that would like to let the public know of their services to individuals of Native American, Alaskan, and Hawaiian decent.

City Manager Norgaard reported that her City Managers report was distributed via email, provided an update on the sewer project that may be prolonged, and that there should be access to the Art Park for the Friday Market.

Interim City Attorney Adam Lindgren spoke to the RHNA numbers and that a process is available to change the numbers.

## **AGENDA ITEM 5, COMMUNICATIONS**

5:45 P.M. Floor opened for Public Comment.

There were no comments from the Public in person, via writing or through telecommunications on items not appearing on the agenda.

5:46 P.M. Floor opened for Public Comment.

## **AGENDA ITEM 6, CONSENT CALENDAR**

- 6A. There was no discussion of the April 5, 2022 Council Meeting Minutes.
- 6B. There was no discussion of the City **Resolution** approving an Annual Fee Adjustment to the Cost of Fire Protection Services between the Cities of Monterey and Sand City.
- 6C. There was no discussion of the City **Resolution** approving a Service Agreement with EMC Planning Group, Inc. for Professional Services within the Fiscal Year 2022-2023 at a cost not to exceed \$20,000.
- 6D. There was no discussion of the City **Resolution** Honoring Monterey County Bank as the Monterey Peninsula Chamber of Commerce 2021 "Business of the Year" Award Recipient.
- 6E. There was no discussion of the City/Successor Agency Monthly Financial Report, March, 2022.
- 6F. There was no discussion of the City Donation/Contribution to the United Way Monterey County for \$500.

Motion to approve the Consent Calendar was made by Council member Blackwelder, seconded by Council member Sofer. AYES: Council members Blackwelder, Carbone, Cruz, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: None. Motion Carried.

## **AGENDA ITEM 7, CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR**

There were no items pulled from the Consent Calendar.

## **AGENDA ITEM 8, NEW BUSINESS**

*{Council Member Cruz recused from the meeting due to a possible conflict of interest by residing within 500' of the subject property}*

- 8A. Consideration of City RESOLUTION Authorizing the City Manager to Accept and Sign the Grant of Easements Agreement for a Public Park within the South of Tioga Project**

City Manager Vibeke Norgaard reported that a revised easement agreement was distributed to the Council prior to the meeting due to changes made at the request

of California Department of Fish & Wildlife (CDFW). She reported on the history of the South of Tioga project, condition outlined in the vesting tentative map for a park easement, and terms of the approved Development Agreement that included construction of the park by the developer, and that the City would maintain the park. At the January 18, 2022 council meeting, the Council was presented with conceptual designs of the playground equipment and park landscaping. Mrs. Norgaard further reported on the changes made to the easement agreement to include ingress/egress, restrictions on development rights, and prohibitions. CDFW may have additional amendments to add, and staff is recommending additional language to the resolution to include authorization for the City Manager: *to accept, sign and record the Grant of Easement Agreement in substantially the same form, as that attached hereto as Exhibit A and in a form acceptable to the City Attorney.*

Mrs. Norgaard responded to Council member Sofer's inquiry regarding the amended language and noted that any last-minute changes that do not significantly change the easement presented can be incorporated without having to present the item to the Council again. She also provided information regarding the maintenance of the park in response to Mayor Carbone's inquiry.

5:59 P.M. Floor opened for Public Comment.

There were no comments from the Public in person, via writing or through telecommunications

6:00 P.M. Floor closed to Public Comment.

Motion to approve the City **Resolution** as amended, authorizing the City Manager to Accept and Sign the Grant of Easements Agreement for a Public Park within the South of Tioga Project was made by Council member Blackwelder, seconded by Council member Hawthorne. Roll call Vote AYES: Council Members Blackwelder, Carbone, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: Council Member Cruz. Motion carried.

**8B. Approval of City RESOLUTION Approving the Final Map (FM 22-01) for the South of Tioga Development Project**

City Manager Vibeke Norgaard reported that once the Final Map for the South of Tioga, is approved, it would allow the developer to sell parcels. The Final Map has been reviewed by the City surveyor and City engineer and has been found to substantially comply with the vesting tentative map. There is no fiscal impact anticipated, and staff recommends approval of the Final Map.

City Engineer Leon Gomez reported on the long journey that began in 2019 to get the final map to this point, commended the City surveyor Lynn Kovach and City Planner Pooler for their efforts, hard work, and review of the Final Map. He also recommended its approval.

6:15 P.M. Floor opened for Public Comment.



There were no comments from the Public in person, via writing or through telecommunications

6:15 P.M. Floor closed to Public Comment.

Motion to approve the City **Resolution** approving the Final Map (FM 22-01) for the South of Tioga Development project was made by Council member Sofer, seconded by Council member Hawthorne. Roll call Vote AYES: Council Members Blackwelder, Carbone, Hawthorne, Sofer. NOES: None. ABSENT: None. ABSTAIN: Council Member Cruz Motion carried.

*{Council member Cruz returned to the virtual/in person meeting}*

**8C. Discussion and Possible Direction to Staff regarding the Placement of Security Cameras in the City**

City Manager Norgaard presented the discussion regarding the placement of security cameras within the City as recommended by Council member Hawthorne.

Council member Hawthorne reported that the placement of security cameras throughout the City would help deter crime, have the ability to trace an individual who may be committing a crime, and possibly help with catalytic convertor thefts. He presented his research from a company named Arlo that sells battery operated cameras, its operational features, and cameras that are solar powered with a high degree of night visibility.

Council member Sofer mentioned people who drive and speed through Contra Costa street and whether the cameras can detect these individuals since it has become a problem.

Chief Ferrante addressed Council member Sofer's concern and noted that certain cameras would need to be high definition in order to catch and identify speeders, and will look into the issue.

6:27 P.M. Floor opened for Public Comment.

Sand City Business Owner Frank Barrita commented on his use of security cameras at his business, its effectiveness, the type of camera he has on the premises, the ability to see activity at the location remotely, and its capacity to store 2 ½ weeks of recordings.

6:34 P.M. Floor closed to Public Comment.

The Council directed the City Manager to research security cameras, bring back the costs and present the results to the Budget Committee.

**8D. Comments by Council Members on Items of Interest to Sand City**

Council member Blackwelder expressed his concerns with sand on the bike path at the entrance into Seaside and the dunes that are gradually disappearing due to erosion.

Chief Ferrante reported that the area may be part of State Parks property and will research the area of erosion.

Mayor Carbone mentioned that a letter can be sent to the State Parks if needed.

#### **8E. Upcoming Meetings/Events**

City Clerk announced the upcoming City Barbeque to be held on Saturday, May 21, 2022.

### **AGENDA ITEM 9, CLOSED SESSION**

6:43 P.M. The Mayor opened the floor for public comment and seeing none, closed the floor to public comment.

6:44 p.m.

9A. City Council/Successor Agency Board adjourned to Closed Session regarding:  
1) Conference with legal counsel - anticipated litigation (Cal. Government Code section 54956.9 (e)(1))

8:00 p.m.

9B. Re-adjourned to Open Session to report any action taken at the conclusion of Closed Session in accordance with California Government Code section 54957.

The Council received updates and provided direction to legal counsel, and took no other reportable action.

### **AGENDA ITEM 10, ADJOURNMENT**

There was consensus of the Council to adjourn the meeting at 8:00 p.m. to the next regularly scheduled Council meeting on Tuesday, May 3, 2022 at 5:30 p.m.

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Connie Horca, City Clerk





**AGENDA ITEM  
6B.**

**Approval of City RESOLUTION Authorizing  
a Service Agreement for Auditor Services  
by Hayashi & Wayland for Fiscal Year  
2021-2022 at a cost not to exceed \$65,500**



# *City of Sand City*

## STAFF REPORT

**TO:** CITY COUNCIL, CITY MANAGER  
**FROM:** DEVON LAZZARINO, FINANCE/HR SPECIALIST  
**SUBJECT:** HAYASHI & WAYLAND AUDITOR SERVICES  
**DATE:** APRIL 13, 2022  
**FOR:** MAY 3, 2022 COUNCIL MEETING

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### **Discussion:**

The City of Sand City is required to obtain the services of an independent qualified auditor to perform annual audits of City/Successor Agency accounts. Hayashi & Wayland has performed an audit on behalf of the City and the Successor Agency (formerly the Redevelopment Agency), every fiscal year since 1995-1996 through fiscal year 2020-2021 and has submitted a letter dated April 1, 2022 that proposes a scope of services for performing the City of Sand City and the Successor Agency audit for fiscal year 2021-2022, TAMC Measure X compliance, and appropriations limit compliance review. The Administrative staff for the City of Sand City have reviewed the scope of services attached hereto as Exhibit A and found that the services to be provided are satisfactory and necessary to perform the required audits for fiscal year 2021-2022 and to prepare the required State reports.

### **CEQA:**

This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378.

### **Fiscal Impact:**

The total cost of the contract will be not to exceed \$65,500 (Finance account #5410-03), and will include the following:

1. Audit of the financial statements of the City of Sand City and the Successor Agency, governmental activities not to exceed \$60,500.

2. TAMC Measure X Funds – Confirming the City of Sand City’s compliance with the requirements included in Transportation Agency for Monterey County’s Ordinance No. 2016-01 Transportation Safety and Investment Plan and in the Measure X Master Programs Funding Agreement between TAMC and the City of Sand City as and for the year ended June 30, 2022 not to exceed \$2,500.
3. Appropriations limit review – Confirming the City of Sand City’s compliance with the requirements of Article XIII-B of the California Constitution for the year ended June 30, 2022 not to exceed \$2,500.

Any additional work that may be required or requested of Hayashi & Wayland will be billed at the standard hourly rates as listed in the proposal to include costs associated with proper accounting and audit procedures under the Governmental Accounting Standards Board.

**Recommendation:**

Staff has been satisfied with the expertise, accuracy, and completeness of the work performed by Hayashi & Wayland. Therefore, staff recommends the approval of the scope of services attached hereto as Exhibit A allowing Hayashi & Wayland to perform an audit on behalf of the City and the Successor Agency, TAMC Measure X compliance, and appropriations limit compliance review.

**CITY OF SAND CITY  
RESOLUTION SC \_\_\_\_, 2022**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY  
AUTHORIZING A SERVICE AGREEMENT FOR AUDITOR SERVICES BY HAYASHI &  
WAYLAND FOR FISCAL YEAR 2021-2022 AT A COST NOT TO EXCEED \$65,500**

**WHEREAS**, the City of Sand City is required to obtain the services of an independent qualified auditor to perform annual audits of City/Successor Agency accounts; and

**WHEREAS**, Hayashi & Wayland has performed an audit on behalf of the City and the Successor Agency (formerly the Redevelopment Agency), every fiscal year since 1995-1996 through fiscal year 2020-2021 and has submitted a letter dated April 1, 2022 that proposes a scope of services for performing the audit for fiscal year 2021-2022; and

**WHEREAS**, the City Council has been satisfied with the expertise, accuracy, and completeness of the work performed by Hayashi & Wayland; and

**WHEREAS**, the Administrative staff for the City of Sand City has reviewed the scope of services attached hereto as Exhibit A and found that the services to be provided are satisfactory and necessary to perform the required audits for fiscal year 2021-2022 and to prepare the required State reports.

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

1. The attached service agreement as proposed by Hayashi & Wayland is hereby accepted;
2. Said authorization is conditioned upon the contractor performing the service at a cost not to exceed \$65,500 as specified in the attached April 1, 2022 letter;
3. Any additional work that may be required or requested of Hayashi & Wayland will be billed at the standard hourly rates as listed in the proposal to include costs associated with proper accounting and audit procedures under the Governmental Accounting Standards Board;
4. The City Manager is authorized and directed to enter into the attached Service Agreement with Hayashi & Wayland, Certified Public Accountants, to perform the scope of services outlined in Exhibit A for the City of Sand City;
5. Hayashi & Wayland will maintain a current Sand City Business License.

**PASSED AND ADOPTED** by the City Council of the City of Sand City on this 3rd day of May 2022, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

\_\_\_\_\_  
Mary Ann Carbone, Mayor

ATTEST:

\_\_\_\_\_  
Connie Horca, City Clerk





## HAYASHI | WAYLAND

April 1, 2022

City Council City of Sand City  
1 Sylvan Park  
Sand City, California 93955

Attention: Vibeke Norgaard, Interim City Manager

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that HAYASHI WAYLAND ACCOUNTING AND CONSULTING, LLP (“HW”, “we”, “us”, or “our”), audit City of Sand City’s (the City) governmental activities, each major fund and aggregate remaining fund information as of and for the year ending June 30, 2022, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (“Arrangement Letter”).

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. 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.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with (GAAS). Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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 internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Conclude, based on the audit evidence obtained, 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 a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We will communicate to the City Council (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants.

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Management is responsible for:

Identifying and ensuring that the City complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;

The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and

Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the required supplementary information (RSI), including management's discussion and analysis (MD&A) and supplementary information presented in relation to the financial statements as a whole in accordance accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The City Council is responsible for informing us of its views about the risks of fraud within the City, and its knowledge of any fraud or suspected fraud affecting the City.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. 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; and
4. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
  - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
  - c. Additional information that we may request from management for the purpose of the audit; and
  - d. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management [and, when appropriate, those charged with governance] written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Reporting**

We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the City Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the City's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

#### **Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the City's books and records. The City will determine that all such data, if necessary, will be so reflected. Accordingly, the City will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by City personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Devon Lazzarino, Finance Specialist. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

#### **Accounting Services**

In connection with our audit, you have requested us to perform the following accounting services:

1. Drafting the financial statements and footnotes,
2. Consulting on accounting questions that arise throughout the year as well as assistance with implementation of new accounting standards.

Vibeke Norgaard, Interim City Manager, will oversee the services, make all significant judgments that are the proper responsibility of management, evaluate the adequacy of the services, make an informed judgment about the results of the services, and accept responsibility for them. You also agree to establish and maintain internal control over these services, including ongoing monitoring activities. At the conclusion of our audit, we will ask you to provide written representations to that effect.

#### **Fees and Costs**

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from City personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Our fee for the services described in this letter will not exceed \$60,500 (see Appendix A) unless the scope of the engagement is changed or any of the aforementioned criteria are not met, in which case we will discuss the situation with you before proceeding. Accounts not paid within 30 days from the date of the invoice are subject to a .833% monthly finance charge. Accounts remaining unpaid will also be liable for reasonable collection costs.

#### **Use of Subcontractors and Third-Party Products**

From time to time and depending upon the circumstances, we may, in our sole discretion, use affiliates of ours or qualified third-party service providers, located within or outside the United States, to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. You hereby consent to us sharing your information, including Confidential Information, with our Subcontractors on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that: (i) our use of Subcontractors may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, "Third-Party Products"). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

#### **Use and Ownership; Access to Audit Documentation**

The Audit Documentation for this engagement is the property of HW. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of HW's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data,

reports, analyses, recommendations, and deliverables authored or prepared by HW for the City under this Arrangement Letter, or any documents belonging to the City or furnished to HW by the City.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable HW policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in HW's form. HW reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the City, the City will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of HW audit personnel and at a location designated by our firm.

#### **Indemnification, Limitation of Liability, and Claim Resolution**

Because HW will rely on the City and its management and City Council to discharge the foregoing responsibilities, the City agrees to indemnify, hold harmless and release HW and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, Subcontractors, agents, representatives, successors, or assigns from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the City's management.

**THE CITY AND HW AGREE THAT NO CLAIM ARISING OUT, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ARRANGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AUDIT REPORT ISSUED BY HW OR THE DATE OF THIS ARRANGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL HW OR THE CITY, OR ANY OF THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH INDIVIDUALLY, A "COVERED PARTY"), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ARRANGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY THE CITY TO HW UNDER THIS ARRANGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF**

**LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE THE CITY OF ITS PAYMENT OBLIGATIONS TO HW UNDER THIS ARRANGEMENT LETTER.**

**Confidentiality**

HW and the City may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, HW and the City agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, HW is permitted to disclose the City's Confidential Information to HW's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

### **Personal Information**

As used herein, the term “Personal Information” means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver’s license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the City’s customers or other third parties.

Each party agrees that it will not transmit to the other, in any manner, (i) Personal Information that is not needed to render the services hereunder, and (ii) Personal Information that has not been encrypted. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

Upon your written request, we will enter into a mutually agreed upon agreement relating to the lawful cross-border transfer and processing of Personal Information.

We will use all such City provided Personal Information, if at all, only for the purposes described in this Arrangement Letter. The parties agree that as part of the performance of the services as described in this Arrangement Letter, and as part of the direct business relationship between the parties, we may, at our election, use the Personal Information to improve the services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of City provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

### **Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.



## **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management [or those charged with governance] and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if: (i) we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

## **Miscellaneous**

We may mention you name and provide a general description of the engagement in our client lists and marketing materials.

The City agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the City agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The City agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of you employment of one of our partners or employees of Hayashi Wayland.

### **Governing Law**

This Arrangement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Arrangement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of California, without regard to its conflict of law principles, and applicable U.S. federal law.

### **Entire Agreement**

This Arrangement Letter constitutes the complete and exclusive statement of agreement between HW and the City, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

### **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

**Acknowledgement and Acceptance**

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

**AGREED TO AND ACKNOWLEDGED BY:**

HAYASHI WAYLAND ACCOUNTING AND CONSULTING, LLP



Michael B. Nolan, CPA, CFE, CGMA  
Partner  
Hayashi Wayland

Confirmed on behalf of the City of Sand City:

\_\_\_\_\_  
Vibeke Norgaard, Interim City Manager

\_\_\_\_\_  
Date



**Appendix A**

CITY OF SAND CITY  
Cost Proposal  
June 30, 2022

Hayashi Wayland professional fees are based upon the time spent on an engagement at hourly rates related to the levels of experience of the individuals assigned. We believe that our rates are comparable to those of other accounting firms. However, we believe that our audit approaches and techniques provide a unique capability to achieve audit cost savings while maintaining the highest quality standards.

We propose the following fees for the fiscal year ended June 30, 2022:

City of Sand City, including the Sand City Successor Agency	\$ 52,000
Annual Street Report	3,000
Annual Report of Financial Transactions	<u>5,500</u>
	<u>\$60,500</u>

These fees assume that all the records needed for the audit are available in reasonable condition and that your staff will be available to answer questions, copy documents, and pull selected invoices, canceled checks and other files necessary for the audit.

If, during the course of the engagement, any special or additional work is required we will discuss it with you before we incur additional costs. This work will be billed as an additional charge according to our standard hourly rates as follows:

Partner Services	\$ 395/Hr.
Manager/Supervisor Services	\$ 280/Hr.
Senior Services	\$ 160/Hr.
Junior Staff and Clerical Services	\$ 130/Hr.

We will strive to keep our costs to a minimum so the City will receive the maximum benefit from our services. We look forward to a continuing professional relationship.





## HAYASHI | WAYLAND

April 1, 2022

City Council City of Sand City  
1 Pendergrass Way  
Sand City, California 93955

Attention: Vibeke Norgaard, Interim City Manager

This Arrangement Letter is to explain HAYASHI WAYLAND ACCOUNTING AND CONSULTING, LLP (“HW”, “we”, “us”, or “our”) understanding of the arrangements for, and the nature and limitations of, the services we are to perform for the City of Sand City (the City) with respect to the City’s compliance with the requirements of Article XIII-B of the California Constitution (the Specified Requirements) for the year ended June 30, 2022. The City is responsible for compliance with the Specified Requirements. The specific procedures to be performed are included as an attachment to this Arrangement Letter. We are pleased to confirm our acceptance and our understanding of this agreed-upon procedures engagement by means of this letter (“Arrangement Letter”).

### **Engagement Services**

Our engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Because the procedures included in the attachment to this Arrangement Letter do not constitute an examination or review, the objective of which is the expression of an opinion or conclusion, respectively, we will not express an opinion or any other form of assurance thereon and if additional procedures were to be performed, other matters might have come to our attention.

At the conclusion of our engagement, we will submit a report in letter form outlining the procedures performed and our findings resulting from the procedures performed.

Our report will contain a statement that it is intended solely for the use of management and the City Council of the City of Sand City and should not be used by those who have not agreed to the procedures and taken responsibility for the appropriateness of the procedures for their purposes.

If circumstances arise relating to the condition of the City’s records, the availability of appropriate evidence that, in our professional judgment, prevent us from completing the engagement or issuing our report, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express our findings or issue a report, or withdrawing from the engagement.

The procedures we will perform are not designed and cannot be relied upon to disclose errors, fraud or illegal acts, should any exist. However, we will inform the appropriate level of management of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential.

We will maintain our independence in accordance with the standards of the AICPA.



### **City of Sand City's Responsibilities**

The appropriateness of the procedures included in the attachment is solely the responsibility of the City. We make no representation regarding the appropriateness of the procedures described above, either for the purpose for which these procedures have been requested or for any other purpose.

Management is responsible for:

1. the City's compliance with the Specified Requirements and establishing and maintaining effective internal control over compliance;
2. evaluating the City's compliance with the Specified Requirements and stating its evaluation thereof in a written assertion;
3. providing to us, prior to the conclusion of the engagement, written acknowledgment that the attached procedures are appropriate for the intended purpose of this engagement;
4. providing to us, at the conclusion of the engagement, with a representation letter in accordance with attestation standards established by the AICPA;
5. the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
6. informing us of its knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, short sellers or others.

### **Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the City's books and records. The City will determine that all such data, if necessary, will be so reflected. Accordingly, the City will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the City's personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Devon Lazzarino, Finance Specialist. The timely and accurate completion of this work is an essential condition to our completion of our services and issuance of our report.

### **Fees and Costs**

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the not to exceed \$2,500. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation

### **Use of Subcontractors and Third-Party Products**

From time to time and depending upon the circumstances, we may, in our sole discretion, use affiliates of ours or qualified third-party service providers, located within or outside the United States, to assist us

in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. You hereby consent to us sharing your information, including Confidential Information, with our Subcontractors on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that: (i) our use of Subcontractors may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, "Third-Party Products"). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

#### **Use and Ownership; Access to Documentation**

The Documentation for this engagement is the property of HW. For the purposes of this Arrangement Letter, the term "Documentation" shall mean the confidential and proprietary records of HW's procedures performed, relevant evidence obtained, other related workpapers, and conclusions reached. Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by HW for the City under this Arrangement Letter, or any documents belonging to the City or furnished to HW by the City.

Review of Documentation by a successor practitioner or as part of due diligence is subject to applicable HW policies, and will be agreed to, accounted for and billed separately. Any such access to our Documentation is subject to a successor practitioner signing an Access & Release Letter substantially in HW's form. HW reserves the right to decline a successor practitioner's request to review our workpapers. In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the City, the City will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

### **Indemnification and Claim Resolution**

Because HW will rely on the City and its management and City Council to discharge the foregoing responsibilities, you agree to indemnify, hold harmless and release HW and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, Subcontractors, agents, representatives, successors, or assigns from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of City's management.

**THE CITY AND HW AGREE THAT NO CLAIM ARISING OUT, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ARRANGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AGREED-UPON PROCEDURES REPORT ISSUED BY HW OR THE DATE OF THIS ARRANGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL HW OR THE CITY OR ANY OF THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH INDIVIDUALLY, A "COVERED PARTY"), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ARRANGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY THE CITY HW UNDER THIS ARRANGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE THE CITY OF ITS PAYMENT OBLIGATIONS TO HW UNDER THIS ARRANGEMENT LETTER.**

### **Confidentiality**

HW and the City may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, HW and the City agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, HW is permitted to disclose the City's Confidential Information to HW's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and



business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term “Confidential Information” will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party’s possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party’s Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

#### **Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

#### **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management and the City Council and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new arrangement letter will be required.

We may terminate this Arrangement Letter upon written notice if: (i) we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

### **Miscellaneous**

We may mention your name and provide a general description of the engagement in our client lists and marketing materials.

The City agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our written permission. Any request to consent is also a matter for which separate arrangements may be necessary. After obtaining our permission, the City also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of you employment of one of our partners or employees of Hayashi Wayland.

### **Governing Law**

This Arrangement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Arrangement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of California, without regard to its conflict of law principles, and applicable U.S. federal law.

### **Entire Agreement**

This Arrangement Letter constitutes the complete and exclusive statement of agreement between HW and the City and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

### **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for the agreed-upon procedures we are to perform with respect to the City's compliance with the Specified Requirements, including our respective responsibilities.

**Acknowledgement and Acceptance**

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

**AGREED TO AND ACKNOWLEDGED BY:**

HAYASHI WAYLAND ACCOUNTING AND CONSULTING, LLP



Michael B. Nolan, CPA, CFE, CGMA  
Partner  
Hayashi Wayland

Confirmed on behalf of the City of Sand City:

\_\_\_\_\_  
Vibeke Norgaard, Interim City Manager

\_\_\_\_\_  
Date



## **Appendix A**

### **City of Sand City Scope of Work for Hayashi Wayland (HW)**

We will perform the following procedures:

1. We will obtain the computation of the appropriation limit and compare the limit and annual adjustment factors included in the computation to the limit and annual adjustment factors that were adopted by resolution of the City Council. We will also compare the population and inflation options included in the computation to those that were selected by a recorded vote of the City Council.
2. We will recalculate the Appropriations Limit Worksheet.
3. We will compare the current year information presented in the Appropriations Limit Worksheet to the adjustment factors provided by the County.
4. We will compare the prior year appropriations limit presented in the Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council for the prior year.



## HAYASHI | WAYLAND

April 1, 2022

Budget and Personnel Committee  
City of Sand City  
1 Sylvan Park  
Sand City, California 93955

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of City of Sand City's financial statements and compliance as of and for the year ended June 30, 2022.

### **Communication**

Effective two-way communication between our Firm and the Budget and Personnel Committee is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding City of Sand City and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

### **Independence**

Our independence policies and procedures are designed to provide reasonable assurance that our Firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Hayashi Wayland is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by Hayashi Wayland and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

### **The Audit Planning Process**

Our audit approach places a strong emphasis on obtaining an understanding of how your organization functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your organization. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of your business objectives, strategies, risks, and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

### **The Concept of Materiality in Planning and Executing the Audit**

We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, in forming the opinion in our report on the financial statements and in determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

### **Significant Risks of Material Misstatement**

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our professional judgment, requires special audit consideration. As part of our risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Risk Name	Risk Description	Planned Response
Management override of controls	Management has the ability to manipulate financial data	<p>Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, including entries posted directly to financial statement drafts;</p> <p>Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and</p> <p>Evaluate, given the auditor's understanding of the entity and its environment and other information obtained during the audit, whether the business purpose (or lack thereof) of significant unusual transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</p>
Fraudulent Revenue Recognition	Overstatement of revenues to improve profitability	<p>All of the above items. In addition, we will assign and supervise personnel, taking into account the knowledge, skill, and ability of the individuals to be given significant engagement responsibilities and the auditor's assessment of the risks of material misstatement due to fraud for the engagement; evaluate whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings, or a bias that may create a material misstatement; and incorporate an element of unpredictability in the selection of the nature, timing, and extent of audit procedures.</p> <p>We will also obtain an understanding of the City's revenue recognition policy and design substantive and control testing to validate proper recording.</p>



### **Our Approach to Internal Control and Compliance Relevant to the Audit**

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of the Entity's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system, of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant of which we become aware, consistent with the requirements of the standards and circular identified above.

### **Timing of the Audit**

We have scheduled preliminary audit field work for the first week of September with final field work commencing the second week of September. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

### **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to City of Sand City.

This communication is intended solely for the information and use of the Budget and Personnel Committee and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Hayashi Wayland, LLP*

**AGENDA ITEM  
6C.**

**Approval of City RESOLUTION Calling for  
November 8, 2022 General Municipal  
Election, Requesting the County Elections  
Department to Conduct the Election, and  
Requesting Consolidation of the Election**



# *City of Sand City*

## Staff Memo

**TO:** City Council  
**FROM:** Connie Horca, City Clerk  
**DATE:** April 26, 2022 (for May 3, 2022 council meeting)  
**SUBJECT:** Calling for November 8, 2022 General Municipal Election,  
Requesting the County Elections Department to Conduct the  
Election, and Requesting Consolidation of the Election

---

### **Background:**

Section 6 of the Sand City Charter establishes November of even-numbered years as the General Municipal Election date for the election of the Mayor and two Councilmembers in Sand City.

The resolution calling for the election and requesting consolidation allows the City to combine its election with the statewide election and avoid duplication of printing and mailing of sample ballots, computer tabulation, precinct workers and canvassing results. The City may by resolution request that the Board of Supervisors of the County request that the County Elections Department conduct and consolidate the elections on behalf of the City. (See Cal. Elections Code section 10001).

It has been a standard procedure for the City of Sand City to consolidate the general municipal elections with the Monterey County Elections Department for the ease and convenience to the city's registered voters and to minimize election costs. The City has also historically paid for the cost of the candidate's statements.

### **Fiscal Impact:**

Due to increased costs to consolidate the elections from \$9 to \$13 dollars per registered voter, an allocation of \$7,500 has been incorporated into the Fiscal Year 2022-2023 City Budget.

### **CEQA:**

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, the activity has no potential for causing a significant effect on the environment (CEQA Guidelines Section 15061) includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment.

**Recommendation:**

It is recommended that the Council approve the attached Resolution Calling for a November 8, 2022 General Municipal Election, Requesting the County Elections Department to Conduct the Election, and Requesting Consolidation of the Election.

**CITY OF SAND CITY**  
**RESOLUTION SC \_\_\_\_, 2022**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY  
CALLING FOR NOVEMBER 8, 2022 GENERAL MUNICIPAL ELECTION, REQUESTING THE  
COUNTY ELECTIONS DEPARTMENT TO CONDUCT THE ELECTION, AND REQUESTING  
CONSOLIDATION OF THE ELECTION**

**WHEREAS**, pursuant to Sections 10001 of the Elections Code, the governing body of the City of Sand City must call the election to be held November 6, 2022 for the purpose of electing successors to the terms of office which will expire in 2022; and

**WHEREAS**, pursuant to Elections Code Section 10002, the governing body of any city may by resolution request the Board of Supervisors of the County to permit the County elections official to render specified services to the city relating to the conduct of an election; and

**WHEREAS**, pursuant to Section 13307 of the Elections Code, it is incumbent upon this City Council to determine who will pay the cost of the candidate's statement and to fix the maximum number of words to be submitted; and

**WHEREAS**, for the ease and convenience to the registered voters within this City and in order to take advantage of any possible reduction in elections costs, it is desirable that this City election be consolidated with any other election to be held on the same day and that a vote by mail precinct be provided within the City of Sand City; and

**WHEREAS**, the City Council authorizes the City Clerk to enter into and sign the attached service agreement for the provision of election services between the City of Sand City and Monterey County Registrar of Voters.

**NOW, THEREFORE, BE IT RESOLVED** and ordered by the governing body of the City of Sand City that:

1. An election be held within this City on November 8, 2022 for the purpose of electing one Mayor for a two-year term, and two Council members for four-year terms.
2. Pursuant to Section 13307 of the Elections Code, the City Council has resolved that the City will pay the cost of the candidate's statement. Said statement shall not exceed 200 words in length and no other candidate materials will be allowed to be mailed pursuant to Section 13303 of the Election Codes. The cost for candidate statements will be included in the billing to the City of Sand City by the Monterey County Elections Department.
3. This election shall be consolidated with any other election to be held totally or partially within the boundaries of this City.
4. A vote by mail precinct/receiving station will be arranged at Sand City Hall, and the City will pay the costs associated with providing and operating this vote by mail precinct/receiving station within Sand City.

**Sand City Resolution No. SC \_\_\_\_\_, (2022)**

5. The City Council hereby authorizes the official canvass to be conducted by the Registrar of Voters commencing no later than November 8, 2022.
6. The Registrar of Voters is authorized to bill the City, on a prorated basis, for any and all costs associated with the City election and vote by mail precinct.

**NOW THEREFORE, BE IT FURTHER RESOLVED** that:

1. Pursuant to Elections Code Section 15651(a), a tie vote shall be resolved by drawing lots.
2. Tie votes shall be determined by the City Council acting as the Election Board.

**PASSED AND ADOPTED** by the City Council of the City of Sand City on this 3<sup>rd</sup> day of May 2022, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

\_\_\_\_\_  
Mary Ann Carbone, Mayor

ATTEST:

\_\_\_\_\_  
Connie Horca, City Clerk

# STATEMENT OF ELECTION FACTS

FULL LEGAL NAME OF CITY AS IT SHOULD APPEAR ON ALL ELECTION DOCUMENTS:

CITY OF SAND CITY

MAIL SHOULD BE ADDRESSED TO: Connie Horca TITLE: City Clerk

MAILING ADDRESS: #1 Pendergrass Way, Sand City, California 93955 TELEPHONE: (831) 394-3054

FAX: (831) 394-2472

EMAIL: [connie@sandcityca.org](mailto:connie@sandcityca.org)

WEBSITE: [www.sandcity.org](http://www.sandcity.org)

## CITY ELECTED OFFICIALS

NAME	ADDRESS	CITY AND DISTRICT (if Applicable)	Member was elected by:		YEAR Term Ends	Full-term = 4 yrs  <u>OR</u> Short-term = 2yrs	IF MEMBER WAS APPOINTED BY THE BOARD TO FILL A VACANCY, WHO DID THIS MEMBER REPLACE
			1) Election/AIL	2) APPOINTED TO FILL A VACANCY			
Mary Ann Carbone	1893 Park Avenue, Sand City, CA. 93955	Sand City	1		2022	Short Term	N/A
Jerry Blackwelder	450 Ortiz Avenue Sand City, CA. 93955	Sand City	1		2022	Full Term	N/A
Gregory Hawthorne	430 Ortiz Avenue Sand City, CA. 93955	Sand City	1		2024	Full Term	N/A
Kim Cruz	606 Scott Street Sand City, CA. 93955	Sand City	1		2024	Full Term	N/A
Elizabeth Sofer	1717 Contra Costa St. Sand City, CA. 93955	Sand City	1		2022	Full Term	N/A

\*AIL = Appointed-in-lieu of Election (filed for office and didn't go on the ballot)

Name of City Clerk/Manager: \_\_\_\_\_  
Print Name

Name of Deputy City Clerk/Secretary \_\_\_\_\_  
Print Name

**Check the box which applies to your city:**

- The District boundaries have changed since the last election. Enclosed is a new map to reflect those changes.
- I declare that there have been no boundary changes since the November 8, 2022 election.  
Election Date

The limitation on the number of words in a candidate statement will be:  200 words  400 words

The entity charged for the candidate statement sent to each voter will be the:  City  Candidate

In case of a tie vote, the winner will be determined by:  Lot  Runoff election

\_\_\_\_\_  
Signature of City Clerk/Manager

\_\_\_\_\_  
Date

SERVICE AGREEMENT FOR THE PROVISION OF ELECTION  
SERVICES BETWEEN CITY OF SAND CITY AND  
MONTEREY COUNTY REGISTRAR OF VOTERS

**NOVEMBER 8, 2022**

This Agreement, entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2022, by and between City of Sand City and Monterey County Registrar of Voters (hereinafter referred to as Registrar of Voters);

WHEREAS, it is necessary and desirable that the Registrar of Voters be retained for the purpose of conducting an election hereinafter described for the City of Sand City (hereinafter referred to as the City);

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

SERVICES TO BE PERFORMED BY THE CITY:

- 1) No later than the 88th day prior to the election the City shall submit a resolution requesting the Registrar of Voters for Monterey County to conduct an election for the City on **NOVEMBER 8, 2022** and requesting election related services of the Registrar of Voters.
- 2) The City shall publish the Notice of Election and the Notice to File Declarations of Candidacy for the offices to be voted on, and/or the Notice to File Arguments for or against any measure.
- 3) The City shall submit to the Registrar of Voters in writing the exact number of offices to be voted on and the names and ballot designations of the candidates for those offices, and/or the exact ballot wording to be voted by no later than the 88th day prior to the election, or by the 83rd day prior to the election if Elections Code §§ 10225, 10229, and 10407 are applicable.
- 4) The City shall prepare and deliver to the Registrar of Voters the Voter Guide information containing, as applicable, candidates' statements of qualifications, ballot



measure, tax rate statements impartial analysis, arguments for or against and rebuttals thereto. The last day for the submission of primary arguments (300 words) and impartial analysis shall be no later than **AUGUST 18, 2022**. The last day for the submission of rebuttal arguments (250 words) is **AUGUST 25, 2022**.

- 5) The City shall be responsible for reviewing and approving the language of the sample ballot and official ballot wording for candidates and measures.

SERVICES TO BE PERFORMED BY REGISTRAR OF VOTERS:

- 1) The Registrar of Voters shall select and contract with the sample and official ballot printer(s) on behalf of the City.
- 2) The Registrar of Voters shall prepare and deliver to the printer the official ballot information.
- 3) The Registrar of Voters shall issue, receive and process all ballots on behalf of the City matters.
- 4) The Registrar of Voters shall procure all necessary and appropriate polling place locations, hire polling place workers, and conduct the election in accordance with all applicable state, federal and local laws.
- 5) The Registrar of Voters shall prepare a Canvass of Votes Cast and submit a Certificate of Registrar of Voters to the City regarding the City matters.
- 6) The Registrar of Voters shall conduct other various and miscellaneous election activities as required including but not limited to all those required as the City's Election Official other than those described under "Services to be Performed by the City".

TERMS:

This Agreement shall be in effect for the performance of all services incident to the preparation and conduct of the election to be held on **NOVEMBER 8, 2022**.

The parties will use best efforts to perform services herein. However, in the event the Registrar of Voters is unable to perform services required under this Agreement that are beyond her control, including an employee strike, vendor conditions, natural disasters, war, or other similar conditions, the Registrar of Voters will be relieved of all obligations under this Agreement. The Registrar will provide reasonable notice, if practical, of any conditions beyond her control, including notice at least 60 days prior to **NOVEMBER 8, 2022** of vendor conditions affecting the election services. In the event a vendor does not perform, the Registrar will attempt to obtain substitute services.

CONSIDERATION:

In consideration of the performance of services and supplies provided by the Registrar of Voters, the City shall pay to the Registrar of Voters a sum equal to the actual cost of such services, expenses, and supplies related to the work performed on behalf of City. In the event that this Agreement is terminated prematurely, the City shall pay to the Registrar a sum equal to the actual cost of such services performed or supplies/expenses incurred as of the effective date of the termination.

The City shall make payment within 30 days of receipt of invoice from Registrar of Voters.

CITY:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

COUNTY:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AGENDA ITEM  
6D.**

**Approval of City RESOLUTION Authorizing  
the Extension of Remote Teleconference  
Meetings of the City Council and Boards,  
Commissions, and Committees for the  
Period of May 19, 2022 through June 18,  
2022 pursuant to AB 361 and Ralph M.  
Brown Act Provisions**

**CITY OF SAND CITY  
RESOLUTION SC 22- , 2022**

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY  
AUTHORIZING THE EXTENSION OF REMOTE TELECONFERENCE MEETINGS OF  
THE CITY COUNCIL AND BOARDS, COMMISSIONS, AND COMMITTEES  
FOR THE PERIOD OF MAY 19, 2022 THROUGH JUNE 18, 2022 PURSUANT TO AB  
361 AND RALPH M. BROWN ACT PROVISIONS**

**WHEREAS**, the City of Sand City (“the City”) is committed to preserving and nurturing public access and participation in meetings of the City Council and boards, commissions, and committees (collectively, “legislative bodies”); and

**WHEREAS**, all meetings of the City’s legislative bodies are open and public, as required by Government Code sections 54950-54963 (the “Ralph M. Brown Act”) so that any member of the public may attend public meetings, watch the City’s legislative bodies conduct their public business, and participate by directly addressing the legislative bodies; and

**WHEREAS**, pursuant to Governor Newsom’s signing of Assembly Bill 361 (“AB 361”) on September 16, 2021, Government Code section 54953(e) provides for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, AB 361 applies to meetings during a proclaimed state of emergency and when state or local officials have imposed or recommended measures to promote social distancing; and

**WHEREAS**, a state of emergency exists in California as a result of the threat of COVID-19 as proclaimed by Governor Newsom on March 4, 2020, and the state of emergency has not been terminated pursuant to Government Code section 8629; and

**WHEREAS**, the California Department of Public Health (“CDPH”) and the federal Centers for Disease Control and Prevention (“CDC”) caution that the Delta variant of COVID-19, currently the dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations; and

**WHEREAS**, other variants of COVID-19 exist, and it is unknown at this time whether other variants may result in a new surge in COVID-19 cases; and

**WHEREAS**, the CDC has established a “Community Transmission” metric with four tiers designed to reflect a community’s COVID-19 case rate and percent positivity, and

community transmission in Monterey County, as of January 31, 2022, is ranked as “high” (the most serious level) based on data collected by the CDC; and

**WHEREAS**, due to the severity of the current pandemic situation, the CDPH has required that all unvaccinated persons wear facial coverings indoors, and the CDC and CDPH recommend that all persons, regardless of vaccination status, wear facial coverings indoors; and

**WHEREAS**, due to the severity of the current pandemic situation in the County of Monterey, the Monterey County Health Department issued, on September 22, 2021, a recommendation to local legislative bodies recommending physical and social distancing strategies, including the use of remotely attended public meetings; and

**WHEREAS**, the City Council has an important governmental interest in protecting the health, safety and welfare of those who participate in meetings of the City’s legislative bodies subject to the Brown Act; and

**WHEREAS**, the City Council does hereby confirm the circumstances of the state of emergency and finds that meeting in person for meetings of the legislative bodies of the City would present imminent risks to the health or safety of attendees, and therefore that the legislative bodies of the City may conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

**WHEREAS**, in order to ensure that the public has full access to observe and participate in the public meetings of its legislative bodies, the City provides free internet-based public meeting attendance options, allowing members of the public to address the City’s legislative bodies directly in real time; and

**WHEREAS**, the City determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378).

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Sand City as follows:

**SECTION 1.** The recitals set forth above are true and correct and are adopted by the City Council as findings in support of this Resolution.

**SECTION 2.** The City Manager, City Attorney, staff, and legislative bodies of the City are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

**SECTION 3.** This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) June 18, 2022, or (ii) such time as the City Council adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the City of Monterey may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**PASSED AND ADOPTED** by the City Council of Sand City on this 3<sup>rd</sup>, day of May, 2022, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

ATTEST:

\_\_\_\_\_  
Mary Ann Carbone, Mayor

\_\_\_\_\_  
Connie Horca, City Clerk

**AGENDA ITEM  
8A.**

**Discussion of Cost of Living Adjustment for  
Miscellaneous Employees**

April 20, 2022

City Council and City Manager  
1 Pendergrass Way  
Sand City, CA 93955


RE: Consideration of Miscellaneous Employee COLAs for 2022-23 FY Budget

Mayor, City Council, & City Manager:

With inflation at record highs not seen in over forty years, we the undersigned City staff members (miscellaneous employees) formally request a Cost Of Living Adjustment (COLA) increase at a realistic five percent (5%). The request is based in the outlined attached sheets with examples for your consideration in the upcoming 2022-23 fiscal operating budget. City staff concurs that the miscellaneous employees have not been fairly compensated with comparable cost of living increases over the past fifteen (15) years. This is in addition to the recent huge spike in inflation not seen since the 1980's, which has put the miscellaneous employees behind the curve of inflation and a livable wage.

During the economic downturn of 2008, 14 years ago, the miscellaneous employees voluntarily agreed to defer contracted salary increases (not COLAs) from the 2009-2010 to 2015-2016 budgets, a total of six (6) years. This deference was to assist the City with its budgetary challenges during those times. Now with record high inflation continuing to rise, the miscellaneous employees would expect the same cooperative consideration staff provided in the past regarding our request during these difficult times. The miscellaneous employee salaries, with few COLAs over the years, have not kept pace with overall inflationary costs and devaluation of the U.S. Dollar.


The overall cost associated with a COLA increase of five percent (5%) for the eight (8) impacted City staff members is currently calculated to be 0.63% of the current 2022-2023 draft operational budget for a total of \$44,086.98. Please consider the provided statistics and information in making your decisions regarding the City's Miscellaneous Employees' COLAs in the upcoming 2022-2023 budget.

  
\_\_\_\_\_  
Connie Horca, City Clerk

  
\_\_\_\_\_  
Mark Parker, Public Works Supervisor

  
\_\_\_\_\_  
Fred Menezes, Public Works

  
\_\_\_\_\_  
Richard Garza, Public Works

  
\_\_\_\_\_  
Charles Pooler, City Planner

  
\_\_\_\_\_  
Devon Lazzarino, Finance/HR Specialist

  
\_\_\_\_\_  
Shelby Gorman, Comm. Serv. Coord.

  
\_\_\_\_\_  
Laura Morales, PD Records Coordinator



## COST OF LIVING ADJUSTMENT (COLA) ARGUMENTS AND POINTS

### **THREE TYPES OF SALARY INCREASES:**

There are three different types of salary increases, which are as follows:

- 1) Step Increase: Based on time served only and automatically applied based on an arranged schedule.
- 2) Merit Based Raise and/or Promotion: Salary increases based solely on individual employee performance and/or promotion to a higher position.
- 3) Cost of Living Adjustment (COLA): Salary adjustment based on the Cost Price Index (CPI), adjusted for areas of general financial influence. The Monterey Peninsula is generally considered part of the San Francisco area of influence.

What the Miscellaneous Employees are pursuing is a five percent (5%) COLA (Cost of Living Adjustment) appropriately reflecting the current and applicable Cost Price Index (CPI) for the Monterey area.

### **HOW IS A COLA DEFINED?**

A COLA is to compensate for inflationary costs of goods/services and the deflated value of the U.S. Dollar's buying power, effectively stabilizing current salaries in proportion to changes in the economy. Various official definitions of a COLA are as follows:

Social Security: "The purpose of the COLA is to ensure that the purchasing power of Social Security and Supplemental Security Income (SSI) benefits is not eroded by inflation. It is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)..." (source: [www.ssa.gov/cola/](http://www.ssa.gov/cola/)).

CalPERS: "The Cost-of-Living Adjustment (COLA) is a benefit to ensure your value of money at retirement keeps up with the rate of inflation." (source: [www.calpers.ca.gov/page/retirees/cost-of-living/cola](http://www.calpers.ca.gov/page/retirees/cost-of-living/cola))

Experian website: "A cost of living adjustment (COLA) is an increase in your pay or benefits that often depends on the rising costs of goods and services - also called inflation....As the costs of goods and services increases, employees and retirees need to earn more money to afford the same lifestyle....The amount could be in addition to a raise and not based on performance...to help the employee maintain rather than increase their purchasing power" (source: [www.experian.com/blogs/ask-experian/what-is-cost-of-living-adjustment/](http://www.experian.com/blogs/ask-experian/what-is-cost-of-living-adjustment/))

Randstadusa.com: "A cost of living raise is a type of salary or wage increase designed to offset inflation, typically as measured by the U.S. Bureau of Labor Statistics Consumer Price Index (CPI)....A cost of living raise differs from a traditional raise or bonus in that it is given to all employees equally, not on the basis of individual merit, productivity, or performance." (source: [www.randstadusa.com/job-seeker/career-advice/career-development/time-a-cost-living-raise/](http://www.randstadusa.com/job-seeker/career-advice/career-development/time-a-cost-living-raise/))

Cambridge Dictionary: “An increase in a person’s wages, pension, etc. that is made once a year according to how much the prices of things such as food, transport, and housing have increased.” (source: [www.dictionary.cambridge.org/us/dictionary/english/cost-of-living-adjustment](http://www.dictionary.cambridge.org/us/dictionary/english/cost-of-living-adjustment))

**CITY GRANTED COST OF LIVING ADJUSTMENTS:**

The Miscellaneous Employee COLAs provided over the past 13 fiscal years have been abysmal. The past 15-years are listed as follows:

COLAs over past 15 fiscal years - Miscellaneous Employees: (Source: City Records)

0.0%	FY 2007-08	(Contract salary increase of 5%)
3.0%	FY 2008-09	(On top of the contract 5% salary increase)
<b>0.0%</b>	FY 2009-10	
1.8%	FY 2010-11	
1.5%	FY 2011-12	
<b>0.0%</b>	FY 2012-13	
2.0%	FY 2013-14	
2.5%	FY 2014-15	
<b>0.0%</b>	FY 2015-16	(Contract salary increase of 1.6% in lieu of COLA)
<b>0.0%</b>	FY 2016-17	(Contract salary increase of 1.6% in lieu of COLA)
<b>0.0%</b>	FY 2017-18	(Contract salary increase of 1.6% in lieu of COLA)
<b>0.0%</b>	FY 2018-19	
<b>0.0%</b>	FY 2019-20	
2.5%	FY 2020-21	
<u>2.5%</u>	<u>FY 2021-22</u>	
<b>15.8%</b>	Total 15-year COLA increase (an average increase of <u>1.053%</u> per year).	

It should be noted that the last two 2.5% COLAs for the Miscellaneous Employees were granted during Aaron Blair’s tenure with the City. To compare the last few years of City COLAs (granted for fiscal years) with CPI, see Attachment 1 that illustrates the calculated CPI-U each February annually. It notes that the CPI for February of 2022 is 5.2%.

The above noted “contract salary increase” was a separate agreement for scheduled salary increases for Exempt (Administration), Non-Exempt Miscellaneous, and Police Department employees; of which, the Non-Exempt employees had the lowest increases (see Attachment 2). During the “Great Recession” of 2008, the Non-Exempt Miscellaneous employees voluntarily postponed the final 5% salary increase, which was then divided over three years in FY 2015-16 through 2017-18. At that time, Management’s argument to not provide COLAs was that the Non-Exempt Employees were being given their (long overdue) contract agreed 5% (split over 3-years at 1.6%/yr) that staff had voluntarily postponed to help the City. In this circumstance, the Miscellaneous Employees were (at the very least) penalized from FY 2015-16 through FY 2017-18 when no COLA was granted. This is effectively an “either/or” policy, establishing a relative connection between COLAs and salary increases, which should not be the case as previously explained.

**COST PRICE INDEX (CPI) AND THE U.S. DOLLAR VALUE:**

The buying power of the U.S. dollar has decreased over the past 15 years. In utilizing the CPI calculator available at the U.S. Dept of Labor’s website ([https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)), the summary chart to the right illustrates the weakening buying power of the Dollar. What would have cost \$100 in 2007 costs \$139.42 in March of 2022 (see Attachment 3). This is a 28.3% decrease over fifteen years in the purchasing power of the U.S. dollar. It should be noted that the percentages in the chart do not reflect the official CPI of each year, rather it identifies the percent change year-to-year using \$100 in 2007 as a baseline.

COLAs granted by the City over the past fifteen (15) years equals a cumulative 15.8% (see previous page). When comparing the devalued percentage of the Dollar’s buying power (28.3%) to the cumulative COLAs granted over the same time period, miscellaneous employee salaries have been effectively decreased (in terms of buying power) by 12.5% as compared to 2007.

YEAR	\$ Value Change	Dollar Devaluation per year	% Change per year
2007	\$ 100.00	<b>BASELINE YEAR</b>	
2008	\$ 104.03	\$ 4.03	3.9%
2009	\$ 104.27	\$ 0.24	0.23%
2010	\$ 106.51	\$ 2.24	2.1%
2011	\$ 108.75	\$ 2.24	2.1%
2012	\$ 111.87	\$ 3.12	2.8%
2013	\$ 114.09	\$ 2.22	1.9%
2014	\$ 115.37	\$ 1.28	1.1%
2015	\$ 115.34	\$ (0.03)	-0.03%
2016	\$ 116.52	\$ 1.18	1.0%
2017	\$ 119.71	\$ 3.19	2.7%
2018	\$ 122.35	\$ 2.64	2.2%
2019	\$ 124.21	\$ 1.86	1.5%
2020	\$ 127.12	\$ 2.91	2.3%
2021	\$ 129.25	\$ 2.13	1.6%
2022	\$ 139.42	\$ 10.17	7.3%

Source: U.S. Dept. Of Labor, Bureau of Labor Statistics

One could argue that step increases and merit based raises provided over the years compensated for the devaluation of the Dollar; but then those raises would inherently be of less value to those select employees without COLAs since the value of those raises decreases equally with the devaluation of the Dollar. This circles back to the fact that COLAs are not “raises” based on performance or time served, they are economic adjustments of salaries to balance the U.S. Dollar’s declining buying power.

**CITY BENEFITS FOR NON-EXEMPT MISCELLANEOUS EMPLOYEES:**

The Miscellaneous Employees recognize that they receive a good benefit package as compared to some other agencies; however, it must be remembered that those benefits apply to ALL miscellaneous employees equally, unlike the contract salary increases (noted above & see Attachment 2) that were unequally distributed between the Police Department, the exempt employees, and non-exempt employees or merit/promotion based raises. Furthermore, the City needs to recognize that the City has an extremely small staff and we ALL wear multiple “hats” when it comes to job responsibilities to keep the City running.

### **COST IMPACT TO SAND CITY FY 2022-2023**

To provide the City's Miscellaneous Employees (8 persons) with a five percent (5%) COLA would cost the City a total of \$44,086.98. (see Attachment 4). The FY 2022-23 Operating Budget is currently in rough draft at this time to be approximately \$7 million, where \$44,086.98 would be approximately 0.63% percent of the entire overall draft operating budget. This calculation does not include Administration (exempt employees; i.e. City Manager & Chief of Police) or the City's Police Officers in the Police Officer's Association.

### **CONCLUSION**

The past few years have seen global economic impacts due to the Covid-19 pandemic and now the war in Ukraine with economic sanctions imposed upon Russia and other factors reverberating back through our economy. This is in addition to the increasing and ongoing investment of Bay Area individuals purchasing properties on the Peninsula resulting in an explosion of the housing/living expenses (i.e., rent, home prices, etc.). Based on the U.S. Bureau of Labor Statistics, the CPI for the San Francisco region (as of February 2022) is 5.2% (see Attachment 1), which has continued to rise through March. The City fared comparatively well financially during the Pandemic years due to its sales and transaction taxes, compared to other Peninsula cities like Monterey that are heavily dependent upon tourism and Transient Occupancy Tax (TOT) revenues. However, the City of Monterey still granted their Fire Department (who also services Sand City) a 5.2% COLA for FY 2022-2023 based on a February CPI increase (see Attachment 5). Social Security has already granted in January of this year a 5.9 COLA for all their nation-wide retirement recipients (see Attachment 6). Not providing a regular and steady annual COLA to employees based on CPI, effectively reduces employee salaries in terms of financial stability and buying power. Therefore, the Miscellaneous Employees of the City of Sand City, who have signed the cover letter of this submission are strongly requesting a **five percent (5%) COLA** be included in the FY 2022-2023 Budget; and that each fiscal year thereafter, COLAs, based on official and applicable CPI for this area, be included in each fiscal year's budget.

### **ATTACHMENTS:**

1. Table A. SF-Oakland-Hayward CPI-U 12 month percent change.
2. Summary of 2007-08 Salary Agreement & Distribution
3. Printout of CPI Calculator US Bureau of Labor Statistics comparing value of \$100 in 2007 to buying power in 2022.
4. 5% COLA calculation for miscellaneous employee salaries and impact to City Budget.
5. Monterey Fire Department correspondence noting 5.2 COLA, dated 03/23/22.
6. Social Security COLA Information for 2002 (printout from website).

Table A San Francisco-Oakland-Hayward, CA, CPI-U 2-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2018		2019		2020		2021		2022	
	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month
February	1.4	3.6	0.5	3.5	0.9	2.9	0.5	1.6	1.4	5.2
April	0.8	3.2	1.2	4.0	-0.5	1.1	1.7	3.8		
June	0.9	3.9	0.2	3.2	0.7	1.6	0.0	3.2		
August	0.6	4.3	0.1	2.7	0.0	1.6	0.5	3.7		
October	0.7	4.4	1.0	3.0	0.5	1.1	0.7	3.8		
December	0.1	4.5	-0.5	2.5	0.4	2.0	0.8	4.2		

The April 2022 Consumer Price Index for the San Francisco area is scheduled to be released on May 11, 2022.

## ATTACHMENT 2

### SALARY INCREASE - CONTRACT & ACTUAL DISTRIBUTION

In FY 2007-08, there was an agreement signed by employees for salary increases outside the “step” mechanism. This was as follows (Source: City Records):

The contract was:

Administration	15% (FY 2007-08) 5% (FY 2008-09) 5% (FY 2009-10)	or a total 25%+ increase over 3-years
Police Dept.	11% (FY 2007-08) 10% (FY 2008-09) 10% (FY 2009-10)	or a total 31%+ increase over 3-years
Miscellaneous (Non-Exempt)	5% (FY 2007-08) 5% (FY 2008-09) 5% (FY 2009-10)	or a total 15%+ increase over 3-years (effectively HALF of the Police Dept.)

When the “Great Recession” hit in late 2008, the third year increase of the contract was deferred, with agreement by the employees, on a year by year voluntarily concurrence. The final third portion of the contract raise of 5% was deferred for six (6) years; where after, it was then divided over three years (FY 2016-16, FY2016-17, FY2017-18) without employee concurrence. The actual salary increases were paid as follows:

Actual payment was:

Administration (Exempt)	15% (FY 07-08) 5% (FY 08-09) 1.6% (FY 15-16), 1.6%(FY 16-17), 1.6% (FY 17-18)	or a total 25%+ increase over 10-years
Police Dept.	11% (FY 07-08) 10% (FY 08-09) 3.33% (FY 15-16) 3.33% (FY 16-17) 3.33% (FY 17-18)	or a total 31%+ increase over 10-years
Miscellaneous (Non-exempt)	5% (FY 07-08) 5% (FY 08-09) 1.6 (FY 15-16) 1.6 (FY 16-17) 1.6 (FY 17-18)	or a total 15%+ increase over 10-years (effectively HALF of the Police Dept.)

How this contract arrangement came to be is uncertain; but in hindsight, the distribution of financial compensation outlined by the contract and the actual salary increases provided were excessively unbalanced. This conclusion is based on the numbers presented above and taking into account how the Miscellaneous (non-exempt) Employees do not have the freedoms and benefits provided to Exempt Employees.



## CPI Inflation Calculator

### CPI Inflation Calculator

\$ 100.00

in February ▼ 2007 ▼

has the same buying power as

\$139.42

in February ▼ 2022 ▼

Calculate

[Mobile Browser? View full screen.](#)

#### About the CPI Inflation Calculator

The CPI inflation calculator uses the [Consumer Price Index](#) for All Urban Consumers (CPI-U) U.S. city average series for all items, not seasonally adjusted. [This data](#) represents changes in the prices of all goods and services purchased for consumption by urban households.

U.S. BUREAU OF LABOR STATISTICS Postal Square Building 2 Massachusetts Avenue NE Washington, DC 20212-0001

Telephone:1-202-691-5200\_ Federal Relay Service:1-800-877-8339\_ [www.bls.gov](http://www.bls.gov) [Contact Us](#)

5% COLA

5% COLA

<u>Group</u>	<u>Salaries</u>	<u>Retirement</u>	<u>Education</u>	<u>Total Increase</u>
Misc	35,891.96	8,195.02	0.00	44,086.98
<i>Total</i>				<i>44,086.98</i>





# ATTACHMENT 5

MONTEREY FIRE DEPARTMENT

RECEIVED

MAR 25 2022

CITY OF SAND CITY

March 23, 2022

Vibeke Norgaard, Interim City Manager  
City of Sand City  
1 Sylvan Park  
Sand City, CA 93955

Dear Ms. Norgaard:

Per our *Agreement to Provide Fire Services Between the Cities of Monterey and Sand City*, Sand City's total annual fee for Fiscal Year 2022-2023 will adjust to **\$328,839**. This fee is based on a **5.2% February 2022 CPI-U increase** on the former annual rate of \$312,585.

A breakdown of the fee basis is enclosed for your reference. If you have questions or need any additional information, please do not hesitate to contact me or Senior Administrative Analyst Gundy Rettke at (831) 646-3900.

We look forward to continuing to provide safe, effective fire and emergency services to Sand City in the year ahead.

Sincerely,

Gaudenz Panholzer  
Fire Chief

Enclosure

c: Finance Director

RECEIVED  
MAR 25 2022  
CITY OF SAND CITY

## Cost-of-Living Adjustment (COLA) Information for 2022

Social Security and Supplemental Security Income (SSI) benefits for approximately 70 million Americans will increase 5.9 percent in 2022.

The 5.9 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 64 million Social Security beneficiaries in January 2022. Increased payments to approximately 8 million SSI beneficiaries will begin on December 30, 2021. (Note: some people receive both Social Security and SSI benefits)

Read more about the [Social Security Cost-of-Living adjustment for 2022](#).

The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$147,000.

The earnings limit for workers who are younger than "full" retirement age (see [Full Retirement Age Chart](#)) will increase to \$19,560. (We deduct \$1 from benefits for each \$2 earned over \$19,560.)

The earnings limit for people reaching their "full" retirement age in 2022 will increase to \$51,960. (We deduct \$1 from benefits for each \$3 earned over \$51,960 until the month the worker turns "full" retirement age.)

There is no limit on earnings for workers who are "full" retirement age or older for the entire year.

Read more about the [COLA, tax, benefit and earning amounts for 2022](#).

---

## Medicare Information

Information about Medicare changes for 2022, when announced, will be available at [www.medicare.gov](http://www.medicare.gov).

For Social Security beneficiaries receiving Medicare, Social Security will not be able to compute their new benefit amount until after the Medicare premium amounts for 2022 are announced. Final 2022 benefit amounts will be communicated to beneficiaries in December through the mailed COLA notice and [my.Social Security's](#) Message Center.

---

## Your COLA Notice

In December 2021, Social Security COLA notices will be available online to most beneficiaries in the Message Center of their [my.Social Security](#) account.

This is a secure, convenient way to receive COLA notices online and save the message for later. You can also opt out of receiving notices by mail that are available online. Be sure to choose your preferred way to receive courtesy notifications so you won't miss your secure, convenient online COLA notice.

Remember, our services are free of charge. No government agency or reputable company will solicit your personal information or request advanced fees for services in the form of wire transfers or gift cards. Avoid falling victim to fraudulent calls and internet "phishing" schemes by not revealing personal information, selecting malicious links, or opening malicious attachments. You can learn more about the ways we protect your personal information and [my Social Security](#) account [here](#).

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## History of Automatic Cost-Of-Living Adjustments (COLA)

The purpose of the COLA is to ensure that the purchasing power of Social Security and Supplemental Security Income (SSI) benefits is not eroded by inflation. It is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the last year a COLA was determined to the third quarter of the current year. If there is no increase, there can be no COLA.

The CPI-W is determined by the Bureau of Labor Statistics in the Department of Labor. By law, it is the official measure used by the Social Security Administration to calculate COLAs.

Congress enacted the COLA provision as part of the 1972 Social Security Amendments, and automatic annual COLAs began in 1975. Before that, benefits were increased only when Congress enacted special legislation.

Beginning in 1975, Social Security started automatic annual cost-of-living allowances. The change was enacted by legislation that ties COLAs to the annual increase in the Consumer Price Index (CPI-W).

The change means that inflation no longer drains value from Social Security benefits.

- [The 2022 COLA](#)
- [The 2021 COLA](#)
- [The 2020 COLA](#)

**AGENDA ITEM  
8B.**

**Discussion and Direction on Commercial  
Cannabis Ordinance**

# CITY OF SAND CITY

## STAFF REPORT

April 28, 2022  
(For City Council consideration on May 3, 2022)

**TO:** Mayor & City Council

**FROM:** Vibeke Norgaard, City Manager; Adam Lindgren, City Attorney

**SUBJECT:** City Council Discussion and Direction on Commercial Cannabis Ordinance

### **BACKGROUND**

In November 2016, California voters passed Proposition 64, the Control Regulate and Tax Adult Use of Marijuana Act (“AUMA”), legalizing recreational or “adult use” cannabis for adults 21 years of age or older. That law created a new comprehensive regulatory and licensing structure for commercial, non-medical cannabis businesses. It also required cities and counties to permit adults 21 years of age and older to cultivate up to six cannabis plants inside their residence.

Soon after, in June 2017, the legislature passed SB 94 in an attempt to better align regulations for medical and adult use cannabis. SB 94 repealed much of MCRSA (for medicinal cannabis) and merged certain of its requirements with AUMA to create a single schema. The new regulatory system, the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”), is intended to regulate all commercial cannabis activity. In 2021, the three state cannabis programs were merged to form a single new state department called the Department of Cannabis Control (“DCC”). DCC now licenses and regulates all commercial cannabis activity in California.

### **DISCUSSION**

Commercial and medicinal cannabis businesses are currently prohibited from operating in the City under Section 18.69.010 of the Municipal Code. Staff was directed to draft an ordinance to allow commercial and medicinal cannabis businesses to operate, subject to local health and safety regulations, along with a permitting program.

The attached discussion draft Ordinance will include an application procedure to award an operating permit to businesses that meet minimum qualifications. It would allow the City to limit the total number of businesses, and then businesses would compete for permits based in part on the benefits they will provide to the City including payments, tax revenues or other benefits to the community. Cannabis businesses will only be allowed to operate in specified zones within the City, and will be subject to strict security requirements. This draft “Commercial Cannabis Ordinance” includes the following:

- Clearly defines cannabis use types and where they will be allowed in the City or remain prohibited under Section 18.XX.020(r).
- Each cannabis business must obtain a City business license, operating permit, and conditional use permit (18.XX.050).
- Number of total businesses may be limited by the number of CUPs issued, but a limit could also be stated in the ordinance if desired.
- Operator qualifications and all applications considered based on community and economic benefit to the City and other factors (18.XX.050).
- Extensive security requirements differ slightly for retailers and non-retail businesses (18.XX.060).
- Development and operational standards to mitigate the secondary effect of these businesses on the City, including emissions, runoff, and energy control (18.XX.070).
- Allows retail cannabis in C-2, C-3, M, and MU-P (18.XX.030, Table 1).
- Includes extensive location and separation requirements (18.XX.040).

### **RECOMMENDATION**

Staff recommends discussion of the attached Ordinance and direction to City Staff for introduction at a future City Council meeting, with revisions as directed by the City Council.

One of the most important policy considerations for the Council may be where each individual cannabis use could be located. To determine if a use is allowed in a particular location, we will first discuss whether it would be prohibited in the subject zone, then, we will consider the further restrictions of the proximity and location requirements in Section 18.XX.040. It may be useful for Councilmembers to visit cannabis businesses of various types to better understand the nature of their business and neighborhood impacts. The City Council may also wish to discuss with Police Chief the security requirements for these businesses, some of which are required by State regulations.

### **ATTACHMENT(s):**

- 1) Draft Commercial Cannabis Ordinance

Section 18.69.010 Medical Marijuana Dispensaries, Delivery, Cultivation, and Sales. is deleted in its entirety.

“Commercial Cannabis Uses,” is hereby added to Chapter 18.70 of Title 18 of the Sand City Municipal Code to read as follows:

**18.XX.010 - Purpose.**

- (a) The purpose of this section is to identify and establish standards for commercial cannabis uses that are conditionally permitted in some or all districts, but which have the potential to create significant effects on the community and surrounding properties. Furthermore, it is the purpose and intent of this section to:
  - (1) Assist law enforcement agencies in performing their duties effectively and in accordance with California law.
  - (2) Acknowledge that the cultivation of medical and nonmedical cannabis is illegal under federal law while granting limited immunity from local prosecution to those medical and nonmedical cannabis activities that do not violate the restrictions and limitations set forth in this section or California law.
  - (3) Ensure that cannabis grown for medical and nonmedical purposes remains secure and does not find its way to minors or illicit markets.
- (b) These provisions are supplemental standards and requirements to minimize the effects of these uses and activities and to protect the health, safety, and welfare of individuals and the general public in accordance with the goals, objectives, policies, and implementation programs of the general plan. This is a permissive ordinance and therefore does not confer any rights or permitted uses related to commercial cannabis uses unless expressly stated as an allowed right or use in this section or other provision of the Sand City Municipal Code. Standards and regulations set forth in this section apply to all commercial cannabis uses unless otherwise specified.

**18.XX.020 - Definitions.**

- (a) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, or any other strain or varietal of the genus *Cannabis* that may exist or be discovered, or developed, that has psychoactive or medical properties, whether growing or not, including but not limited to the seeds thereof; the resin, whether crude or purified, extracted from any part of the 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” also means marijuana as defined by California Health and Safety Code section 11018 and Business and Professions Code section 26001(e), as both may be amended from time to time. Any reference to cannabis or cannabis products shall include medical and nonmedical cannabis and medical and nonmedical cannabis products unless otherwise specified. Cannabis or cannabis products does not mean industrial hemp as defined by Health and Safety Code section 11018.5, or the weight of any other ingredient combined

with cannabis to prepare topical or oral administrations, food, drink, or other product. 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.

- (b) “Cannabis cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis, including nurseries.
- (c) “Cannabis cultivation area” means the total aggregate area(s) of cannabis cultivation on a single premise as measured around the outermost perimeter of each separate and discrete area of cannabis cultivation at the drip-line of the canopy expected at maturity and includes, but is not limited to, the space between plants within the cultivation area, the exterior dimensions of garden beds, garden plots, hoop houses, greenhouses, and each room or area where cannabis plants are grown, as determined by the review authority.
- (d) “Cannabis cultivation – indoor” means the cultivation of cannabis using exclusively artificial lighting.
- (e) “Cannabis cultivation – mixed-light” means the cultivation of cannabis using any combination of natural and supplemental artificial lighting. Greenhouses, hoop houses, hothouses and similar structures, or light deprivation systems are included in this category.
- (f) “Cannabis cultivation – outdoor” means the cultivation of cannabis using no artificial lighting conducted in the ground or in containers outdoors with no covering. Outdoor cultivation does not include greenhouses, hoop houses, hot houses or similar structures.
- (g) “Cannabis cultivation site” means the premise(s), leased area(s), property, location or facility where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where all or any combination of those activities.
- (h) “Cannabis retail business” or “retailer” means a facility, whether fixed or mobile, operated in accordance with state and local laws and regulations, where cannabis and/or cannabis products are offered for retail sale, including an establishment that delivers cannabis and/or cannabis products as part of a retail sale.
- (i) “Cannabis distribution facility” means the location or a facility where a person conducts the business of procuring cannabis from licensed cultivators or manufacturers for sale to licensed retailers or delivery operations, and the inspection, quality assurance, batch testing by a Type 8 licensee, storage, labeling, packaging and other processes, prior to transport to licensed retailers or delivery operations. This facility requires a Type 11 license pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) or a state cannabis license type subsequently established.
- (j) “Cannabis license” means a state license issued pursuant to MAUCRSA.
- (k) “Cannabis licensee” means a person issued a state license under MAUCRSA to engage in commercial cannabis uses or activity.
- (l) “Cannabis manufacturer” means a person that produces, prepares, propagates, or compounds manufactured 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, that holds a valid state Type 6 or 7 license, or a state cannabis license type subsequently established, and that holds a valid local license or permit.

- (m) “Cannabis manufacturing” means a facility, whether fixed or mobile, that produces, prepares, propagates, or compounds manufactured 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, and is owned and operated by a licensee for these activities.
- (n) “Cannabis nursery” means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis.
- (o) “Cannabis products” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.
- (p) “Cannabis testing service” or “cannabis testing laboratory” means a laboratory, facility, or entity that offers or performs tests of cannabis or cannabis products, including the equipment provided by such laboratory, facility, or entity.
- (q) “Child care center” shall have the same meaning as “day care center” in Health and Safety Code section 1596.76, as may be amended from time to time: means 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.
- (r) “Commercial cannabis uses” means any commercial cannabis activity licensed pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”), including but not limited to, cultivation, possession, distribution, laboratory testing, labeling, retail, delivery, sale or manufacturing of cannabis or cannabis products. “Commercial cannabis uses also means any cannabis activity licensed pursuant to additional state laws regulating such businesses. Commercial cannabis uses shall not include legal medical cannabis or cannabis activities carried out exclusively for one’s personal use that does not involve commercial activity or sales.
- (s) “City Manager” means the City Manager or his or her designee.
- (t) “Distributor” means any commercial cannabis operation that distributes cannabis or cannabis products under a valid state Type 11, or a state cannabis license type subsequently established.
- (u) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.
- (v) “Manufactured cannabis” means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product.



- (w) “Medical cannabis” or “medicinal cannabis” means cannabis that is intended to be used for medical cannabis purposes in accordance with the Compassionate Use Act (“CUA”, Health and Safety Code section 11362.7 et seq.), the Medical Marijuana Program Act (“MMPA,” Health and Safety Code section 11362.7 et seq.) and the Medical Cannabis Regulation and Safety Act (“MCRSA,” Business and Professions Code section 19300 et seq.) and the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”).
- (x) “Microbusiness” means a commercial cannabis facility operating under a state Type 12 license, or a state cannabis license type subsequently established, and meeting the definition of microbusiness Business and Professions Code section 26070(a)(3)(A), as may be amended from time to time, which cultivates less than 10,000 square feet of cannabis and acts as a licensed distributor, Level 1 manufacturer, and retailer.
- (y) “Person” means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, tribe, or any other group or combination acting as a unit and includes the plural as well as the singular number.
- (z) “Premise(s)” means a legal parcel, or a leasehold interest in land, or a leased or owned space in a building where the commercial cannabis use or activity is or will be conducted.
- (aa) “Primary caregiver” shall have the same meaning as set forth in Health and Safety Code section 11362.7, as the same may be amended from time to time.
- (bb) “Public place” means any publicly owned property or property on which a public entity has a right of way or easement. Public place also means any private property that is readily accessible to the public without a challenge or barrier, including but not limited to front yards, driveways, and private businesses.
- (cc) “Qualifying patient” or “qualified patient” shall have the same meaning as set forth in Health and Safety Code section 11362.7, as the same may be amended from time to time.
- (dd) “Operator” means the natural person or designated officer responsible for the operation of any commercial cannabis use.
- (ee) “Retailer” means any commercial cannabis facility, whether fixed or mobile, engaged in the retail sale of cannabis or cannabis products to customers under a state cannabis license Type 10, 9, or 12, or a state cannabis license type subsequently established.
- (ff) “Review authority” means the individual or official City body (the City Manager, Director, Council, Commission, or Board) and others as identified in the Sand City Municipal Code as having the responsibility and authority to review and approve or deny land use permit applications.
- (gg) “Sale,” “sell,” and “to sell” shall have the same meaning as set forth in Business and Professions Code section 26001(au), as the same may be amended from time to time: any transaction whereby, for any consideration, title to cannabis is 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 such cannabis or cannabis product was purchased.

- (hh) “School” means any public or private school providing instruction to students in kindergarten or any grades 1 through 12.
- (ii) “Volatile solvent” means volatile organic compounds, including but not limited to: (1) explosive gases, such as Butane, Propane, Xylene, Styrene, Gasoline, Kerosene, O<sub>2</sub> or H<sub>2</sub>; and (2) dangerous poisons, toxins, or carcinogens, such as Methanol, Methylene Chloride, Acetone, Benzene, Toluene, and Tri-chloro-ethylene as determined by the Fire Marshall.
- (jj) “Youth center” shall have the same meaning as in Section 11353.1 of the Health and Safety Code, as may be amended from time to time: 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.

**18.XX.030 - Location and Minimum Proximity Requirements.**

- (a) Commercial Cannabis Uses Table 1 identifies which commercial cannabis uses are permitted in the City and in which zones. No commercial cannabis use is permitted unless Table 1 indicates that the use is permitted with a Conditional Use Permit (CUP). No home-based commercial cannabis businesses are permitted.

**Table 1 Commercial Cannabis Uses.** “X” indicates that a commercial cannabis use is not permitted in that zone. Only uses listed below, in the zones without an “X”, are permitted.

<b>Commercial Cannabis Use</b>	<b>C-1</b>	<b>C-2</b>	<b>C-3</b>	<b>M</b>	<b>MU-P</b>
Cultivation Type 1A; Specialty Indoor Small; and 1B Specialty Mixed-light Small (5,000 Sq. Ft. Max)	X	X	X		
Cultivation Type 1C; Specialty Cottage Small; 2,500 Sq. Ft. Max for mixed light; or 500 Sq. Ft. Max indoor	X	X	X		
Cultivation Type 2A; Indoor Small; and 2B; Mixed-light Small (10,000 Sq. Ft. Max)	X	X	X		
Cultivation Type 3A; Indoor Medium; and 3B; Mixed-Light Medium (22,000 Sq. Ft. Max)	X	X	X		
Nursery Type 4	X	X	X		
Cultivation Type 5A; Indoor Large; and 5B; Mixed-Light Large (more than 22,000 Sq. Ft.)	X	X	X		
Manufacturer 1; Type 6 (nonvolatile)	X	X	X		

Manufacturer 2; Type 7 (volatile)	X	X	X		
Testing Laboratory; Type 8	X				
Retailer; Type 10 (storefront)	X				
Retailer; Type 9 (non-storefront)	X	X	X	X	X
Distributor; Type 11	X	X	X		
Microbusiness; Type 12 (permitted if all uses under license permitted in zone)	X				

**18.XX.040 - Location and Minimum Proximity Requirements.**

- (a) Commercial cannabis uses shall only be permitted in areas of the city in which such uses are permitted or conditionally permitted by the zoning ordinance of this Code.
- (b) Additionally, the following location and proximity requirements shall apply:
  - (1) No commercial cannabis use shall be located within six hundred feet (600') of a school, child care center, or youth center, as measured from the nearest property lines.
  - (2) No commercial cannabis use shall be located within one hundred feet (100') of any residential use; this distance shall be measured from any building or structure containing a commercial cannabis use to an existing residential structure used for residential purposes.
  - (3) No commercial cannabis use shall be located within two hundred feet (200') of a park or library, as measured from the nearest property lines.
- (c) The proximity requirements above may be waived by the decision-maker when the applicant can show that an actual impassible physical separation exists between land uses or parcels, such as a building, sound wall, major street or highway, such that no negative off-site impacts could occur that would result in harm or likely harm to the public health, safety, or welfare or the health, safety, or welfare of nearby resident or tenant, unless otherwise prohibited under state law.
- (d) The City Council may, by resolution, set limits on the maximum number of cannabis license types allowed in the City.

**18.XX.050 - Application Procedures.**

- (a) Any cannabis business that does not have the applicable State license is prohibited within the City.
- (b) Any cannabis business allowed in the City shall obtain all of the following:

- (1) A City business license.
- (2) An operating permit on a form specified by the City, for a term no longer than three (3) years.
- (3) A conditional use permit pursuant to the procedure in Chapter 18.70 of this Code. Any conditional use permit relating to the location of a cannabis business may be approved based on all of the following findings:
  - (i) The proposed use is allowed within the applicable zoning district and complies with all other applicable provisions of Title 18 of this Code.
  - (ii) The proposed use is consistent with the General Plan and any applicable specific plan.
  - (iii) The design, location, size, and operating characteristics of the proposed activity would be compatible with the existing and future land uses in the vicinity.
  - (iv) The site is physically suitable for the type, density, and intensity of use being proposed, including access, utilities, and the absence of physical constraints.
  - (v) The proposed project has been reviewed in compliance with the California Environmental Quality Act.
- (c) The City may refuse to issue any discretionary or ministerial permit, license, variance or other entitlement, which is sought pursuant to this article, including zoning clearance for a building permit, where the property upon which the use or structure is proposed is in violation of the Sand City Municipal Code, or any other local, state or federal law.
- (d) **Operator Qualifications.** All commercial cannabis operators must meet the following minimum qualifications. The City reserves the right to require additional qualifications through the application procedure.
  - (1) Commercial cannabis business operators must be twenty-one (21) years of age or older.
  - (2) Commercial cannabis business operators shall be subject to background search by the California Department of Justice and local law enforcement.
  - (3) No commercial cannabis business operator may have a felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code, and subdivision (c) of Section 1192.7 of the Penal Code. Operators may not have criminal convictions that substantially relate to the qualifications, functions, or duties of the business or profession, including a felony conviction involving fraud, deceit, or embezzlement or a criminal conviction for the sale or provision of illegal controlled substances to a minor.
  - (4) Commercial cannabis operators must meet the minimum qualifications established by the state for the applicable state license type.
- (e) **Cannabis Operator Application Procedure.**
  - (1) A person may apply to operate a cannabis business by filing an application with the City Manager on a form provided by the City.

- (2) The City Manager, or his or her designee, may design application forms and procedures specific to each permitted license type, including online permitting, and require inspections of proposed facilities before approving a commercial cannabis use under this Article.
- (3) Applications shall be reviewed by City staff or qualified consultants, as designated by the City Manager. Such review may include a scoring or ranking system.
- (4) A person shall not knowingly make a false statement of fact or knowingly omit any information that is required in an application to operate a cannabis business.
- (5) Applications shall require, at a minimum, the following:
  - (i) A description of the benefits that the cannabis business would provide to the local community. The City will give priority to applications that offer the following community contributions, in order:
    1. Payments to the City as a percentage of gross receipts and/or per square foot of cultivation space as mutually agreed by the Parties;
    2. Economic incentives to the City;
    3. Employment for residents of the City, paid a living wage and benefits;
    4. Improvements to the property where the cannabis business is proposed to be operated and adjoining properties;
    5. Public outreach and education/community service;
    6. Hire partners and employees from marginalized communities and/or rehabilitated persons or employees who have cannabis criminal arrest history;
    7. Green Business certification.
  - (ii) All necessary information related to the business its operators, including names, birth dates, addresses, social security or tax identification numbers, relevant criminal history, relevant work history, names of businesses owned or operated by the applicant within the last ten (10) years, investor and/or partner information, and APN number of the parcel upon which the business will be located. Such private information will be exempt from disclosure to the public, pursuant to applicable law, to protect an individual's privacy interests and public health and safety.
  - (iii) Written (and notarized) permission from the property owner and/or landlord to operate a commercial cannabis use on the site.
  - (iv) Operating Plan.
  - (v) Security Plan as required under Section 18.XX.060.
  - (vi) Site Plans.
  - (vii) Air Quality information. When deemed necessary by City staff for purposes of compliance with CEQA or state cannabis regulations, the applicant shall provide a calculation of the businesses anticipated emissions of air pollutants.

Applicants are encouraged to design their project so as to minimize or avoid air pollutant emissions.

- (viii) Greenhouse Gas Emissions. When deemed necessary by City staff for purposes of compliance with CEQA, the applicant shall provide calculations of the anticipated greenhouse gas emissions for the operation of the business. The applicant shall further demonstrate compliance with any applicable state, regional, or local plan for the reduction of greenhouse gas emissions. No conditional use permit shall be granted for any business that would violate any state, regional, or local plan for the reduction of greenhouse gases, nor shall any conditional use permit be issued where the construction and/or operation of the business would exceed any applicable threshold of significance for greenhouse gas emissions under the California Environmental Quality Act.
- (ix) Hazardous Materials information. To the extent that the applicant intends to use any hazardous materials in its operations, the applicant shall provide a hazardous materials management plan that complies with all federal, state, and local requirements for management of such substances. "Hazardous materials" includes any hazardous substance regulated by any federal, state, or local laws or regulations intended to protect human health or the environment from exposure to such substances.
- (x) Water Supply information. When deemed necessary by the City Planner, the applicant shall demonstrate to the satisfaction of the City Planner that sufficient water supply exists for the use.
- (xi) Wastewater information. When deemed necessary by the City Engineer, the applicant shall demonstrate to the satisfaction of the City Engineer that sufficient wastewater capacity exists for the proposed use.
- (xii) Signed Affidavit. The property owner and applicant, if other than the property owner, shall sign the application and shall include affidavits agreeing to abide by and conform to the conditions of the permit and all provisions of the Sand City Municipal Code pertaining to the establishment and operation of the commercial cannabis use, including, but not limited to, the provisions of this article.
- (xiii) Signed indemnity provision, as established in Section 18.XX.110(e) of this article.

#### **18.XX.060 - Security Requirements.**

##### **(a) Security Requirements – Retailers.**

- (1) Floor Plan. A retailer shall have a lobby waiting area at the entrance to receive persons to verify that the person meets the criteria of a valid qualified patient or primary caregiver, or in the case of nonmedical retailer, whether they are at least twenty-one (21) years of age. A retailer shall also have a separate and secure area designated for distributing cannabis. The main entrance shall be located and maintained clear of barriers, landscaping, and similar obstructions so that it is clearly visible from public streets or sidewalks.

- (2) Storage. A retailer shall have adequate locked storage on the retailer property, identified and approved as a part of the security plan, for after-hours storage of cannabis. Cannabis shall be stored at the retailer property in secured rooms that are completely enclosed or in a safe that is bolted to the floor.
- (3) Security Plans. A retailer shall comply with a security plan that is approved by the city manager, in consultation with the police department, that includes, but is not limited to, building security specifications, lighting, cameras, alarms, and adequate state-licensed security personnel to patrol the retailer area in order to preserve the safety of persons and to protect the retailer from theft, including employee theft. The plan shall include storage and transportation information, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency. The plan should also include bollards where necessary to prevent vehicle entrance into the facility. The plan shall include detailed information regarding limited-access areas. The city may require minimum standards beyond those in this article for: all alarm and security-related equipment, staff training related to security equipment and procedures, and maintenance and contract requirements for all security equipment and personnel.
- (4) Security personnel shall be on-site twenty-four (24) hours a day or alternative security as authorized by the Police Chief or his/her designee(s), so long as such alternative plan meets minimum state regulations. 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 his/her designee(s), with such approval not to unreasonably withheld.
- (5) Security Cameras. Security surveillance cameras and a video recording system shall be installed to monitor the interior, main entrance, all entries and exists (from both the inside and outside of building) and exterior retailer area to discourage loitering, crime, and illegal or nuisance activities. The camera and recording system must be of adequate quality (at least HD), color rendition, and resolution to allow the identification of any individual present in the retailer area. At each point-of-sale location, camera coverage must enable recording of the customer(s) and employee(s) facial features with sufficient clarity to determine identity. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the Chief of Police or his/her designee(s). 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 his/her designee(s), and that it is compatible with the City's software and hardware. All surveillance equipment, records, and recordings must be stored in a secured area that is only accessible to management staff. Operators must keep a current list of all authorized employees who have access to the surveillance system and/or alarm system.
- (6) Security Video Retention. Video from the security surveillance cameras shall be maintained for a period of not less than forty-five (45) days and shall be made available to the city upon request.
- (7) Alarm System. Professionally and centrally-monitored fire, robbery, and burglar alarm systems shall be installed and maintained in good working condition.

- (8) Concealed. A retailer shall not allow or permit cannabis to be visible from the building exterior.
  - (9) Police Notification. A commercial cannabis retailer shall notify the Chief of Police or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
    - (i) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the Chief of Police or his/her designee(s).
    - (ii) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
    - (iii) The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
    - (iv) Any other breach of security.
  - (10) Emergency Contact. A retailer shall provide the City Manager with the current name and primary and secondary telephone numbers of at least one (1) twenty-four (24) hour on-call manager to address and resolve complaints and to respond to operating problems or concerns associated with the retailer. The retailer shall make good faith efforts to encourage neighborhood residents to call this person to solve operating problems, if any, before any calls or complaints are made to the City.
  - (11) Weapons and firearms are prohibited on the property, unless legally carried by city-approved security personnel and/or a business owner.
- (b) **Security Requirements – All other commercial cannabis uses.** Retailers shall include requirements in this section if no similar requirement is listed in subsection (a) above.
- (1) Security Plans. A commercial cannabis business comply with a security plan that is approved by the city manager, in consultation with the police department, that includes, but is not limited to, building security specifications, lighting, cameras, and alarms to preserve the safety of persons and to protect the business from theft, including employee theft. The plan shall include storage and transportation information, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency. The plan should also include bollards where necessary to prevent vehicle entrance into the facility.
  - (2) 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 Chief of Police or his/her designee(s), these security measures shall include, but shall not be limited to, all of the following:
    - (i) 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.

- (ii) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
- (iii) Except for live growing plants which are being cultivated at a cultivation facility, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault. All cannabis and cannabis products, including live plants which are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss.
- (iv) Installing (twenty-four) 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. 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 his/her 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 his/her 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 his/her 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. All surveillance equipment, records, and recordings must be stored in a secured area that is only accessible to management staff. Operators must keep a current list of all authorized employees who have access to the surveillance system and/or alarm system.
- (v) Sensors shall be installed to detect entry and exit from all secure areas.
- (vi) Panic buttons shall be installed in all commercial cannabis businesses.
- (vii) Having a professionally installed, maintained, and monitored alarm system.
- (viii) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
- (ix) 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.
- (x) Each commercial cannabis business shall identify a designated security representative/liaison to the City, who shall be reasonably available to meet with the Chief of Police or his/her designee(s) regarding any security-related measures or and operational issues.

- (xi) The commercial cannabis business shall cooperate with the City whenever the Chief of Police or his/her designee(s) makes a request, upon reasonable notice to the commercial cannabis business, to inspect or audit the effectiveness of any security plan or of any other requirement of this Title.
- (xii) A commercial cannabis business shall notify the Chief of Police or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
  - (A) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the Chief of Police or his/her designee(s).
  - (B) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
  - (C) The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
  - (D) Any other breach of security.
- (3) Weapons and firearms are prohibited on the property, unless legally carried by city-approved security personnel and/or a business owner.

**18.XX.080 - Taxes.**

- (a) Commercial cannabis uses shall comply with any taxes that may be enacted by the voters or any additional regulations that may be promulgated in addition to all current applicable state and local taxes.

**18.XX.090 - Employees.**

- (a) All employees of commercial cannabis businesses must be at least twenty-one (21) years of age.
- (b) All employees of commercial cannabis businesses shall be subject to background search by the California Department of Justice and local law enforcement.
- (c) Each owner or operator of a commercial cannabis business shall maintain onsite a current register of all the employees currently employed by the commercial cannabis business, and shall produce such register to the Chief of Police, designee, or any other City official authorized to enforce the Sand City Municipal Code for purposes of determining compliance with this article.
- (d) The Police Chief is authorized to implement an employee permit system, whereby any employee or volunteer of a commercial cannabis business, must obtain a work permit from the City.
  - (1) At a minimum, such program shall require the issuance of a permit that must be visibly displayed at all times by the employee or volunteer when he or she is

working and contains a recent photograph of the individual and the name of the commercial cannabis business where he or she works or volunteers.

- (2) The Police Chief may establish a fee for the cost of issuing such permit.

**18.XX.100 - Miscellaneous.** The following standards and regulations apply to all commercial cannabis uses:

- (a) Weights and measures. All scales used for commercial transactions shall be registered for commercial use and sealed by the Department of Agriculture/Weights and Measures.
- (b) Tracking. Commercial cannabis operators shall comply with any track and trace program established by the City or state agencies. Commercial cannabis operators must maintain records tracking all cannabis production and products and shall make all records related to commercial cannabis activity available to the City upon request. The City Manager may require commercial cannabis operators to comply with a County track and trace system if deemed appropriate.
- (c) Inspections. Commercial cannabis uses and operations shall be subject to inspections by appropriate local and state agencies, including but not limited to, the Departments of Health Services, Agriculture/Weights & Measures, the Sand City Police Department and City Management. Cannabis operations shall be inspected at random times for conformance with the Sand City Municipal Code and permit requirements. If interference in the performance of the duty of the agency having jurisdiction occurs, the agency may temporarily suspend the permit or license and order the cannabis operation to immediately cease operations.
- (d) Restrictions on alcohol sales and consumption. No alcoholic beverages may be sold, dispensed, or consumed on or about the premises of any commercial cannabis business.
- (e) Liability and Indemnification. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this article shall not become a personal liability of any public officer or employee of the City. To the maximum extent permitted by law, the permittees under this article shall defend (with counsel acceptable to the City), indemnify and hold harmless the City of Sand City, the Sand City Council, and its respective officials, officers, employees, representatives, agents and volunteers (hereafter collectively called "City") from any liability, damages, actions, claims, demands, litigation, loss (direct or indirect), causes of action, proceedings, or judgment (including legal costs, attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "action") against the City to attack, set aside, void or annul, any cannabis-related approvals and actions and strictly comply with the conditions under which such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said action and the permittee shall reimburse the City for its reasonable legal costs and attorneys' fees. Permittees shall be required to agree to the above obligations in writing.

**18.XX.110 - Enforcement.**

- (a) Violations.
  - (1) Any activity performed contrary to the provisions of this article is hereby declared to be a public nuisance.

- (2) Any violation of a term, condition, or the approved plans and specifications of any permit issued pursuant to this article shall constitute a violation.
  - (3) Each and every day during any portion of which any violation is committed, continued, or allowed to continue shall be a separate offense.
- (b) Remedies. In addition to the revocation and suspension provisions in this Article and any all available remedies under the law, the following remedies shall be available to the City or other enforcement agency regarding violations of this Article.
- (1) Administrative enforcement pursuant to this Municipal Code.
  - (2) Civil enforcement pursuant to this Municipal Code.
  - (3) Criminal enforcement if allowed under State law.
- (c) City Council may, by Resolution, adopt specific fines, fees, costs, and penalty amounts for violations and enforcement costs related to this article. Fines, fees, costs, and penalty amounts within Sand City Municipal Code may be applied in the absence of a Council approved Resolution establishing specific amounts related to this article.
- (d) In any enforcement action brought pursuant to this Article, whether by administrative or judicial proceedings, each person who causes, permits, suffers, or maintains the unlawful cannabis use shall be liable for all costs incurred by the City, including, but not limited to, administrative costs, and any and all costs incurred to undertake, or to cause or compel any responsible person to undertake, any abatement action in compliance with the requirements of this Section. In any action by the agency having jurisdiction to abate unlawful cannabis uses under this Section, whether by administrative or judicial proceedings, the prevailing party shall be entitled to a recovery of the reasonable attorney's fees incurred. Recovery of attorneys' fees under this subdivision shall be limited to those actions or proceedings in which the City elects, at the initiation of that action or proceeding, to seek recovery of its own attorney's fees. In no action, administrative proceeding, or special proceeding shall an award of attorneys' fees to a prevailing party exceed the amount of reasonable attorney's fees incurred by the City in the action or proceeding.

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**AGENDA ITEM  
8C.**

**Consideration of Naming Park for the  
South of Tioga project**



# *City of Sand City*

## Memorandum

**TO:** Mayor and City Council  
**FROM:** Vibeke Norgaard, City Manager  
**DATE:** May 3, 2022  
**SUBJECT:** Consideration of Naming of City Park In South of Tioga Project

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### **Background:**

On June 5, 2018, the City Council approved a Vesting Tentative Map ("**VTM**") submitted by DBO Development No.30, LLC ("**Developer**") for the development of the "South of Tioga" project to develop property in the approximately 10.64 acre area bounded by Tioga Avenue to the northeast, California Avenue to the southeast, East Avenue to the southwest, and the Merle street right-of-way to the northwest in the central portion of the City, generally referred to as the "South of Tioga" district ("**Project**").

The Developer has dedicated to the City an easement for a City park within the Project area made up of 0.07 acres on the R-1 Parcel and 0.12 acres on the R-2 Parcel, and as identified and depicted on **Exhibit A** to the resolution attached to this staff report. ("**Park Easement**" or "**Park**"). On April 19, 2022, the Council accepted the Park Easement.

The City Planner has worked with the Developer in the overall design and amenities to be included in the Park Easement. This concept was presented to City Council and approved by consensus on January 18, 2022. The final construction plans are now underway with the Developer, who will construct the Park on behalf of the City, though the City will be responsible for long-term care and maintenance under the purview of the Development Agreement and the Council's acceptance of this park easement.

Developer has requested that the Council choose a name for the park. In consideration of the considerable effort that the late Don Orosco made to move this project forward, and his contributions to the development of the City, the Developer has suggested the park be named after Don Orosco.

Potential park names that could be chosen in honor of Mr. Orosco:

- Don Orosco Park
- The Orosco Family Park

**Fiscal Impact:** There is no fiscal impact associated with this action.

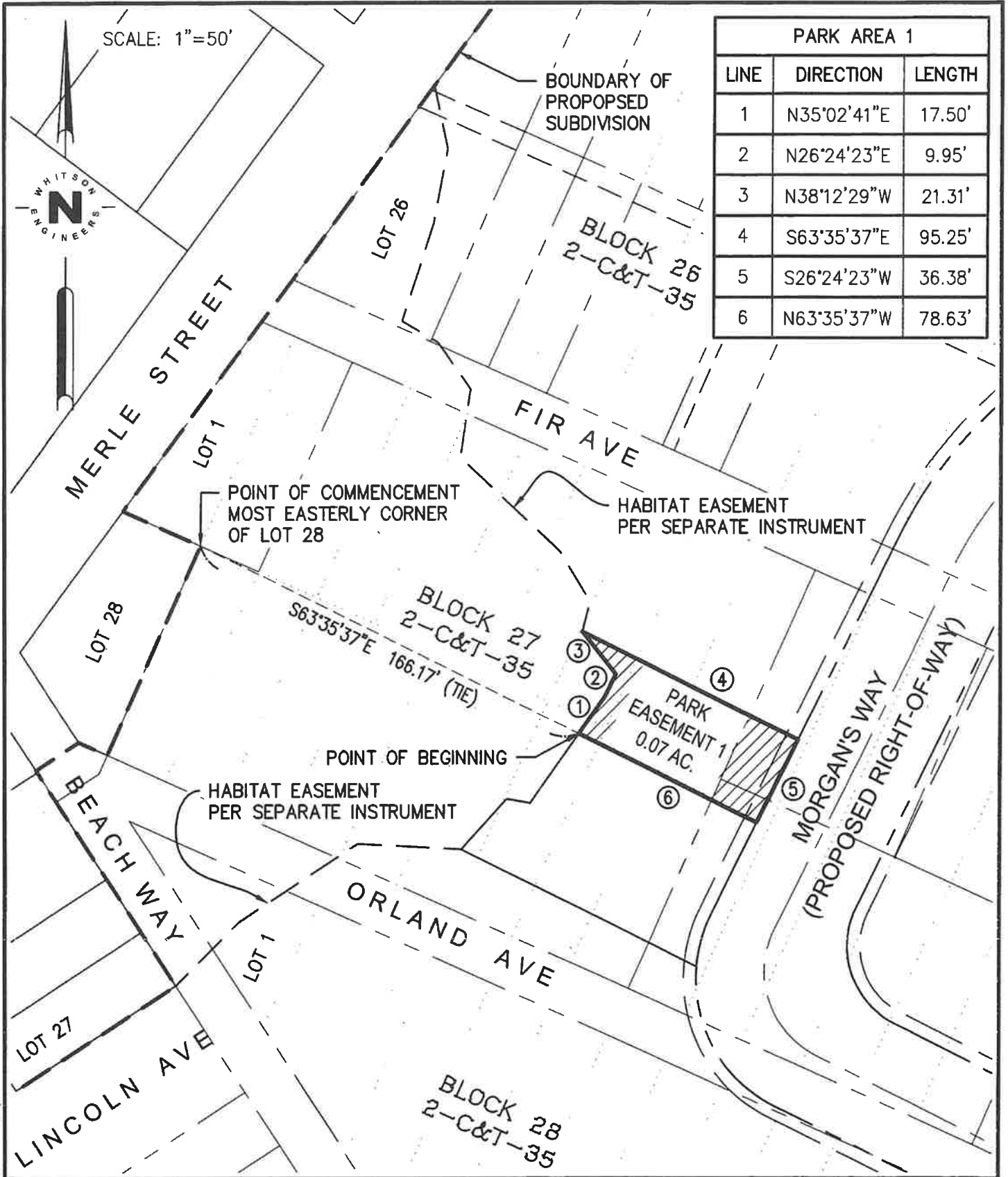
**CEQA:** This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378.

### **STAFF RECOMMENDATION**

Staff recommends that Council discuss the above or any other options and name the Park.

### **ATTACHMENTS**

Exh. A: Park Easement map.



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**PLAT TO ACCOMPANY DESCRIPTION  
PARK EASEMENTS**

**PARK 1**  
SAND CITY, CALIFORNIA  
APRIL 6, 2020



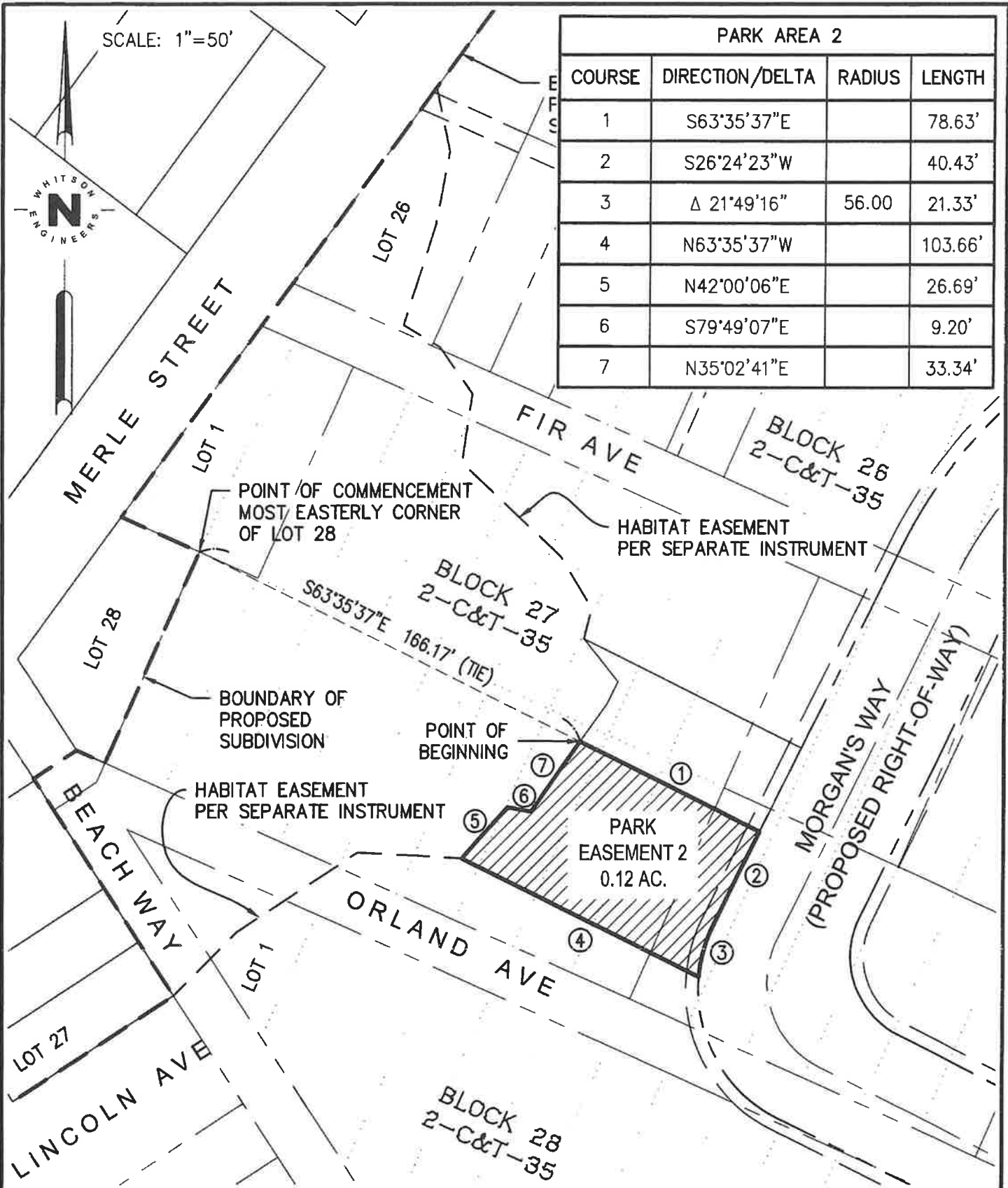
Civil Engineering +  
Land Surveying  
6 Harris Court  
Monterey, CA 93940  
831.649.5225  
whitsonengineers.com



SCALE: 1"=50'



PARK AREA 2			
COURSE	DIRECTION/DELTA	RADIUS	LENGTH
1	S63°35'37"E		78.63'
2	S26°24'23"W		40.43'
3	Δ 21°49'16"	56.00	21.33'
4	N63°35'37"W		103.66'
5	N42°00'06"E		26.69'
6	S79°49'07"E		9.20'
7	N35°02'41"E		33.34'



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## PLAT TO ACCOMPANY DESCRIPTION PARK EASEMENTS

**PARK 2**  
SAND CITY, CALIFORNIA  
APRIL 6, 2020



Civil Engineering +  
Land Surveying  
6 Harris Court  
Monterey, CA 93940  
831.649.5225  
whitsonengineers.com

**AGENDA ITEM  
8D.**

**Comments by Council Members on Items  
of Interest to Sand City**

**AGENDA ITEM  
8E.**

**Upcoming Meetings/Events**

## **AGENDA ITEM**

### **9A.**

**City Council/Successor Agency Board to  
adjourn to Closed Session regarding  
Conference with labor negotiator  
pursuant to Cal.Gov. Code Section 54957.6**

**1) Agency designated representative:  
Vibeke Norgaard, City Manager Employee  
Organization: Sand City Police Officers  
Association (POA)**

**AGENDA ITEM  
9B.**

**Re-adjourn to Open Session to report any  
action taken at the conclusion of Closed  
Session in accordance with Cal. Gov Code  
section 54957.1**