



CITY COUNCIL REGULAR MEETING

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

TUESDAY, FEBRUARY 17, 2026

5:30 PM

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

City Council Regular Meeting - Tuesday, February 17, 2026
5:30 PM

THIS MEETING WILL BE HELD VIRTUALLY AND IN PERSON, IS COMPLIANT WITH ASSEMBLY BILL (“AB”) 2449, SIGNED INTO LAW ON SEPTEMBER 13, 2022, WHICH AMENDS GOVERNMENT CODE SECTION 54953 TO PROVIDE AUTHORITY FOR PUBLIC AGENCIES TO CONTINUE TO HOLD VIRTUAL MEETINGS AND REMAIN IN COMPLIANCE WITH THE BROWN ACT (GOV. CODE §§ 54950 ET SEQ.). TO PARTICIPATE IN THE ZOOM COUNCIL WEBINAR LIVE:

<https://us02web.zoom.us/j/88349100938>

Webinar ID: 883 4910 0938

To participate telephonically by calling the number below:
(669) 900-6833

Webinar ID: 883 4910 0938#

If prompted to enter a participant ID, press #

TO PARTICIPATE IN PERSON:
City Hall Council Chamber
1 Pendergrass Way
Sand City, CA

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 10:00 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 at the meeting. Please email your comments to: cityclerk@sandcityca.org.

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. Please use the "raise your hand" option on Zoom, and the City Clerk will call on your name.

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. APPOINTMENT OF CITY COUNCIL VACANCY

- 3A. Approve a Resolution Appointing Kim Scudder to Serve the Remaining Term of Former Councilmember Sofer

[Staff Report](#)

[Resolution](#)

4. SWEARING IN CEREMONY

- 4A. Swearing in of New Councilmember Kim Scudder

[Oath of Office](#)

5. ANNOUNCEMENT BY MAYOR, CITY ATTORNEY, AND CITY MANAGER

6. 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.

7. 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.

- 7A. Approve a Resolution Recognizing and Honoring the Leadership and Service of Robin McCrae, Chief Executive Officer of Community Human Services, on the Occasion of her Retirement

[Mayor's Memo](#)

[Resolution](#)

- 7B. Approve a Resolution of the Sand City Joint Powers Financing Authority Confirming its Officers

[Staff Report](#)

[Resolution](#)

- 7C. Acceptance of City/Successor Agency Financial Report from January 2026

[Staff Report](#)

[Sand City Cash Receipt Report](#)

[Sand City Check Report](#)

[Successor Agency Revenue Report](#)

Successor Agency Check Report

8. CONSIDERATION OF ITEMS PULLED FROM CONSENT CALENDAR

9. PRESENTATION

10. PUBLIC HEARING

11. NEW BUSINESS

- 11A. Approve a Resolution Accepting the Independent Auditor's Report and the Audited Financial Statements for the Year Ended June 30, 2025

[Staff Report](#)

[Resolution](#)

[Auditors' Report](#)

[Audited Financial Statments](#)

- 11B. New Laws Update from City Attorney Adam Lindgren: Housing

- 11C. Approve a Resolution Confirming Appointments and Re-Appointments to the Design Review Committee

[Staff Report](#)

[Resolution](#)

[Ralph H. Goldbeck Resume](#)

[Tyler Pratt Resume](#)

- 11D. Approve a Resolution Confirming Members of the Sand City Arts Committee

[Mayor's Memo](#)

[Resolution](#)

- 11E. Approve a Resolution Ratifying Appointments to Various Local and Regional Agencies and Boards Effective February 17, 2026

[Mayor's Memo](#)

[Resolution](#)

[Appointments List](#)

- 11F. Discuss and Provide Direction for a Proposed Use by Abilities Cafe to Lease a Portion of the Art Park

[Staff Report](#)

[Abilities Cafe Site Plan](#)

- 11G. Use Permit Amendment for 1725 Contra Costa Street, APN 011-177-024, to Reduce the Number of Parking Spaces Due to the City of Sand City's West End Stormwater Project. ***This item is continued to March 3, 2026.***

12. COMMENTS BY COUNCILMEMBERS ON ITEMS OF INTEREST TO SAND CITY

13. CLOSED SESSION

City Council/Successor Agency Board to adjourn to Closed Session regarding:

- 13A. Conference with real property negotiators pursuant to Government Code Section 54956.8. Property: APN 011-125-040; City negotiators: City Manager Vibeke Norgaard, City Attorney Adam Lindgren; Negotiating Parties: County of Monterey; Under negotiation: Price and terms of payment.
- 13B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with Government Code Section 54957.1.

14. ADJOURNMENT

The current agenda is available in PDF format on our website at:
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
3A.**

**Approve a Resolution Appointing Kim
Scudder to Serve the Remaining Term of
Former Councilmember Sofer**



City of Sand City

STAFF REPORT

TO: Honorable Mayor and City Council
FROM: Vibeke Norgaard, City Manager
SUBJECT: Appointment to Fill City Council Vacancy
DATE: February 17, 2026

BACKGROUND/DISCUSSION:

After declaring Councilmember Sofer's seat vacant on December 16, 2025 (Res SC 25-68), the City Council conducted interviews and determined on February 3, 2026 that it intended to appoint Kim Scudder to fill the vacancy.

This action is to formally appoint Kim Scudder to the City Council seat vacated by former Councilmember Libby Sofer for the remainder of Libby Sofer's term, ending December 31, 2026.

CEQA:

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

FISCAL IMPACT:

There is no fiscal impact associated with this item.

RECOMMENDATION:

Appoint Kim Scudder to fill the City Council seat vacated by former Councilmember Libby Sofer for the remainder of the term, ending December 31, 2026.

ATTACHMENTS:

1. Resolution

**CITY OF SAND CITY
RESOLUTION SC 26-____, 2026**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY APPOINTING
COUNCILMEMBER SCUDDER TO SERVE THE REMAINING TERM OF FORMER
COUNCILMEMBER SOFER**

WHEREAS, on December 16, 2025, the City Council adopted Resolution SC 25-68 declaring former Councilmember Libby Sofer's seat on the City Council vacant in accordance with the City Charter and establishing a timeline and process to fill the vacancy; and

WHEREAS, City staff received three statements of interest from prospective City Council candidates; and

WHEREAS, at the February 3, 2026, regularly scheduled City Council meeting, the candidates gave brief presentations and answered questions from the Council; and

WHEREAS, on February 3, 2026, the City Council determined that Kim Scudder should fill the Council seat vacated by former Councilmember Sofer for the remainder of her term, ending December 31, 2026.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sand City hereby appoints Kim Scudder to serve on the City Council until December 31, 2026.

PASSED AND ADOPTED by the City Council of the City of Sand City this ____ day of February 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mary Ann Carbone, Mayor

ATTEST:

DATED: _____

Kerry Lindstrom, City Clerk

**AGENDA ITEM
4A.**

**Swearing in of New Councilmember Kim
Scudder**



CITY OF SAND CITY OATH OF OFFICE

State of California }
County of Monterey } ss.
City of Sand City }

I, **Kim Scudder**, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Signature

Subscribed and sworn to before me, this 17th day of February 2026.

Kerry Lindstrom, City Clerk
City of Sand City

**AGENDA ITEM
7A.**

Approve a Resolution Recognizing and Honoring the Leadership and Service of Robin McCrae, Chief Executive Officer of Community Human Services, on the Occasion of her Retirement



Memo

To: City Council of Sand City
From: Mary Ann Carbone, Mayor
Date: February 17, 2026
Re: Recognizing and Honoring Robin McCrae for 33 Years of Service as CEO of Community Human Services

BACKGROUND/DISCUSSION:

The City of Sand City is a member agency of Community Human Services, a Joint Powers Authority serving Monterey County. Robin McCrae has served as Chief Executive Officer for thirty-three (33) years, providing sustained leadership and advancing programs supporting healthcare access, homeless services, mental health services, and substance use disorder treatment. Her leadership and dedication have had a lasting positive impact on the community. The proposed resolution recognizes her service and extends best wishes upon her retirement.

It is recommended the Council approve the proposed resolution recognizing and honoring Robin McCrae.

ATTACHMENTS:

1. Resolution

**CITY OF SAND CITY
RESOLUTION SC 26-____, 2026**

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY RECOGNIZING AND
HONORING THE LEADERSHIP AND SERVICE OF ROBIN MCCRAE, CHIEF
EXECUTIVE OFFICER OF COMMUNITY HUMAN SERVICES, ON THE OCCASION
OF HER RETIREMENT**

WHEREAS, the City of Sand City is a member agency of Community Human Services, a Joint Powers Authority serving Monterey County, and has benefited from the leadership and stewardship provided through that partnership; and

WHEREAS, Robin McCrae has served as Chief Executive Officer of Community Human Services for thirty-three (33) years, providing sustained leadership, strategic direction, and a strong commitment to public service on behalf of the residents of Monterey County; and

WHEREAS, during her tenure, Community Human Services strengthened and expanded programs supporting healthcare access, homeless services, mental health services, and substance use disorder treatment, enhancing access to essential services throughout the county; and

WHEREAS, Robin McCrae has led Community Human Services with integrity, professionalism, and dedication, earning the respect of staff, partner agencies, and public-sector collaborators; and

WHEREAS, her decades of stewardship contributed to organizational stability, sound governance practices, and effective interagency collaboration within the Community Human Services Joint Powers Authority; and

WHEREAS, her work on behalf of vulnerable individuals and families has had a meaningful and lasting impact on the Monterey County community, particularly those experiencing homelessness, mental health challenges, and substance use disorders;

NOW, THEREFORE, BE IT RESOLVED that the City of Sand City hereby recognizes and honors Robin McCrae for her thirty-three (33) years of exemplary service and leadership as Chief Executive Officer of Community Human Services.

BE IT FURTHER RESOLVED that the City of Sand City expresses its sincere appreciation for her dedication, vision, and enduring contributions to Community Human Services, its member agencies, and the residents of Monterey County.

BE IT FURTHER RESOLVED that the City of Sand City congratulates Robin McCrae on the occasion of her retirement and extends best wishes for continued fulfillment, good health, and success in all future endeavors.

PASSED AND ADOPTED by the City Council of the City of Sand City this ____, day of _____, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mary Ann Carbone, Mayor

ATTEST:

DATED: _____

Kerry Lindstrom, City Clerk

**AGENDA ITEM
7B.**

**Approve a Resolution of the Sand City
Joint Powers Financing Authority
Confirming its Officers**



City of Sand City

STAFF REPORT

TO: Honorable Mayor and City Council
FROM: Kerry Lindstrom, City Clerk
SUBJECT: Confirmation of Joint Powers Financing Authority (JPFA) Officers
DATE: February 17, 2026

BACKGROUND/DISCUSSION:

The Bylaws of the JPFA require that the annual meeting of the Directors of the Joint Powers Financing Authority must be held at the second regular meeting of the City Council of Sand City in November each year confirming its officers. The second regular meeting of the City Council of Sand City in November was canceled; the annual meeting of the Authority is being held at the time of the second regular meeting in February 2026.

CEQA:

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

FISCAL IMPACT:

None.

RECOMMENDATION:

Approve the attached Resolution of the Sand City Joint Powers Financing Authority Confirming its Officers.

ATTACHMENTS:

1. Resolution of the Sand City JPFA Confirming its Officers

**SAND CITY JOINT POWERS FINANCING AUTHORITY
RESOLUTION NO. JPFA _____, 2026**

**RESOLUTION OF THE SAND CITY JOINT POWERS FINANCING AUTHORITY
CONFIRMING ITS OFFICERS**

WHEREAS, the Bylaws (“Bylaws”) of the Sand City Joint Powers Financing Authority (the “Authority”) require the Directors of the Authority to hold an annual meeting at the time of the second regular meeting of the City Council of Sand City in November each year; and

WHEREAS, the second regular meeting of the City Council of Sand City in November 2025 was canceled, the annual meeting of the Authority is being held at the time of the second regular meeting of the City Council of Sand City in February 17, 2026.

NOW, THEREFORE, the Directors of the Authority do hereby resolve as follows:

1. The present members of the City Council of Sand City and staff are hereby confirmed as Directors of the Authority pursuant to Section 1.2 of the Bylaws of the Authority:

Mary Ann Carbone, Chair
Jerry Blackwelder, Vice Chair
Michelle Adams, Board member
Marilee Diaz, Board member
Kim Scudder, Board member
Kerry Lindstrom, Secretary

PASSED AND ADOPTED, by the City Council of the City of Sand City, this ____, day of _____, 2026 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mary Ann Carbone, JPFA Chair

ATTEST:

DATED: _____

Kerry Lindstrom, JPFA Secretary

**AGENDA ITEM
7C.**

**Acceptance of City/Successor Agency
Financial Report from January 2026**



City of Sand City

STAFF REPORT

TO: Honorable Mayor and City Council/Successor Agency Board Members
FROM: Jennifer Pope, Finance Manager
SUBJECT: January 2026 Financial Report
DATE: February 17, 2026

BACKGROUND/DISCUSSION:

Attached are monthly financial reports for the City of Sand City and the Sand City Successor Agency of the former Redevelopment Agency.

A. City of Sand City Reports

- a. Cash Receipt Report, January 2026 (Attachment 1)
Revenue total - **\$871,677**
- b. Check Report, January 2026 (Attachment 2)
Expenditure total - **\$1,190,756**

B. Sand City Successor Agency for the former Redevelopment Agency Reports

- a. Revenue Report, January 2026 (Attachment 3)
Revenue total - **\$3,441**
- b. Check Report, January 2026 (Attachment 4)
Expenditures total - **\$837**

Transfers

Listed below are transfers from one bank account to another and should not be considered as revenue or expenditure.

Date	Source	Amount	Description
1/23/2026	Transfer	\$1,000,000.00	Transfer to LAIF Account

CEQA:

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

FISCAL IMPACT:

There is no fiscal impact with receiving this report.

RECOMMENDATION:

Receive the report.

ATTACHMENTS:

1. Sand City Cash Receipt Report
2. Sand City Check Report
3. Sand City Successor Agency Revenue Report
4. Sand City Successor Agency Check Report



City of Sand City

Cash Receipt Report

By Transaction Code

Date Range: 1/1/2026 - 1/31/2026

Transaction Code	Entity Account	Receipt Date	Transaction Description	Applied Amount
TUT01	R00001167	1/5/2026 12:00:00 AM	Transaction/Use Tax	421,822.66
STAX	R00001168	1/5/2026 12:00:00 AM	Sales Tax Received	331,771.94
RMRA	R00001169	1/5/2026 12:00:00 AM	Road Maintenance & Rehab	716.66
TOT01	R00001170	1/5/2026 12:00:00 AM	TOT Tax	800.70
REN01	R00001171	1/5/2026 12:00:00 AM	Rental Income	1,699.59
UUT	R00001172	1/5/2026 12:00:00 AM	Utility Users Tax	0.34
UUT	R00001173	1/5/2026 12:00:00 AM	Utility Users Tax	11,301.26
MBA01	R00001174	1/5/2026 12:00:00 AM	MBASIA Claims Reimbursement	10,534.00
PLA02	R00001175	1/5/2026 12:00:00 AM	Plan Check Fee- Building	1,380.00
ENG01	R00001175	1/5/2026 12:00:00 AM	Engineering Fees	435.00
PMISC	R00001176	1/5/2026 12:00:00 AM	Planning MISC Rev	179.00
PRO01	R00001177	1/5/2026 12:00:00 AM	Property Tax	44,202.58
PRO01	R00001177	1/5/2026 12:00:00 AM	Property Tax	3,380.94
VLF	R00001177	1/5/2026 12:00:00 AM	Property Tax VLF	22,172.50
PRO01	R00001177	1/5/2026 12:00:00 AM	Property Tax	4,024.54
HOPTR	R00001177	1/5/2026 12:00:00 AM	HOPTR	45.16
SB813	R00001177	1/5/2026 12:00:00 AM	Supplemental Roll	8,569.76
MISC	R00001177	1/5/2026 12:00:00 AM	Misc revenue	1,101.50
PRI01	R00001177	1/5/2026 12:00:00 AM	Prior Year Tax	480.00
STRIN	R00001178	1/12/2026 12:00:00 AM	Short Term Rental Inspection Fee	100.50
PAR02	R00001181	1/16/2026 12:00:00 AM	Sand City Parking	40.00
ENG01	R00001182	1/16/2026 12:00:00 AM	Engineering Fees	435.00
ENG01	R00001183	1/16/2026 12:00:00 AM	Engineering Fees	1,305.00
ENG01	R00001184	1/16/2026 12:00:00 AM	Engineering Fees	1,740.00
ENG01	R00001185	1/16/2026 12:00:00 AM	Engineering Fees	870.00
BUI01	R00001186	1/16/2026 12:00:00 AM	Building Permit 4115	208.50
CBSC	R00001186	1/16/2026 12:00:00 AM	CBSC	1.00
PLA01	R00001186	1/16/2026 12:00:00 AM	Plan Check Fee 4165	308.10
BUI01	R00001187	1/16/2026 12:00:00 AM	Building Permit 4115	208.50
PLA01	R00001187	1/16/2026 12:00:00 AM	Plan Check Fee 4165	308.10
CBSC	R00001187	1/16/2026 12:00:00 AM	CBSC	2.00
ENG01	R00001189	1/16/2026 12:00:00 AM	Engineering Fees	1,305.00

Transaction Code	Entity Account	Receipt Date	Transaction Description	Applied Amount
SQU01	R00001190	1/16/2026 12:00:00 AM	Square Fees	(8.43)
REIMB	R00001191	1/16/2026 12:00:00 AM	Reimbursements	35.50
PAR02	R00001193	1/16/2026 12:00:00 AM	Sand City Parking	40.00
PAR02	R00001195	1/16/2026 12:00:00 AM	Sand City Parking	40.00
PAR02	R00001196	1/16/2026 12:00:00 AM	Sand City Parking	40.00
PAR02	R00001198	1/16/2026 12:00:00 AM	Sand City Parking	40.00
PAR02	R00001200	1/16/2026 12:00:00 AM	Sand City Parking	40.00
SQU01	R00001201	1/16/2026 12:00:00 AM	Square Fees	(0.20)
				871,676.70



City of Sand City

Check Report

By Check Number

Date Range: 01/01/2026 - 01/31/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: Mechanics - General-Mechanics Bank - General Pooled Cash						
A&R01	A & R Plumbing, Inc	01/09/2026	Regular	0.00	80.00	41190
ATT03	AT&T	01/09/2026	Regular	0.00	202.53	41191
ATT04	AT&T	01/09/2026	Regular	0.00	105.36	41192
BAR02	Barry's Carpet Service, Inc	01/09/2026	Regular	0.00	1,710.00	41193
CAL01	California American Water	01/09/2026	Regular	0.00	1,159.43	41194
CBS01	California Building Standards Commission	01/09/2026	Regular	0.00	-10.00	41195
CBS01	California Building Standards Commission	01/09/2026	Regular	0.00	10.00	41195
CHA04	California Highway Adoption Co.	01/09/2026	Regular	0.00	350.00	41196
COM11	Comcast	01/09/2026	Regular	0.00	57.96	41197
COM01	Community Human Services	01/09/2026	Regular	0.00	500.00	41198
MON08	County of Monterey Sheriff-Marshall-Coroner	01/09/2026	Regular	0.00	10,033.19	41199
DEP01	Department of Conservation	01/09/2026	Regular	0.00	16.90	41200
FED01	Federal Express	01/09/2026	Regular	0.00	35.20	41201
HDL02	HDL Companies, LLC.	01/09/2026	Regular	0.00	2,898.31	41202
HEA001	WageWorks, Inc.	01/09/2026	Regular	0.00	9,200.00	41203
HDL04	Hinderliter de Llamas & Associates	01/09/2026	Regular	0.00	2,145.87	41204
HOM01	Home Depot Credit Service	01/09/2026	Regular	0.00	364.02	41205
KLI01	Mary Ann Carbone	01/09/2026	Regular	0.00	89.57	41206
MCP01	MCPOA	01/09/2026	Regular	0.00	280.00	41207
MBA01	Monterey Bay Area Self Insurance	01/09/2026	Regular	0.00	527,698.00	41208
MBT01	Monterey Bay Technologies, Inc.	01/09/2026	Regular	0.00	1,108.49	41209
MCB01	Monterey County Business Council	01/09/2026	Regular	0.00	1,250.00	41210
MCW01	Monterey County Weekly	01/09/2026	Regular	0.00	1,481.00	41211
NAP01	Napa Auto Parts	01/09/2026	Regular	0.00	139.82	41212
PET01	Petty Cash	01/09/2026	Regular	0.00	106.11	41213
PRI01	Primo Brands	01/09/2026	Regular	0.00	187.73	41214
SHA03	Flex TG, LLC	01/09/2026	Regular	0.00	136.42	41215
STU02	Sturdy Oil Company	01/09/2026	Regular	0.00	1,807.13	41216
FBM01	The Food Bank of Monterey County	01/09/2026	Regular	0.00	10,000.00	41217
NOR02	Vibeke Norgaard	01/09/2026	Regular	0.00	150.61	41218
4LE01	4Leaf, Inc.	01/14/2026	Regular	0.00	8,363.80	41219
CAL15	California Consulting, Inc	01/14/2026	Regular	0.00	4,500.00	41220
MON02	City of Monterey	01/14/2026	Regular	0.00	182,075.00	41221
CLA03	CliftonLarsonAllen, LLP	01/14/2026	Regular	0.00	29,570.00	41222
GRE01	Green Valley Landscape, Inc.	01/14/2026	Regular	0.00	1,185.00	41223
HAR06	Harris & Associates, Inc	01/14/2026	Regular	0.00	7,940.00	41224
HOP01	Hope Services	01/14/2026	Regular	0.00	5,557.50	41225
MBA01	Monterey Bay Area Self Insurance	01/14/2026	Regular	0.00	171.50	41226
MBT01	Monterey Bay Technologies, Inc.	01/14/2026	Regular	0.00	2,700.00	41227
WHI01	Whitson Engineers	01/14/2026	Regular	0.00	260.00	41228
AMA01	Amazon Capital Services, Inc	01/21/2026	Regular	0.00	2,196.35	41229
USB01	US Bank Corp Payment Systems	01/21/2026	Regular	0.00	5,538.74	41230
AFL01	Aflac	01/30/2026	Regular	0.00	548.98	41231
CLE01	California Law Enforcement Association	01/30/2026	Regular	0.00	288.00	41232
CSD01	California State Disburse Unit	01/30/2026	Regular	0.00	269.00	41233
HUM02	Humana Insurance Company	01/30/2026	Regular	0.00	4,864.57	41234
SAN01	Sand City Police Officers & Dept. Employees Ass	01/30/2026	Regular	0.00	1,420.00	41235
SUN02	Sun Life Financial	01/30/2026	Regular	0.00	933.92	41236
4LE01	4Leaf, Inc.	01/30/2026	Regular	0.00	5,496.92	41237
ALT01	Alternator & Starter Exchange, Inc.	01/30/2026	Regular	0.00	1,578.05	41238
ANG01	Angel Armor	01/30/2026	Regular	0.00	2,053.14	41239
ATT04	AT&T	01/30/2026	Regular	0.00	105.36	41240
ATT03	AT&T	01/30/2026	Regular	0.00	203.89	41241
ATT05	AT&T Mobility	01/30/2026	Regular	0.00	1,075.26	41242

Check Report

Date Range: 01/01/2026 - 01/31/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
BMI01	BMI	01/30/2026	Regular	0.00	452.09	41243
CAL01	California American Water	01/30/2026	Regular	0.00	707.97	41244
CBS01	California Building Standards Commission	01/30/2026	Regular	0.00	10.00	41245
CHA04	California Highway Adoption Co.	01/30/2026	Regular	0.00	350.00	41246
COM11	Comcast	01/30/2026	Regular	0.00	769.61	41247
COR05	Corodata Records Management	01/30/2026	Regular	0.00	61.45	41248
COR04	Corodata Shredding, Inc	01/30/2026	Regular	0.00	73.57	41249
CSIO1	CSI Construction Company	01/30/2026	Regular	0.00	49,043.81	41250
EMC02	EMC Planning Group, Inc.	01/30/2026	Regular	0.00	31,308.01	41251
FIR03	First Alarm Security and Patrol, Inc	01/30/2026	Regular	0.00	1,344.52	41252
SHA03	Flex TG, LLC	01/30/2026	Regular	0.00	136.45	41253
GRE01	Green Valley Landscape, Inc.	01/30/2026	Regular	0.00	514.31	41254
HAR06	Harris & Associates, Inc	01/30/2026	Regular	0.00	11,302.50	41255
HDL02	HDL Companies, LLC.	01/30/2026	Regular	0.00	7,864.37	41256
HOP01	Hope Services	01/30/2026	Regular	0.00	6,483.75	41257
BUS05	Jeff Bushnell	01/30/2026	Regular	0.00	224.14	41258
LOC01	League of California Cities	01/30/2026	Regular	0.00	94.00	41259
MAL01	Mallory Safety and Supply, LLC	01/30/2026	Regular	0.00	764.75	41260
MEY01	Meyers Nave, Corporation	01/30/2026	Regular	0.00	2,857.50	41261
MOB02	Mobile Modular	01/30/2026	Regular	0.00	610.41	41262
MBP03	Monterey Bay Pest Control	01/30/2026	Regular	0.00	130.00	41263
MRW02	Monterey Regional Waste Management District	01/30/2026	Regular	0.00	7,466.31	41264
NAP01	Napa Auto Parts	01/30/2026	Regular	0.00	161.65	41265
PGE01	Pacific Gas & Electric	01/30/2026	Regular	0.00	4,957.44	41266
PET01	Petty Cash	01/30/2026	Regular	0.00	210.52	41267
PRI01	Primo Brands	01/30/2026	Regular	0.00	100.83	41268
PUB01	Public Storage	01/30/2026	Regular	0.00	480.00	41269
REN01	Rental Depot	01/30/2026	Regular	0.00	395.00	41270
SCL01	Sand City Lodging, LLC	01/30/2026	Regular	0.00	3,231.32	41271
STA03	Star Sanitation, LLC	01/30/2026	Regular	0.00	909.20	41272
STU02	Sturdy Oil Company	01/30/2026	Regular	0.00	887.90	41273
TYL02	Tyler Technologies, Inc.	01/30/2026	Regular	0.00	746.00	41274
VER01	Verizon Wireless	01/30/2026	Regular	0.00	64.27	41275
VES01	Vestis	01/30/2026	Regular	0.00	593.20	41276
WHI01	Whitson Engineers	01/30/2026	Regular	0.00	1,228.50	41277
EDD001	Employment Development Dept	01/12/2026	Bank Draft	0.00	4,671.36	DFT0000253
EFTPS	Electronic Federal Tax Payment System	01/12/2026	Bank Draft	0.00	14,212.40	DFT0000254
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	1,863.68	DFT0000255
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	3,688.87	DFT0000256
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	3,788.83	DFT0000257
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	7,410.19	DFT0000258
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	7,539.53	DFT0000259
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	6,862.60	DFT0000260
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	857.36	DFT0000261
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	3,818.62	DFT0000262
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	10,849.11	DFT0000263
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	5,845.38	DFT0000264
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	2,910.50	DFT0000265
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	10,437.27	DFT0000266
PERSRETIREMENT	CalPERS Retirement	01/30/2026	Bank Draft	0.00	46.00	DFT0000267
PERSHEALTH	CalPERS Health	01/30/2026	Bank Draft	0.00	42,210.70	DFT0000268
CAL16	Calpers 457 Plan	01/30/2026	Bank Draft	0.00	22,429.69	DFT0000269
EDD001	Employment Development Dept	01/30/2026	Bank Draft	0.00	17,617.01	DFT0000270

Check Report

Date Range: 01/01/2026 - 01/31/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
EFTPS	Electronic Federal Tax Payment System	01/30/2026	Bank Draft	0.00	44,972.74	DFT0000271

Bank Code Mechanics - General Summary

Payment Type	Payable Count	Discount	Payment
Regular Checks	145	0.00	978,733.98
Manual Checks	0	0.00	0.00
Voided Checks	0	0.00	-10.00
Bank Drafts	19	0.00	212,031.84
EFT's	0	0.00	0.00
	164	0.00	1,190,755.82



City of Sand City Successor Agency

Revenue Report

By Transaction Code

Date Range: 1/1/2026 - 1/31/2026

Transaction Code	Account	Receipt Date	Transaction Description	Applied Amount
INT01	40-4410-801	12/31/2025	Bank Interest	3,441.03
Total Cash Receipts				<u>3,441.03</u>



City of Sand City

Check Report

By Check Number

Date Range: 01/01/2026 - 01/31/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: Mechanics - SA-Mechanics Bank - Successor Agency						
MEY01	Meyers Nave, Corporation	01/14/2026	Regular	0.00	174.00	2370
RSG01	RSG	01/14/2026	Regular	0.00	662.50	2371

Bank Code Mechanics - SA Summary

	Payable		
Payment Type	Count	Discount	Payment
Regular Checks	2	0.00	836.50
Manual Checks	0	0.00	0.00
Voided Checks	0	0.00	0.00
Bank Drafts	0	0.00	0.00
EFT's	0	0.00	0.00
	2	0.00	836.50

**AGENDA ITEM
11A.**

**Approve a Resolution Accepting the
Independent Auditor's Report and the
Audited Financial Statements for the Year
Ended June 30, 2025**



City of Sand City

STAFF REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Vibeke Norgaard, City Manager & Jennifer Pope, Finance Manager
Presentation: Rich Gonzales of CliftonLarsonAllen, LLP
SUBJECT: Audited Financial Statements for Fiscal Year Ending June 30, 2025
DATE: February 17, 2026

BACKGROUND/DISCUSSION:

On May 6, 2025, the City Council of Sand City approved a contract with CliftonLarsonAllen, LLP a certified public accounting firm, to perform an audit of the financial statements for the period ending June 30, 2025, for the City of Sand City and Successor Agency.

The auditors have completed their audit of the financial statements of the governmental activities and each major fund for FY 24/25 and provided a presentation to the Budget and Personnel Committee at the February 6, 2026, meeting. The Budget and Personnel Committee received the report and presentation, and recommend approval of the report to the City Council.

A few financial highlights from the audited financial statements include the following:

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the year ended June 30, 2025, with total net position of \$39.1 million. However, \$12.6 million is a net investment in capital assets, and \$9.7 million is a non-current receivable due from the Successor Agency.
- The City's total net position increased by \$3.3 million.
- At the close of the year, the City governmental funds reported a combined ending balance of \$28.8 million, \$9.7 million of which is a non-current receivable.
- The change in fund balance was an increase of \$3.1 million.

The City had a minimal increase in total revenue from 2024 due to the following factors:

- Increase in revenue from operating and capital grants
- Increased investment earnings due to higher interest rates

- Revenue from an Owner Participation Agreement which was a condition of a Coastal Development Permit
- A large disbursement to the City Environmental Enhancement Fund that was one of the conditions of a Coastal Development Permit
- A disbursement from the City CERBT account

The City also experienced a minimal increase in expenditures from 2024 due to the following:

- Increase in General Government expenditure
- Increase in park maintenance and improvements

A summary of audit results will be shared during the auditor's presentation. They will also provide information on the City's current position. The auditors will be available for questions after their presentation.

FISCAL IMPACT:

There is no fiscal impact associated with recommending approval of the audited financial statements and related notes to City Council for approval.

RECOMMENDATION:

Staff recommend approval of the City of Sand City Financial Statements and Supplemental Information for year ending June 30, 2025.

CEQA:

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

ATTACHMENTS:

1. Resolution
2. Auditors' Report
3. Audited Financial Statements

CITY OF SAND CITY

RESOLUTION SC 26-____, 2026

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY ACCEPTING THE
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

WHEREAS, the City of Sand City has completed financial transactions for the fiscal year ending June 30, 2025; and

WHEREAS, prudent financial management, along with State and Federal regulations, dictate that an independent financial audit be conducted of the City's yearly financial transactions; and

WHEREAS, the City of Sand City has contracted with the accounting firm CliftonLarsonAllen, LLP for audit services; and

WHEREAS, CliftonLarsonAllen, LLP have the necessary qualifications and have full access to all City/Successor Agency financial records to conduct an audit of the City's finances for this year; and

WHEREAS, CliftonLarsonAllen, LLP has worked with City staff to audit the financial records of the City for fiscal year ended June 30, 2025; and

WHEREAS, in the Auditor's opinion, the enclosed financial statements do present fairly, in all material respects the financial position of the City of Sand City as of June 30, 2025, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America; and

WHEREAS, it is noted in these Statements that the City of Sand City has been following the provisions of Governmental Accounting Standards Board (GASB) Statements that pertain to local governments, and that these audited financial statements were prepared in compliance with these accounting standards; and

WHEREAS, on February 6, 2026, the Budget and Personnel Committee reviewed the attached financial statements for fiscal year ended June 30, 2025, and recommends approval of the documents by the City Council.

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

1. That the attached financial statements are hereby approved.
2. That City staff are authorized to use this audit as the City's financial record for the fiscal year ended June 30, 2025.

PASSED AND ADOPTED by the Sand City Council on this____day of_____, 2026
by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mary Ann Carbone, Mayor

ATTEST:

DATED: _____

Kerry Lindstrom, City Clerk



Honorable Mayor and City Council Members
City of Sand City
Sand City, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Sand City as of and for the year ended June 30, 2025, and have issued our report thereon dated January 29, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated April 23, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Sand City are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, Compensated Absences, in Fiscal Year 2025. Accordingly, the adoption of this statement resulted in changes in the financial statement presentation and note disclosures.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

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

- Management's estimate of the net pension liability and related deferred inflows/outflows of pension resources is based on actuarial valuation reports obtained from CalPERS.
- Management's estimate of the net OPEB asset and related deferred inflows/outflows of OPEB resources is based on actuarial valuation reports obtained from a third-party specialist.

We evaluated the methods, assumptions, and data used to develop the pension and OPEB estimates and related disclosures in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2026.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

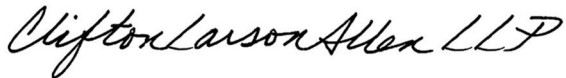
With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the members of city council and staff schedule. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

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



CliftonLarsonAllen LLP

Roseville, California
January 29, 2026

CITY OF SAND CITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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**CITY OF SAND CITY
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**CITY OF SAND CITY
JUNE 30, 2025**

Members of the City Council

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mary Ann Carbone	Mayor	December 2026
Jerry Blackwelder	Vice Mayor	December 2026
Marilee Diaz	Council Member	December 2028
Michelle Adams	Council Member	December 2028
Elizabeth Sofer	Council Member	December 2026

City Staff

<u>Name</u>	<u>Office</u>
Vibeke Norgaard	City Manager
David Honda	Chief of Police
Jennifer Pope	Finance Manager
Audrey Cray	Administrative Services Manager



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Sand City
Sand City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sand City (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sand City, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sand City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026 on our consideration of the City of Sand City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sand City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sand City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
January 29, 2026

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The discussion and analysis of the City of Sand City's (the City) financial performance provides an overview and analysis of the City's financial activities for the year ended June 30, 2025. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$39 million, resulting in total net position of \$39 million. Of this amount, \$12.6 million represents net investment in capital assets, and \$9.7 million represents a noncurrent receivable due from the Successor Agency.
- The City's total net position increased by \$3.3 million.
- At the close of the fiscal year ended June 30, 2025, the City's governmental funds reported combined ending fund balances of approximately \$28.8 million, of which \$9.7 million represents a noncurrent receivable. The net change in governmental fund balances for the year was an increase of approximately \$3.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to the private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base, and the condition of the City's infrastructure (i.e., road, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements include all the governmental activities of the City. The governmental activities of the City include public safety, streets, parks, planning, community development, and general administration. The City does not operate any business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City can be divided into two categories, governmental funds and fiduciary funds:

Governmental Funds – The focus of governmental funds is narrower than that of government-wide financial statements. It is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. It is in these funds that the City accounts for the former assets and liabilities of the Redevelopment Agency that were transferred to a Successor Agency. Fiduciary funds are not included in the government-wide statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The City maintains four individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from other governmental funds is presented as other governmental funds.

The fund financial statements can be found on pages 15 to 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 54 of this report.

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial condition. The City's net position increased by approximately \$3.3 million during FY 2024–2025 compared to FY 2023–2024. Of the City's total net position, \$12.6 million represents net investment in capital assets, which is not available for future spending, and \$9.7 million represents a noncurrent receivable due from the Successor Agency. The remaining balance of approximately \$14.7 million is available to support operations and provide services to the City's residents.

**Summary of Net Position (Rounded to the nearest \$1,000)
Year Ended June 30**

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Assets:			
Current and Other Assets	\$ 33,896,000	\$ 30,480,000	\$ 3,416,000
Capital Assets	<u>12,619,000</u>	<u>11,585,000</u>	<u>1,034,000</u>
Total Assets	46,515,000	42,065,000	4,450,000
Deferred Outflows of Resources	2,362,000	3,516,000	(1,154,000)
Liabilities:			
Current and Other Liabilities	1,834,000	1,333,000	501,000
Long-Term Liabilities	<u>6,943,000</u>	<u>7,112,000</u>	<u>(169,000)</u>
Total Liabilities	8,777,000	8,445,000	332,000
Deferred Inflows of Resources	<u>1,020,000</u>	<u>1,381,000</u>	<u>(361,000)</u>
Net Position:			
Net Investment in Capital Assets	12,619,000	11,585,000	1,034,000
Restricted for:			
Streets and Road	953,000	244,000	709,000
OPEB Funding	1,092,000	1,087,000	5,000
Unrestricted	<u>24,416,000</u>	<u>22,839,000</u>	<u>1,577,000</u>
Total Net Position	<u>\$ 39,080,000</u>	<u>\$ 35,755,000</u>	<u>\$ 3,325,000</u>

The increase in total assets is due primarily to higher cash balances and investment earnings, as well as an increase in capital assets. Capital assets and net investment in capital assets increased as a result of net capital additions of approximately \$1.5 million, offset by depreciation of approximately \$492,000.

Long-term liabilities decreased due to a \$221,000 reduction in the City's net pension liability.

Unrestricted net position increased by approximately \$1.6 million, largely attributable to the excess of revenues over expenses of approximately \$3.3 million for the fiscal year.

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

GOVERNMENT WIDE FINANCIAL ANALYSIS (CONTINUED)

**Change in Net Position (Rounded to the nearest \$1,000)
Year Ended June 30**

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,318,000	\$ 1,683,000	\$ (365,000)
Operating Grants and Contributions	544,000	393,000	151,000
Capital Grants and Contributions	471,000	219,000	252,000
General Revenues:			
Property Taxes	392,000	409,000	(17,000)
Sales and Transaction Taxes	8,245,000	8,411,000	(166,000)
Other Taxes	511,000	507,000	4,000
Investment Earnings (Loss)	806,000	692,000	114,000
Miscellaneous	971,000	189,000	782,000
Gain (Loss) on Disposal of Assets	-	-	-
Total Revenues	<u>13,258,000</u>	<u>12,503,000</u>	<u>755,000</u>
Expenses:			
General Government	3,083,000	2,706,000	377,000
Public Safety	4,372,000	4,806,000	(434,000)
Public Works	1,385,000	1,196,000	189,000
Planning	729,000	740,000	(11,000)
Building	71,000	41,000	30,000
Community Development	183,000	269,000	(86,000)
Parks	110,000	16,000	94,000
Interest on Long-Term Debt	-	2,000	(2,000)
Total Expenses	<u>9,933,000</u>	<u>9,776,000</u>	<u>157,000</u>
Change in Net Position	3,325,000	2,727,000	598,000
Net Position - Beginning of Year	<u>35,755,000</u>	<u>33,028,000</u>	<u>2,727,000</u>
Net Position - End of Year	<u>\$ 39,080,000</u>	<u>\$ 35,755,000</u>	<u>\$ 3,325,000</u>

Investment earnings increased during the year as a result of higher interest rates at the beginning of the fiscal year. The increase in miscellaneous revenues is primarily attributable to an environmental enhancement fund fee received by the City in connection with a development project and a CERBT disbursement. The decrease in charges for services is due in part to permitting services for the Marriott development project coming to an end. The City had a reimbursement agreement for these services, resulting in reduced reimbursable contracted service costs.

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

GOVERNMENT WIDE FINANCIAL ANALYSIS (CONTINUED)

The increase in revenue during Fiscal Year 2024–2025 was partially attributable to higher capital and operating grants. Investment earnings also increased as a result of higher interest rates in FY 2024–2025, as well as the City's strategy of investing and reinvesting funds into higher-yield accounts. In addition, interest earned on the LAIF account rose from 3.93% in FY 2023–2024 to an average of 4.41% in FY 2024–2025. Miscellaneous revenues also increased, reflecting a CERBT disbursement and environmental enhancement fund fees related to the MST SURF project. The City's expenses in FY 2024-2025 increased slightly due to an increase in General Government expenses and Calabrese and Esselen-Ohlone park maintenance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist of land, land improvements, infrastructure, buildings, equipment, right-to-use leased equipment, vehicles, furniture and fixtures, and construction in progress. As of June 30, 2025, the City's net investment in capital assets totaled approximately \$12.6 million, net of accumulated depreciation, representing a net increase of approximately \$1.0 million compared to the prior year.

The increase in capital assets was primarily attributable to the purchase of the property located at 501 Ortiz, City Hall improvements including the addition of two new cubicles and workspace for the Finance Manager and City Clerk, and installation of an acrylic partition in the Police Department lobby, and continued investment in the Stormwater, Coastal Trail, and Multi-Use Bike Trail projects.

Debt Administration

As of June 30, 2025, the City's long-term liabilities totaled approximately \$7.0 million, representing a net decrease of approximately \$157,600 during the fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported a total fund balance of \$28.8 million. This fund balance includes a non-spendable receivable of \$9.7 million. The General Fund has an unassigned fund balance of \$18.2 million.

During the current fiscal year, the fund balance of the City's General Fund increased by \$2.4 million.

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FUND BUDGETARY HIGHLIGHTS

General Fund

The City amended its budget once during the fiscal year to reflect changes in projected revenues and expenditures. Actual General Fund revenues were approximately \$3 million less than originally budgeted, while actual General Fund expenditures were approximately \$3.3 million below budget.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The City has projected a balanced budget for Fiscal Year 2025–2026, reflecting a decrease in both revenues and expenditures compared to FY 2024–2025. This budget reflects management's continued focus on fiscal responsibility amid ongoing economic uncertainty.

In FY 2024–2025, the City experienced a decrease in projected Sales Tax, Transaction Tax, and Business License Tax revenues, primarily due to decreased sales of products from market instability and the threat of and implementation of tariffs on goods imported from other countries. These conditions are expected to continue into FY 2025–2026; however, management remains cautiously optimistic that economic conditions will stabilize over time.

Additionally, the completion of the Marriott Hotel project has resulted in a reduction in both revenues and expenses related to reimbursement agreements. Grant revenues are also expected to decline due to the completion of the retail cannabis project and the City website project. Despite these reductions, the City continues to actively pursue grant opportunities from county, state, and federal agencies, which may result in increased revenues and expenditures during FY 2025–2026. If obtained, it will allow several major City projects to advance.

Total expenditures for FY 2025–2026 are projected to decrease compared to FY 2024–2025. During FY 2025–2026, the City hired a full-time Planning Manager, which is expected to reduce reliance on contracted planning services and lower overall costs. Additional expenditure reductions are attributable to the completion of several major projects, including implementation of the ERP Pro system, development of the new City website, the retail cannabis project, and the Marriott Hotel.

As the MST SURF project progresses into its construction phase, consulting costs associated with early-stage development have declined. At the same time, the City continues to advance several ongoing capital improvement projects, including the Catalina and Contra Costa stormwater projects, the Art Park Housing Project, the Multi-Use Bike Trail project, and the Coastal Trail project which will increase expenditures.

Certain expenditures are expected to increase due to long-deferred operational needs and policy direction from City Council. These include implementation of the Parking Plan and the Pavement Management program, Implementation of a Police Department records management system, replacement of three City vehicles (including two vehicles that are over 19 years old), upgrades to information technology systems and servers, strengthened code enforcement efforts, and long-overdue planning initiatives such as updates to the City's General Plan.

The City continues to strategically utilize consultants in lieu of adding permanent staff in specialized service areas, including building services, code enforcement, planning department assistance, engineering, legal services, and information technology, allowing the City to maintain operational flexibility while controlling long-term personnel costs.

**CITY OF SAND CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEARS BUDGET (CONTINUED)

2025, and a public grand opening is scheduled for January 2026. The project includes a 216-room hotel and a 356-unit residential component (which will begin construction at a later date) and is expected to generate revenue through increased Transient Occupancy Tax (TOT) and increased Sales Tax; the full revenue impact will be realized in late FY 2025–2026.

A Community Facilities District (CFD) has been established to generate revenue to offset increased service demands associated with the project. The CFD will not generate revenue until FY 2026–2027.

Two additional development projects; *Collections at Monterey Bay* (King Ventures) and the *Monterey Bay Shores Eco-Resort* are expected to positively impact City revenues in future years, though no material revenue impact is anticipated in FY 2025–2026.

In FY 2024–2025, the City acquired property located at 501 Ortiz, adjacent to the Art Park, with the long-term goal of developing housing. In the interim, the City has entered into two lease agreements for the property, generating additional revenue.

Future budget planning remains challenging due to factors such as natural disasters and global economic impacts resulting from international conflicts. Despite these uncertainties, the City remains committed to adopting fiscally responsible budgets that support essential services and capital investments for the Sand City community.

Staff anticipates that projected operating revenues and expenditures for FY 2025–2026 and FY 2026–2027 will allow the City to maintain an operating reserve, which may be used for operating contingencies, capital improvement projects, or service adjustments as needed.

The City will continue to monitor revenues and expenditures and make budget modifications as new information becomes available and as projects are able to move forward. Future proposed budgets and capital improvement plans will prioritize the following objectives:

- Remaining fiscally responsible
- Delivering exceptional City services
- Maintaining a safe and healthy community
- Enhancing economic vitality
- Investing in well-planned infrastructure and sustainable growth

Management will continue to seek opportunities to increase revenue.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the City's financial position and activities for the benefit of readers with an interest in the City's finances. Questions concerning any of the information presented in this report, or requests for additional financial information, should be directed to the City of Sand City, 1 Pendergrass Way, Sand City, California 93955.

BASIC FINANCIAL STATEMENTS

**CITY OF SAND CITY
STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Cash and Cash Equivalents	\$ 7,666,802
Investments	13,451,407
Receivables	1,156,484
Lease Receivable	131,480
Receivables from Other Governments	786,275
Loans Due from Successor Agency	9,730,824
Net OPEB Asset	972,336
Capital and Right-to-Use Assets, Net:	
Nondepreciable	3,298,297
Depreciable and Amortizable	9,320,255
Total Assets	<u>46,514,160</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Adjustments	2,109,710
Deferred OPEB Adjustments	251,818
Total Deferred Outflows of Resources	<u>2,361,528</u>

LIABILITIES

Accounts Payable	1,264,645
Due to Other Governments	543,922
Accrued Liabilities	-
Developer Deposit	25,000
Noncurrent Liabilities:	
Due Within One Year	124,626
Due in More Than One Year	6,818,384
Total Liabilities	<u>8,776,577</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Lease Revenue	745,988
Deferred Pension Adjustments	141,683
Deferred OPEB Adjustments	132,326
Total Deferred Inflows of Resources	<u>1,019,997</u>

NET POSITION

Net Investment in Capital Assets	12,618,552
Restricted for:	
Streets and Roads	953,055
OPEB Funding	1,091,828
Unrestricted	<u>24,415,679</u>
Total Net Position	<u><u>\$ 39,079,114</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SAND CITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Program Revenues				Net Revenue (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 3,083,580	\$ 1,234,847	\$ -	\$ -	\$ (1,848,733)
Public Safety	4,371,644	19,386	197,581	-	(4,154,677)
Public Works	1,384,659	22,671	200,265	-	(1,161,723)
Planning	729,303	13,329	115,980	471,102	(128,892)
Building	71,324	27,487	-	-	(43,837)
Community Development	182,512	-	-	-	(182,512)
Parks	109,926	-	30,000	-	(79,926)
Interest on Long-Term Debt	-	-	-	-	-
Total Governmental Activities	<u>\$ 9,932,948</u>	<u>\$ 1,317,720</u>	<u>\$ 543,826</u>	<u>\$ 471,102</u>	(7,600,300)
GENERAL REVENUES					
Taxes:					
Property Taxes, Levied for					
General Purposes					391,861
Sales Tax					3,640,299
Transaction tax					4,604,269
Transient Occupancy Tax					91,509
Utility User's tax					275,856
Franchise Taxes					143,327
Miscellaneous					971,020
Investment Earnings (Loss)					806,293
Total General Revenues					<u>10,924,434</u>
CHANGES IN NET POSITION					3,324,134
Net Position - Beginning of Year					<u>35,754,980</u>
NET POSITION - END OF YEAR					<u>\$ 39,079,114</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SAND CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Other Governmental Funds	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,727,018	\$ 939,784	\$ 7,666,802
Investments	13,451,407	-	13,451,407
Receivables	1,154,123	2,361	1,156,484
Lease Receivable	131,480	-	131,480
Receivables from Other Governments	774,935	11,340	786,275
Loans Due from Successor Agency	9,730,824	-	9,730,824
	<u>\$ 31,969,787</u>	<u>\$ 953,485</u>	<u>\$ 32,923,272</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,264,215	\$ 430	\$ 1,264,645
Due to Other Governments	543,922	-	543,922
Developer Deposit	25,000	-	25,000
Total Liabilities	<u>1,833,137</u>	<u>430</u>	<u>1,833,567</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	721,532	-	721,532
Deferred Interest on Successor Agency Loans	774,766	-	774,766
Deferred Lease Revenue	745,988	-	745,988
Total Deferred Inflows of Resources	<u>2,242,286</u>	<u>-</u>	<u>2,242,286</u>
FUND BALANCES			
Nonspendable	9,730,825	-	9,730,825
Restricted:			
Streets and Roads	-	953,055	953,055
Unassigned	18,163,539	-	18,163,539
Total Fund Balances	<u>27,894,364</u>	<u>953,055</u>	<u>28,847,419</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 31,969,787</u>	<u>\$ 953,485</u>	<u>\$ 32,923,272</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SAND CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds	\$ 28,847,419
Amounts reported in the statement of net position are different because:	
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,618,552
Amounts paid to the trust for other postemployment benefits in excess of the required contributions, the net OPEB asset, are not financial resources and, therefore, are not reported in the funds.	972,336
Other assets are not available to pay for the current period expenditures and, therefore, are deferred in the funds.	1,496,298
Deferred outflows and inflows of resources associated with net pension and OPEB are not financial resources and, therefore, are not reported in the funds:	
Deferred Outflows	2,361,528
Deferred Inflows	(274,009)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,943,010)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 39,079,114</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF SAND CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Other Governmental Funds	Total
REVENUES			
Property Taxes	\$ 391,861	\$ -	\$ 391,861
Sales Tax	3,702,087	-	3,702,087
Transaction tax	4,656,785	-	4,656,785
Transient Occupancy Tax	93,014	-	93,014
Utility User's tax	275,856	-	275,856
Franchise Taxes	143,327	-	143,327
Business License Tax	673,446	-	673,446
Licenses and Permits	176,816	-	176,816
Fines, Forfeits, and Penalties	2,784	974	3,758
Charges for Current Services	112,384	-	112,384
Developer Reimbursements	396,099	-	396,099
Revenue from Other Agencies	784,663	230,265	1,014,928
Investment Earnings (Loss)	806,286	7	806,293
Rental Income	107,373	-	107,373
Other Revenue	509,636	439,956	949,592
Total Revenues	<u>12,832,417</u>	<u>671,202</u>	<u>13,503,619</u>
EXPENDITURES			
Current:			
General Government	2,971,949	-	2,971,949
Public Safety	3,896,392	-	3,896,392
Public Works	957,104	-	957,104
Planning	729,303	-	729,303
Building	71,324	-	71,324
Community Development	176,675	5,837	182,512
Parks	36,980	-	36,980
Capital Outlay	1,525,408	-	1,525,408
Total Expenditures	<u>10,365,135</u>	<u>5,837</u>	<u>10,370,972</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,467,282	665,365	3,132,647
OTHER FINANCING SOURCES (USES)			
Transfers In	-	44,782	44,782
Transfers Out	(44,782)	-	(44,782)
Total Other Financing Sources (Uses)	<u>(44,782)</u>	<u>44,782</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,422,500	710,147	3,132,647
Fund Balances - Beginning of Year	<u>25,471,864</u>	<u>242,908</u>	<u>25,714,772</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 27,894,364</u></u>	<u><u>\$ 953,055</u></u>	<u><u>\$ 28,847,419</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SAND CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

RECONCILIATION OF THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds	\$ 3,132,647
Amounts reported in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. In the current period these amounts are:	
Capital Outlay	1,525,408
Current Year Depreciation and Amortization	(492,041)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
	(246,537)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated Absences	(51,221)
Current Year OPEB Cost Difference	5,003
Current Year Pension Cost Difference	(549,125)
	<u> </u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	<u><u>\$ 3,324,134</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF SAND CITY
STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)
JUNE 30, 2025

ASSETS

Cash and Cash Equivalents	\$ 1,334,768
Investments	1,177,769
Capital Assets, Net, Nondepreciable	<u>1,100,000</u>
Total Assets	<u>3,612,537</u>

LIABILITIES

Accounts Payable	182,261
Developer Fees Received in Advance	1,455,000
Noncurrent Liabilities:	
Due Within One Year	695,000
Due in More Than One Year	<u>10,565,824</u>
Total Liabilities	<u>12,898,085</u>

DEFERRED INFLOWS OF RESOURCES

Deferred ROPS Revenue	<u>575,959</u>
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NET POSITION (DEFICIT)

Enforceable Obligations	<u>(9,861,507)</u>
Total Net Position (Deficit)	<u><u>\$ (9,861,507)</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF SAND CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (DEFICIT)
YEAR ENDED JUNE 30, 2025

ADDITIONS

Property Taxes	\$ 1,345,793
Interest Income	91,985
Total Additions	<u>1,437,778</u>

DEDUCTIONS

Administrative Expenses	162,332
Contract Services	249,942
Interest Expense	49,848
Seaside Settlement	546,783
Total Deductions	<u>1,008,905</u>

NET INCREASE

428,873

Net Position (Deficit) - Beginning of Year	<u>(10,290,380)</u>
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NET POSITION (DEFICIT) - END OF YEAR

\$ (9,861,507)

See accompanying Notes to Basic Financial Statements.

CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity of the City consists of all City departments. The City is a Charter City operating under a Mayor-Council-City Manager form of government. As required by GAAP, these financial statements present the City (the primary government) and its component units. The City's financial statements include one fiduciary component unit –

Successor Agency Trust Fund

Assembly Bill 1X 26 (the Bill) provided for the dissolution of all redevelopment agencies in the state of California. As allowed under the Bill, the City elected to serve as the Successor Agency to hold the assets until they are distributed to other units of state and local government. The Successor Agency Trust Fund meets the definition of a fiduciary component unit and is reported as a private-purpose trust fund. Separate financial statements are not available for the Successor Agency Trust Fund.

B. Basis of Presentation and Accounting

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation and Accounting (Continued)

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Ad valorem, franchise, and sales tax revenues are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with the prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The City reports the following major governmental fund:

General Fund

Accounts for the City's primary services (Public Safety, Public Works, Parks, etc.) and is the primary operating unit of the City.

Additionally, the City reports the following fund type:

Fiduciary Funds

Fiduciary Funds include the Successor Agency. This fund was established as a result of the dissolution of the Redevelopment Agency and is used to account for assets held by the City in a trustee capacity.

D. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. For the fiscal year ended June 30, 2025, the application of valuation techniques applies to the City's financial statements has been consistent.

E. Cash, Cash Equivalents, and Investments

The City follows the practice of pooling cash and investments of all funds. Investments of the pooled cash consist of deposits with the Local Agency Investment Fund and Money Market Funds and are accounted for at fair market value. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash of each fund. The City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Receivables and Deferred Inflows of Resources

Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within 60 days subsequent to year-end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Deferred Inflows of Resources (Continued)

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2025, the allowance was estimated to be zero.

G. Capital Assets

Property, facilities, equipment, and infrastructure purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at acquisition value at the time received. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment; \$25,000 for facilities and improvements; \$150,000 for infrastructure and all land; and an estimated useful life in excess of one year.

Property, facilities, equipment, and infrastructure is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 Years
Improvements	5 to 20 Years
Equipment	5 to 10 Years
Vehicles	8 Years
Furniture and Fixtures	10 Years
Infrastructure	20 to 50 Years

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave including vacation, sick, and comp time, may be accumulated up to 800 hours, that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

J. Interfund Activity

During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as "Due to/from Other Funds." Eliminations have been made on the government-wide statements for amounts due to/from within the governmental funds.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions

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

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

N. Net Position

The statement of net position presents the City's assets and deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

- **Net investment in capital assets.** Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position.** Results when constraints placed on net positions use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position.** Consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

O. Fund Balances

Fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund.

CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances (Continued)

The City reports the following classifications:

- **Nonspendable fund balance.** These amounts cannot be spent because they are either (a) not in spendable form, such as long-term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
- **Restricted fund balance.** These amounts are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance.** This represents amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking some type of action (passage of a resolution). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.
- **Assigned fund balance.** Amounts intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by (a) the City Administrator or (b) the City Council. The City Council has the authority to remove or change the assignment of the funds with a simple majority vote.
- **Unassigned fund balance.** This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

P. Leases

Lessee

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Leases (Continued)

Lessee (Continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Lessor

The City is a lessor for noncancellable leases of the desalination facility and cell tower site premises. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Leases (Continued)

Lessor (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

- Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.
- The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Q. Property Tax Levy, Collection, and Maximum Rates

State of California (State) Constitution Article 13 provides for a maximum general property tax rate statewide of \$1 per \$100 of assessed value. Assessed value is calculated at 100% of market value as defined by the above referenced Article 13. The State Legislature has determined the method of distribution of receipts from \$1 tax levy among counties, cities, schools, and other districts. Counties, cities, and school districts may levy such additional tax rates as necessary to provide for voter approved debt service.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Property Tax Levy, Collection, and Maximum Rates (Continued)

The County of Monterey assesses properties, bills for, and collects property taxes, as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation Dates	January 1	January 1
Lien/Levy Dates	July 1	July 1
Due Dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within 60 days of year-end. No allowance is provided for delinquent taxes as the lien is considered an enforceable legal obligation.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

S. Adoption of New Accounting Standard

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS

A. Custodial Credit Risk – Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision, which requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, \$1,687,294 of the City's bank balances of \$1,937,294 was exposed to custodial credit risk as uninsured, but it's collateralized by the pledging bank's trust department not in the City's name.

B. Custodial Credit Risk – Investments

Local Agency Investment Fund and certificates of deposit held with a local financial institution. All investments are recorded at fair value. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest-bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as Fannie Mae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a "satisfactory" CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost.

Investments at June 30, 2025 consisted of the following:

Local Agency Investment Fund	\$ 11,777,780
Certificates of Deposit	1,673,627
Total	<u>\$ 13,451,407</u>

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Custodial Credit Risk – Investments (Continued)

As of June 30, 2025, all of the City's investments had a maturity of less than one year.

The fair value of the City's position in the State LAIF pool is the same as the value of the pool shares. The State LAIF pool credit quality is unrated. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

The State Treasurer's Office audits the fund annually.

The fair value measurement for the Certificates of Deposit are Level 1.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statutes.

D. Credit Risk

This is the risk of loss due to the failure of the security issues or backer. The City's policies to mitigate credit risk include:

- Limiting investment to the safest type of securities. As noted above, the California Government Code limits the investment vehicles available to local agencies. The credit risk of these securities is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table below presents the rating for each investment type as provided by Standard & Poor's except as noted.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business.

The following table identifies the Standard & Poor's credit quality rating for those investments requiring this disclosure as of June 30, 2025:

- Rating A – Negotiable Certificates of Deposit - \$1,673,627
- Not Rated – State Local Agency Investment Fund - \$11,777,780

CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 RECEIVABLES

Amounts other than leases receivable are aggregated into a single accounts receivable line. At June 30, 2025 for the City's individual major funds and nonmajor fund in the aggregate are as follows:

	General	Other Governmental Funds	Total
Receivables:			
Accounts	\$ 1,025,240	\$ 2,361	\$ 1,027,601
Interest	128,883	-	128,883
Total	<u>\$ 1,154,123</u>	<u>\$ 2,361</u>	<u>\$ 1,156,484</u>
Other Governments:			
Sales Tax	\$ 317,482	\$ -	\$ 317,482
Transaction Tax	393,088	-	393,088
Measure X	-	11,340	11,340
Successor Agency	-	-	-
Grants	64,365	-	64,365
Total	<u>\$ 774,935</u>	<u>\$ 11,340</u>	<u>\$ 786,275</u>

NOTE 4 LOANS DUE FROM SUCCESSOR AGENCY

The Redevelopment Agency (the Agency) received loans from the City to pay its share of administrative expenses, to make payments on non-tax incremental borrowings, and to reimburse the City for payments made on Certificates of Participation in the principal amount of \$3,627,576 for the Operating Expenditure Loan and \$4,650,000 for the Seaside Loan. Upon dissolution of the Agency, these loans became the obligation of the Successor Agency. Balances as of June 30, 2025, are as follows:

Operating Expenses	\$ 3,627,576
Seaside Agreements	4,650,000
COP Reimbursement	<u>1,453,248</u>
Total	<u>\$ 9,730,824</u>

CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 CAPITAL AND RIGHT-TO-USE ASSETS

Capital and right-to-use asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,837,194	\$ -	\$ -	1,837,194
Construction In Progress	846,650	651,772	37,319	1,461,103
Total Capital Assets Not Being Depreciated	2,683,844	651,772	37,319	3,298,297
Capital and Right-to-Use Assets Being Depreciated/Amortized:				
Infrastructure	5,209,014	-	-	5,209,014
Land Improvements	1,667,430	-	-	1,667,430
Equipment	2,435,348	30,027	70,013	2,395,362
Right-to-Use Leased				
Equipment	93,621	-	-	93,621
Vehicles	1,007,131	44,432	111,765	939,798
Buildings	8,538,775	799,176	-	9,337,951
Furniture and Fixtures	150,713	37,319	-	188,032
Total Capital and Right-to-Use Assets Being Depreciated/ Amortized	19,102,032	910,954	181,778	19,831,208
Less: Accumulated Depreciation/ Amortization:				
Infrastructure	3,241,390	127,729	-	3,369,119
Land Improvements	457,318	69,375	-	526,693
Equipment	2,452,907	17,727	70,014	2,400,620
Right-to-Use Leased				
Equipment	93,621	-	-	93,621
Vehicles	653,610	38,656	111,765	580,501
Buildings	3,188,876	230,628	-	3,419,504
Furniture and Fixtures	112,969	7,926	-	120,895
Total Accumulated Depreciation/Amortization	10,200,691	492,041	181,779	10,510,953
Total Capital and Right-to-Use Assets Being Depreciated and Amortized, Net	8,901,341	418,913	(1)	9,320,255
Capital and Right-to-Use Assets, Net	<u>\$ 11,585,185</u>	<u>\$ 1,070,685</u>	<u>\$ 37,318</u>	<u>\$ 12,618,552</u>

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 CAPITAL AND RIGHT-TO-USE ASSETS (CONTINUED)

Depreciation and amortization expense for the year ending June 30, 2025 was charged to functions/programs of the primary government as follows:

General Government	\$ 32,990
Public Safety	30,510
Public Works	355,595
Parks	72,946
Total Depreciation Expense	<u>\$ 492,041</u>

NOTE 6 LEASES

Leases Receivable

The City, acting as lessor, leases the desalination facility to California-American Water Company (CAW) and site premises to control and operate a cell tower on City owned land to Crown Castle International Corp under long-term, noncancelable lease agreements. The leases expire at various dates through June 15, 2038. During the year ended June 30, 2025, the City recognized \$23,219 and \$4,176 in lease revenue and interest revenue, respectively, pursuant to these contracts. As of June 30, 2025, the City's receivable for lease payments was \$131,480. Also, the City has a deferred inflow of resources associated with these leases that will be recognized over the lease terms. As of June 30, 2025, the balance of deferred inflow of resources was \$745,988.

The future minimum lease payments to be received as of June 30 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 34,212	\$ 3,295	\$ 37,506
2027	25,018	2,378	27,395
2028	12,208	1,590	13,798
2029	5,593	1,407	7,000
2030	5,720	1,280	7,000
2031-2035	30,605	4,395	35,000
2036-2038	18,125	919	19,043
Total	<u>\$ 131,480</u>	<u>\$ 15,263</u>	<u>\$ 146,743</u>

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 LONG-TERM LIABILITIES

General long-term liability balances and transactions for the fiscal year ended June 30, 2025 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	520,263	51,221	-	571,484	124,626
Net Pension Liability	6,592,582	-	221,056	6,371,526	-
Total	<u>\$ 7,112,845</u>	<u>\$ 51,221</u>	<u>\$ 221,056</u>	<u>\$ 6,943,010</u>	<u>\$ 124,626</u>

The change in compensated absences is presented as a net change.

NOTE 8 INTERFUND ACTIVITY

Transfer between funds during the year were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 44,782
Special Revenue Fund	44,782	-
Total	<u>\$ 44,782</u>	<u>\$ 44,782</u>

Transfers were made to correct Measure X funds allocated to General fund.

NOTE 9 PENSION PLAN

General Information about the Pension Plans

A. Plan Descriptions

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

B. Benefits

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

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plans (Continued)

B. Benefits (Continued)

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.0% @ 55 3.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	7.0% and 8.0%	6.75%
Required Employer Contribution Rates	10.880% and 15.250%	7.590%

	Safety	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.0% @ 50 3.0% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0% - 2.7%
Required Employee Contribution Rates	9.0%	13.0%
Required Employer Contribution Rates	19.250% and 21.790%	13.130%

C. Contributions

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

For the year ended June 30, 2025, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions	\$ 352,027	\$ 577,275

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plans (Continued)

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

As of June 30, 2025, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportionate Share of Net Pension Liability	\$ 2,917,893	\$ 3,453,633

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2025 and 2024, was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2024	0.06155 %	0.04702 %
Proportion - June 30, 2025	0.06033	0.04737
Change - Increase (Decrease)	(0.00122)	0.00035

For the year ended June 30, 2025, the City recognized pension expense of \$1,478,427. Pension expense is allocated to the functions based on full-time equivalents. At June 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 534,125	\$ 19,008
Changes of assumptions	160,086	-
Difference Between Projected and Actual Investment Earnings	334,913	-
Change in Employer's Proportion	146,647	6,927
Differences Between Employer's Contributions and Proportionate Share of Contributions	4,637	115,748
Pension Contributions Made Subsequent to Measurement Date	929,302	-
Total	<u>\$ 2,109,710</u>	<u>\$ 141,683</u>

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plans (Continued)

D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$929,302 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 416,348
2027	753,752
2028	(16,693)
2029	(114,682)
Total	<u>\$ 1,038,725</u>

E. Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous and Safety</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality	Derived using CalPERS' membership data for all funds. The mortality rate includes 15 years of projected on-going mortality improvements using 80% scale MP-2020 published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies. 2.5% thereafter.

All other actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS website.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plans (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 6.9% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10
Global Equity - Cap-Weighted	30 %	4.45 %
Global Equity Non-Cap-Weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-Backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)
Total	100 %	

(a) An expected inflation of 2.30% used for this period.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plans (Continued)

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90 %	5.90 %
Net Pension Liability	\$ 4,695,789	\$ 5,765,486
Current Discount Rate	6.90 %	6.90 %
Net Pension Liability	\$ 2,917,893	\$ 3,453,633
1% Increase	7.90 %	7.90 %
Net Pension Liability	\$ 1,454,423	\$ 1,562,863

H. Pension Plan Fiduciary Net Position

Detailed Information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 10 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with IRC Section 457, through the California Public Employee's Retirement System (CalPERS) 457 Deferred Compensation Program. All employees of the City are eligible for the plan. Participation in the plan is optional. The funds of the plan are invested by the City, through CalPERS, as directed by and on behalf of the employees in various investment options.

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The City contracts with the Public Employees Retirement System (PERS) under the PERS Care Health Plan to provide benefits of the Meyer-Geddes State Employees' Medical and Hospital Care Act per Government Code Section 22850. The Plan provides employees and option members (City Council members and City Attorney) who retire directly from the City under CalPERS continuation of medical insurance benefits for them, one dependent and surviving spouse.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

A. Plan Description (Continued)

The City participates in the California Employer's Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code (IRC) Section 115 and established to prefund retiree healthcare benefits. CERBT, an agent multiemployer trust, issues a publicly available financial report including GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, disclosure information in aggregate with other CERBT participating employers. That report can be obtained from the CalPERS website at www.calpers.ca.gov. The plan provides health benefits to all retired employees.

The Plan can be amended by action of the City Council on passing a resolution. The City pays premiums up to the PEMHCA Other Northern California PERS Care single party non-Medicare and Medicare eligible premiums at 100% for retirees and 50% for dependents and surviving spouses. For the fiscal year 2025, the non-Medicare premium was \$1,582.65 and the Medicare eligible was \$584.70. Retirees pay blended medical premiums rather than expected medical costs by age and gender and active premiums subsidize non-Medicare eligible retiree medical costs as implied subsidies.

B. Employees Covered

As of the June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active Employees	25
Inactive Employees or Beneficiaries Current Receiving Benefits	15
Inactive Employees Entitled to But Not Yet Receiving Benefits	10
Total	<u>50</u>

C. Contributions

The obligations of the Plan members and the City are established by action of the City Council pursuant to the passing of a resolution. The annual contribution is based on the actuarially determined contribution, which is paid to the California Employer's Retiree Benefit Trust Program (CERBT). Cash subsidy and implied subsidy benefit payments and PEMCHA administrative fees are currently paid with City assets on a pay-as-you-go basis and are not reimbursed by CERBT. For the fiscal year ended June 30, 2025 pay-as-you-go payments were \$182,601 and the estimated implied subsidy was \$22,184 resulting in total payments of \$204,785.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

D. Net OPEB Liability (Asset)

The City's net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2024 based on the following actuarial methods and assumptions:

Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75% Annually
Investment Rate of Return	6.25%
Mortality	CalPERS 2000-2019 Experience Study
Retirement	CalPERS 2000-2019 Experience Study
Healthcare Trend Rate	8.50% Decreasing to 3.45%

The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49 %	4.56 %
Fixed Income	23	1.56
TIPS	5	(0.08)
Commodities	3	1.22
REITs	20	4.06
Total	100 %	

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Changes in the Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the Plan are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances - June 30, 2023	\$ 3,373,560	\$ 4,245,782	\$ (872,222)
Changes Recognized for Measurement Period:			
Service Cost	167,312	-	167,312
Interest	215,402	-	215,402
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	16,585	(16,585)
Net Investment Income	-	468,371	(468,371)
Benefit Payments (Outside Trust)	(188,906)	(188,609)	(297)
Administrative Expense	-	(2,128)	2,128
Net Changes	<u>193,808</u>	<u>294,219</u>	<u>(100,411)</u>
Balances - June 30, 2024	<u>\$ 3,567,368</u>	<u>\$ 4,540,001</u>	<u>\$ (972,633)</u>

G. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, for the measurement period ended June 30, 2024:

	1% Decrease	Current Discount Rate (6.5%)	1% Increase
Net OPEB Liability/(Asset)	\$ (541,502)	\$ (972,336)	\$ (1,331,729)

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

H. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability (asset) of the City if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for the measurement period ended June 30, 2024:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability/(Asset)	\$ (1,174,024)	\$ (972,336)	\$ (783,285)

I. OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from California Employer's Retiree Benefit Trust Program at the CalPERS website.

J. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net Difference Between Projected and Actual	
Earnings on OPEB Plan Investments	5 Years
All Other Amounts	Expected average remaining service lifetime (EARS�) (6.2 years at June 30, 2021)

K. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the City recognized OPEB expense/(income) of \$(4,408). As of the fiscal year ended June 30, 2025, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Made Subsequent to Measurement Date	\$ 595	\$ -
Changes of Assumptions	56,924	28,114
Net Difference Between Projected and Actual Earnings	60,439	-
Difference Between Expected and Actual Experience	133,860	104,212
Total	<u>\$ 251,818</u>	<u>\$ 132,326</u>

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

**K. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

The \$595 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (40,462)
2027	160,854
2028	10,325
2029	(11,820)
2030	-
Total	<u>\$ 118,897</u>

NOTE 12 JOINTLY GOVERNED ORGANIZATIONS

The City participates on the Boards of Community Human Services, Monterey Regional Waste Management District, the Monterey Peninsula Water Management District, Monterey One Water, Association of Monterey Bay Area Governments, Transportation Agency for Monterey County, Seaside Groundwater Basin Watermaster, the Monterey Peninsula Chamber of Commerce, League of California Cities, Monterey County Convention and Visitor's Bureau, Monterey County Business Council, Monterey County Mayor's Association, Monterey Bay Area Self Insurance Authority, National League of Cities, Local Agency Formation Commission of Monterey County, Monterey Bay Air Resources District, and Seaside Sanitation District. The Boards of these entities are comprised of representatives from local municipalities, districts, and unincorporated areas. The City made various disbursements to the organizations in the amount of \$447,343 for the fiscal year ended June 30, 2025.

NOTE 13 RISK FINANCING

The City is exposed to various risks of loss related to torts, thefts, damage to, or destruction of assets; errors and omissions; injuries to workers; and natural disasters. These risks are covered by a combination of commercial insurance purchased from independent third parties and participation in the Monterey Bay Area Self Insurance Authority (MBASIA), which is a public entity risk pool. There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 RISK FINANCING (CONTINUED)

MBASIA was formed under a joint powers agreement (JPA) pursuant to California Government Code Section 6500 et seq. effective July 1, 1982. MBASIA is administered by a Board of Directors consisting of 13 members appointed by the cities participating. The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by member cities beyond their representation on the Board. Each member city pays a premium commensurate with the amount of predicted losses and shares surpluses and deficits proportionate to their participation in the JPA.

NOTE 14 COMMITMENTS AND CONTINGENCIES

In the fiscal year ending June 30, 2025, the City has various service and project contracts totaling \$4,704,511, of which \$2,548,675 on contract commitments still remained as of June 30, 2025.

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Sand City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On October 18, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number SC-11-104. Accordingly, the City established the Successor Agency Trust fund, a private-purpose trust fund, which is a fiduciary type fund.

Subject to the control of an established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution. In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. On November 16, 2022, the Successor Agency filed a petition for writ of mandate against the California Department of Finance for the repayment of a loan to the City that the Successor Agency believes is an enforceable obligation, but which has been denied by the California Department of Finance.

The writ hearing in this matter was heard on November 1, 2024, before the Sacramento Superior Court. On November 26, 2024, the Court issued its final ruling in the matter. The Court's ruling denies the Successor Agency's petition seeking a writ of mandate and declaratory relief.

On December 3, 2024, the Successor Agency Board voted to authorize the filing of an appeal of the denying of the Successor Agency's writ/complaint. Accordingly, on December 19, 2024, the City filed a notice of appeal for this matter. The matter is still pending on appeal with the Successor Agency's Opening Brief due on April 10, 2026.

Following are disclosures specific to the Successor Agency Trust Funds:

A. Deposits and Investments

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision, which requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, \$1,083,250 of the Fiduciary Fund's bank balances of \$1,333,250 was exposed to custodial credit risk as uninsured, but it's collateralized by the pledging bank's trust department not in the City's name. All cash held by the Fiduciary Fund must be used to repay enforceable obligations.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT
AGENCY (CONTINUED)**

A. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

The Fiduciary Fund investments consist of money market funds and certificates of deposit held with various financial institutions. All investments are recorded at fair value. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. Investments at June 30, 2025 consisted of the following:

Money Market Funds	\$ 94
Certificates of Deposit	1,177,766
Total	<u><u>\$ 1,177,860</u></u>

As of June 30, 2025, all of the Fiduciary Fund's investments had a maturity of less than one year.

The fair value measurement for the Certificates of Deposit are Level 1. The Money Market Funds are not subject to fair value hierarchy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statutes.

Credit Risk

This is the risk of loss due to the failure of the security issues or backer. The City's policies to mitigate credit risk include:

- Limiting investment to the safest type of securities. As noted above, the California Government Code limits the investment vehicles available to local agencies. The credit risk of these securities is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table below presents the rating for each investment.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

A. Deposits and Investments (Continued)

Credit Risk (Continued)

The following table identifies the Standard & Poor's credit quality rating for those investments requiring this disclosure as of June 30, 2025:

- Rating A – Negotiable Certificates of Deposit - \$1,177,766

B. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000
Capital Assets Being Depreciated:				
Land Improvements	182,631	-	-	182,631
Sculpture	40,218	-	-	40,218
Total Capital Assets Being Depreciated	222,849	-	-	222,849
Less: Accumulated Depreciation for:				
Land Improvements	182,631	-	-	182,631
Sculpture	40,218	-	-	40,218
Total Accumulated Depreciation	222,849	-	-	222,849
Total Capital Assets Being Depreciated, Net	-	-	-	-
Capital Assets, Net	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>

C. Developer Fees Received in Advance

The former Redevelopment Agency entered into a Disposition and Development Agreement (DDA) with a developer that required the developer to pay certain negotiation fees. In the event that the DDA is terminated by either party, the DDA requires a portion of the fees in the amount of \$1,455,000 be refunded to the developer. The fees subject to refund will not be earned until the property connected with the DDA is conveyed to the developer, at which time the fees will be recognized as revenue.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

D. Long-Term Debt

Taxable Tax Allocation Bonds, 2008 Series B

Taxable Tax Allocation Bonds, 2008 Series B in the amount of \$2,135,000 were issued January 30, 2008 at a discount of \$50,916, to help finance redevelopment activities within and for the benefit of the Sand City Redevelopment Project. The Bonds consist of Term Bonds as follows: \$465,000 at a 4.75% interest rate, due November 1, 2013, \$720,000 at a 5.50% interest rate, due November 1, 2018, and \$950,000 at a 5.75% interest rate, due November 1, 2023. Interest on the Bonds is payable semi-annually on each May 1 and November 1, commencing May 1, 2008. All Bonds are subject to mandatory redemption, in part by lot, from sinking account payments scheduled to begin November 1, 2010 and ending November 1, 2023 at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption. The Bonds are payable solely from tax increment revenue, which has been pledged for repayment of the Bonds.

2017 Subordinate Tax Allocation Refunding Bonds 2017

Subordinate Tax Allocation Refunding Bonds in the amount of \$4,690,000 were issued August 10, 2017 to advance refund the Tax Allocation Bonds, 2008 Series A bonds. The Bonds consist of coupon bonds with a price of \$115,000 at an interest rate of 2.85%. Interest on the Bonds is payable semi-annually on each May 1 and November 1, commencing November 1, 2017.

The Bonds are subject to mandatory sinking fund redemption in part by lot on November 1, 2017, and on each November 1 thereafter, to and including November 1, 2027. The Bonds are not subject to optional redemption prior to maturity. The Bonds are payable solely from tax increment revenue, which has been pledged for repayment of the Bonds.

Loans from the City

The former Redevelopment Agency received loans from the City to pay its share of administrative expenses and make payments on non-tax increment borrowings. The City accrued interest at a rate of 7% on these advances. The Successor Agency has prepared a repayment schedule in accordance with Health and Safety Code Section 34191.4, which was submitted to both the Oversight Board for the County of Monterey and the California Department of Finance. In the year ending June 30, 2013, interest on these loans was recalculated based on the average Local Agency Investment Fund rate of return for the period in which the loans existed as required by Assembly Bill 1484, on the principal amount of \$1,934,012 for the Operating Expenditure Loan and \$3,932,931 for the Seaside Loan.

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

D. Long-Term Debt (Continued)

Reimbursements Payable

The City issued Certificates of Participation (Certificates) to refinance certain real property legally owned by the former Redevelopment Agency. Under a Reimbursement Agreement with the City, the former Redevelopment Agency agreed to reimburse the City for all the Base Rental Payments made by the City to the Trustee of Certificates. The Reimbursements were to be made from available monies of the former Redevelopment Agency; therefore, no formal repayment schedule is in place at this time.

Long-term debt balances and transactions for the fiscal year ended June 30, 2025 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds, Loans, and Reimbursements:					
2017 Subordinate Tax Allocation Refunding Bonds	<u>\$ 2,210,000</u>	<u>\$ -</u>	<u>\$ 680,000</u>	<u>\$ 1,530,000</u>	<u>\$ 695,000</u>
Subtotal	<u>2,210,000</u>	<u>-</u>	<u>680,000</u>	<u>1,530,000</u>	<u>695,000</u>
Loans from the City:					
Operating Expenditures	<u>3,627,576</u>	<u>-</u>	<u>-</u>	<u>3,627,576</u>	<u>-</u>
Seaside	<u>4,650,000</u>	<u>-</u>	<u>-</u>	<u>4,650,000</u>	<u>-</u>
Subtotal	<u>8,277,576</u>	<u>-</u>	<u>-</u>	<u>8,277,576</u>	<u>-</u>
Reimbursement due to City	<u>1,453,248</u>	<u>-</u>	<u>-</u>	<u>1,453,248</u>	<u>-</u>
Total Bonds, Loans, and Reimbursements	<u><u>\$ 11,940,824</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 680,000</u></u>	<u><u>\$ 11,260,824</u></u>	<u><u>\$ 695,000</u></u>

Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>2017 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	<u>\$ 695,000</u>	<u>\$ 33,701</u>
2027	<u>720,000</u>	<u>13,538</u>
2028	<u>115,000</u>	<u>1,639</u>
2029	<u>-</u>	<u>-</u>
Total	<u><u>\$ 1,530,000</u></u>	<u><u>\$ 48,878</u></u>

**CITY OF SAND CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT
AGENCY (CONTINUED)**

E. Deferred ROPS Revenue

The deferred ROPS revenue represents Real Property Tax Transfer Funds (RPTTF) received in advance for future obligation payments. The revenue will be recognized in the period in which the obligation payments are made. At June 30, 2025, this amount was \$575,959.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Property Taxes	\$ 137,962	\$ 137,985	\$ 391,861	\$ 253,876
Sales Tax	3,643,909	3,545,000	3,702,087	157,087
Transaction Tax	4,631,000	4,540,000	4,656,785	116,785
Transient Occupancy Tax	120,000	120,000	93,014	(26,986)
Franchise/Users Taxes	320,500	323,800	419,183	95,383
Business Licenses	710,100	750,500	673,446	(77,054)
Licenses and Permits	39,075	41,150	176,816	135,666
Fines, Forfeits, and Penalties	17,700	19,800	2,784	(17,016)
Charges for Current Services	44,533	192,685	112,384	(80,301)
Developer Reimbursements	-	-	396,099	396,099
Revenue from Other Agencies	3,505,747	5,315,398	784,663	(4,530,735)
Investment Earnings (Loss)	235,600	521,100	806,286	285,186
Rental Income	19,000	43,000	107,373	64,373
Other Revenue	11,550	296,650	509,636	212,986
Total Revenues	13,436,676	15,847,068	12,832,417	(3,014,651)
EXPENDITURES				
Current:				
General Government	2,714,929	2,776,675	2,971,949	(195,274)
Public Safety	3,955,592	4,018,167	3,896,392	121,775
Public Works	1,602,078	2,034,613	957,104	1,077,509
Planning	499,873	832,090	729,303	102,787
Building	192,643	197,405	71,324	126,081
Community Development	243,369	238,419	176,675	61,744
Parks	47,230	70,330	36,980	33,350
Capital Outlay	2,906,147	3,452,258	1,525,408	1,926,850
Total Expenditures	12,161,861	13,619,957	10,365,135	3,254,822
NET CHANGE IN FUND BALANCE	<u>\$ 1,274,815</u>	<u>\$ 2,227,111</u>	<u>\$ 2,467,282</u>	<u>\$ 240,171</u>

See accompanying Note to Required Supplementary Information.

CITY OF SAND CITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 BUDGETARY DATA

The City legally adopts an annual budget for the General Fund. The City adopts the budget before June 30 for each ensuing fiscal year.

Budgets submitted to the Council include both proposed appropriations and the means of financing them. A mid-year budget review is performed, and the budget is amended by passage of a resolution. Additional appropriations or interfund transfers not included in the amended budget resolution must be approved by the City Council.

All budgets have been prepared on a basis consistent with generally accepted accounting principles, which is the same basis of accounting as used to reflect actual revenues and expenditures.

Appropriations lapse at each fiscal year end and then are re-budgeted for the coming fiscal year. Encumbrance accounting is not used.

CITY OF SAND CITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
MISCELLANEOUS PLAN
LAST TEN YEARS

Measurement Period:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.06155%	0.02467%	0.02562%	0.02470%	0.02435%	0.02470%	0.06325%	0.07161%	0.07225%	0.07699%
Proportionate Share of the Net Pension Liability	\$ 2,917,893	\$ 3,077,588	\$ 2,959,247	\$ 1,335,879	\$ 2,648,872	\$ 2,531,795	\$ 2,383,530	\$ 2,823,013	\$ 2,516,961	\$ 2,112,302
Covered Payroll	\$ 1,155,729	\$ 1,065,730	\$ 1,065,730	\$ 997,179	\$ 981,708	\$ 980,084	\$ 968,615	\$ 964,572	\$ 973,812	\$ 957,621
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	252.47%	288.78%	277.67%	133.97%	269.82%	258.32%	246.08%	292.67%	258.46%	220.58%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.91%	74.14%	78.19%	90.49%	77.71%	77.73%	77.69%	75.39%	75.87%	79.89%

Notes to Schedule:

Changes of Assumptions:

The discount rate to measure net pension liability was 7.5% as of June 30, 2014, 7.65% as of June 30, 2015 and 2016, 7.15% as of June 30, 2017 through 2021, and reduced to 6.90% as June 30, 2022.

The inflation rate to measure the net pension liability was 2.75% as of June 30, 2014, 2015, 2016, and 2017, 2.50% as of June 30, 2018, 2019, 2020, and 2021, and was reduced to 2.30% as of June 30, 2022.

**CITY OF SAND CITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
SAFETY PLAN
LAST TEN YEARS**

Measurement Period:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.04702%	0.02817%	0.02605%	0.01879%	0.02234%	0.02104%	0.03322%	0.03447%	0.04925%	0.03227%
Proportionate Share of the Net Pension Liability	\$ 3,453,633	\$ 3,514,994	\$ 3,009,445	\$ 1,016,446	\$ 2,430,990	\$ 2,155,679	\$ 1,949,412	\$ 2,059,738	\$ 1,744,395	\$ 1,329,846
Covered Payroll	\$ 1,367,927	\$ 1,217,131	\$ 1,182,129	\$ 1,521,503	\$ 1,523,485	\$ 1,517,774	\$ 1,346,212	\$ 1,306,040	\$ 1,179,383	\$ 1,095,485
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	252.47%	288.79%	254.58%	66.81%	159.57%	142.03%	144.81%	157.71%	147.91%	121.39%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	76.66%	75.94%	75.53%	86.61%	73.12%	73.37%	72.69%	71.74%	72.69%	77.27%

Notes to Schedule:

Changes of Assumptions:

The discount rate to measure net pension liability was 7.5% as of June 30, 2014, 7.65% as of June 30, 2015 and 2016, 7.15% as of June 30, 2017 through 2021, and reduced to 6.90% as June 30, 2022.

The inflation rate to measure the net pension liability was 2.75% as of June 30, 2014, 2015, 2016, and 2017, 2.50% as of June 30, 2018, 2019, 2020, and 2021, and was reduced to 2.30% as of June 30, 2022.

**CITY OF SAND CITY
SCHEDULE OF CONTRIBUTIONS –
MISCELLANEOUS PLAN
LAST TEN YEARS***

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 352,027	\$ 291,584	\$ 411,443	\$ 409,249	\$ 380,620	\$ 360,507	\$ 322,974	\$ 602,399	\$ 284,073	\$ 272,359
Contributions in Relation to the Actuarially Determined Contributions	352,027	291,584	411,443	409,249	380,620	360,507	322,974	602,399	284,073	272,359
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,258,438	\$ 1,155,729	\$ 1,065,730	\$ 1,065,730	\$ 997,179	\$ 981,708	\$ 980,084	\$ 968,615	\$ 964,572	\$ 973,812
Contributions as a Percentage of Covered Payroll	27.97%	25.23%	38.61%	38.40%	38.17%	36.72%	32.95%	62.19%	29.45%	27.97%

**CITY OF SAND CITY
SCHEDULE OF CONTRIBUTIONS –
SAFETY PLAN
LAST TEN YEARS**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 577,275	\$ 526,101	\$ 469,335	\$ 435,826	\$ 448,851	\$ 392,595	\$ 367,990	\$ 404,055	\$ 274,606	\$ 213,436
Contributions in Relation to the Actuarially Determined Contributions	577,275	526,101	469,335	435,826	448,851	392,595	367,990	404,055	274,606	213,436
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,489,494	\$ 1,367,927	\$ 1,217,131	\$ 1,182,129	\$ 1,521,503	\$ 1,523,485	\$ 1,517,774	\$ 1,346,212	\$ 1,306,040	\$ 1,179,383
Contributions as a Percentage of Covered Payroll	38.76%	38.46%	38.56%	32.01%	29.50%	25.77%	24.25%	30.01%	21.03%	18.10%

CITY OF SAND CITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN YEARS*

Measurement Period:	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 167,312	\$ 219,176	\$ 204,315	\$ 181,403	\$ 180,004	\$ 248,439	\$ 241,203	\$ 234,000
Interest on the Total OPEB Liability	215,402	192,493	176,460	172,776	158,964	202,924	178,950	157,000
Actual and Expected Experience Difference	-	206,216	-	(183,940)	-	(858,688)	-	-
Changes in Assumptions	-	28,387	76,993	-	(52,022)	(95,578)	-	-
Changes in Benefit Terms	-	52,030	-	(37,249)	-	-	-	-
Benefit Payments	(188,906)	(134,016)	(116,802)	(85,858)	(81,571)	(78,257)	(66,192)	(83,000)
Net Change in Total OPEB Liability	193,808	564,286	340,966	47,132	205,375	(581,160)	353,961	308,000
Total OPEB Liability - Beginning	3,373,560	2,809,274	2,468,308	2,421,176	2,215,801	2,796,961	2,443,000	2,135,000
Total OPEB Liability - Ending (a)	3,567,368	3,373,560	2,809,274	2,468,308	2,421,176	2,215,801	2,796,961	2,443,000
Plan Fiduciary Net Position:								
Contributions - Employer	16,585	134,472	117,116	86,077	81,784	78,451	316,453	2,733,000
Net Investment Income	468,371	256,381	(617,162)	994,521	123,517	203,252	224,625	173,000
Benefit Payments	(188,906)	(134,016)	(116,802)	(85,858)	(81,571)	(78,257)	(66,192)	(83,000)
Administrative Expense	(2,128)	(1,616)	(1,482)	(1,588)	(1,951)	(900)	(5,502)	(1,000)
Net Change in Plan Fiduciary Net Position	293,922	255,221	(618,330)	993,152	121,779	202,546	469,384	2,822,000
Plan Fiduciary Net Position - Beginning	4,245,782	3,990,561	4,608,891	3,615,709	3,493,930	3,291,384	2,822,000	-
Plan Fiduciary Net Position - Ending (b)	4,539,704	4,245,782	3,990,561	4,608,861	3,615,709	3,493,930	3,291,384	2,822,000
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ (972,336)	\$ (872,222)	\$ (1,181,287)	\$ (2,140,553)	\$ (1,194,533)	\$ (1,278,129)	\$ (494,423)	\$ (379,000)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	127.26%	125.85%	142.05%	186.72%	149.34%	157.68%	117.68%	115.51%
Covered-Employee Payroll	\$ 3,205,963	\$ 2,639,436	\$ 2,282,066	\$ 2,405,581	\$ 2,505,193	\$ 2,497,858	\$ 2,314,827	\$ 2,270,612
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	30.33%	33.05%	51.76%	88.98%	47.68%	51.17%	21.36%	16.69%

Notes to Schedule:

*This schedule is intended to show information for 10 years. Fiscal year 2017 was the first year of implementation; therefore, only seven years are shown. Additional years' information will be displayed as it becomes available.

**CITY OF SAND CITY
SCHEDULE OF CONTRIBUTIONS –
OPEB
LAST TEN YEARS***

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018		
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	\$ 83,649	\$ 15,842	\$ 29,669	\$ 79,024	\$ 78,752	\$ 239,000	\$ 232,000	\$ 225,000		
	(595)	(16,585)	(134,472)	(117,116)	(86,077)	(81,784)	(78,451)	(83,000)		
Contribution Deficiency (Excess)	\$ 83,054	\$ (743)	\$ (104,803)	\$ (38,092)	\$ (7,325)	\$ 157,216	\$ 153,549	\$ 142,000		
Covered Payroll	\$ 3,205,963	\$ 2,943,728	\$ 2,639,436	\$ 2,282,066	\$ 2,405,581	\$ 2,505,193	\$ 2,497,858	\$ 2,314,827		
Contributions as a Percentage of Covered Payroll	0.02%	0.56%	5.09%	5.13%	3.58%	3.26%	3.14%	3.59%		

* This schedule is intended to show information for 10 years. Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown. Additional years' information will be displayed as it becomes available.

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

Honorable Mayor and City Council Members
City of Sand City
Sand City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sand City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Sand City's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

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

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

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

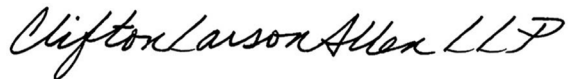
Honorable Mayor and City Council Members
City of Sand City

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
January 29, 2026

**AGENDA ITEM
11B.**

**New Laws Update from City Attorney
Adam Lindgren: Housing**

**AGENDA ITEM
11C.**

**Approve a Resolution Confirming
Appointments and Re-Appointments to
the Design Review Committee**



City of Sand City

Staff Report

TO: Honorable Mayor and City Council

FROM: Vibeke Norgaard, City Manager and Nicholas McIlroy, AICP, Planning Manager

DATE: February 17, 2026

SUBJECT: Appointment of Two New Members and Re-appointment of Two Members to the Sand City Design Review Committee

BACKGROUND/DISCUSSION:

Membership on the Sand City Design Review Committee (DRC) is for a two (2) year term. Two of the five (5) DRC members' terms are set to expire on January 31, 2026, and there are two (2) current vacancies with terms ending January 31, 2027.

The individuals eligible for re-appointment this year are Chris Barlow and Paul Davis. These individuals have served diligently and have positively contributed towards the development and revitalization efforts of Sand City.

There are also two vacancies on the five-person committee. Ralph H. Goldbeck and Tyler Pratt are recommended to fill these vacancies. Both are committed to Sand City and contributing through volunteer service on the Design Review Committee. A short biography and résumé are attached for each recommended appointee.

CEQA:

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

FISCAL IMPACT:

There is no fiscal impact for this item.

RECOMMENDATION:

It is recommended that the City Council approve the attached resolution to appoint Ralph H. Goldbeck and Tyler Pratt to the Sand City Design Review Committee through January 31, 2027, and to re-appoint Chris Barlow and Paul Davis for terms ending January 31, 2028.

ATTACHMENTS:

1. Resolution SC 2026-
2. Ralph H. Goldbeck, AIA – Biography and Résumé
3. Tyler Pratt – Biography and Résumé

**CITY OF SAND CITY
RESOLUTION SC 26-____, 2026**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY
CONFIRMING APPOINTMENTS AND RE-APPOINTMENTS TO THE DESIGN REVIEW
COMMITTEE**

WHEREAS, the Sand City's Design Review Committee (DRC) is responsible for performing architectural review of developments, signs, and other design-oriented considerations, consisting of at least five (5) committee members to function and impart a fair and balanced review of design applications; and

WHEREAS, members of the DRC are appointed by the City Council for two (2) year terms and serve at the pleasure of the City Council as specified by Section 18.58.040 of the Sand City Municipal Code; and

WHEREAS, Chris Barlow and Paul Davis have completed their current 2-year terms serving on the DRC and have positively contributed towards the development and revitalization efforts of Sand City; and

WHEREAS, the current term of service for Chris Barlow and Paul Davis are set to terminate on January 31, 2026, subject to reappointment; and

WHEREAS, these two members have been effective and conscientious reviewers of projects within Sand City during their terms, with Paul Davis serving as Chair of the DRC; and

WHEREAS, Chris Barlow and Paul Davis have expressed their interest in continuing their membership and participation on the DRC; and

WHEREAS, there are also two (2) vacancies on the DRC, which shall be filled by Ralph H. Goldbeck and Tyler Pratt; and

WHEREAS, pursuant to Municipal Code Requirements, three (3) committee members shall serve terms ending in even-numbered years, and two (2) members shall serve terms ending in odd-numbered years;

NOW, THEREFORE, BE IT RESOLVED that the City Council of Sand City does hereby re-appoint Chris Barlow and Paul Davis to the DRC for a two (2) year term through January 31, 2028.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of Sand City does hereby appoint Ralph H. Goldbeck and Tyler Pratt to the Sand City Design Review Committee through January 31, 2027.

PASSED AND ADOPTED by the City Council of the City of Sand City this 17th, day of February, 2026 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

Mary Ann Carbone, Mayor

ATTEST:

DATED: _____

Kerry Lindstrom, City Clerk



BIO

Ralph H. Goldbeck AIA

Ralph H. Goldbeck, AIA Member Emeritus, currently serves as the Board Chair of Abilities Café in Monterey, California. He was previously an owner of Kitchens To Go built by Carlin (KTG), a company that designs and builds mobile, modular, and containerized commercial kitchen units for sale or lease. Additionally, he is a partner in Goldbeck Architects, Paranormal Ag Solutions, LLC, and a Co-Founder of Citizens for Sensible Forest Management, a non-profit dedicated to expanding forest management to reduce wildfire exposure.

Mr. Goldbeck has served on the Industry Advisory Boards for the Association of Healthcare Foodservice (AHF) and the Foodservice Consultants Society International (FCSI). He was a member of the NAFEM/FCSI Liaison Committee and a past Hennessey Traveler for the National Restaurant Association Military Foundation.

Licensed as an architect since 1984, Mr. Goldbeck is a Member Emeritus of the American Institute of Architects. He is CERT trained and is a past Board Chair for the American Red Cross Central California Region. He and his wife, Robin, reside in the Del Monte Forest on the Monterey Peninsula.

Tyler Pratt, LEED AP, CM LEAN

Project Manager

Biography

Tyler Pratt is a local general contractor and project manager with 15 years of commercial building experience. His work focuses on improving client and community experiences through quality craftsmanship, thoughtful design, and careful planning and execution. Tyler is passionate about preserving but also enhancing local neighborhoods by collaborating closely with architects, engineers, local businesses, and city planners. He looks forward to supporting the City of Sand City Design Review Committee with his builder's perspective and with his dedication to responsible community growth.

[LinkedIn](#)

Professional Summary

Results-driven construction project manager with over 12 years of experience managing high-value commercial, institutional, and mixed-use projects. Adept at leading cross-functional teams, optimizing workflows, and delivering projects on time and within budget. Skilled in design-build, lean construction, and sustainable building practices. Passionate about driving operational efficiency and maintaining strong client relationships.

Key Skills & Certifications

- Project Management & Team Leadership
- Design-Build & Lean Construction
- Budgeting, Scheduling & Cost Control
- Seismic Upgrades & Structural Renovations
- Stakeholder & Client Relations
- Construction Safety & Compliance (OSHA 30)
- LEED Accredited Professional (LEED AP)
- Certificate of Management – Lean Construction
- Designated Design-Build Professional

Professional Experience

Craft Design Build – Project Manager (2021–Present)

- Lead commercial construction projects from inception to completion, ensuring adherence to budget, schedule, and quality standards.
- Manage subcontractors, permitting processes, and client expectations while ensuring safety compliance.
- Drive efficiency in project workflows using Lean Construction methodologies.

Key Projects:

- B.E. Bakery Improvements and Captain and Stoker Roastery Headquarters | Full remodel of an existing 4,500 SF commercial building. The space includes a new roastery and headquarters for a local coffee roaster, a bakery production space, and a corner coffee shop. (2025)
- GSA Monterey Regional Office Tenant Improvement | Full remodel of a 3,800 SF commercial building including DEA specified ballistic and bullet rated assemblies, penal detention, and office administration spaces. (2024-2025)

- Gallery Plastic Surgery Center (Monterey, CA) – \$2M | Full remodel of a 5,000 SF commercial building, including medical offices, exam rooms, labs, and a surgery center (2023–2024).
- Monterey Bay Aquarium Hodges Boat Yard (Monterey, CA) – \$1.5M | Site demolition, installation of security fencing, and gates for a 10,000 SF lot (2023).
- 473 Alvarado Mixed-Use (Monterey, CA) – \$2M | Seismic upgrades, new commercial bakery, and four residential units in a two-story mixed-use building (2021–2023).

Sundt Construction – Various Roles (2011–2021)

Project Manager / Assistant PM / Field Superintendent

- Managed complex construction projects, coordinating multi-disciplinary teams and maintaining high standards of safety and efficiency.
- Oversaw budgets ranging from \$35M to \$165M, ensuring cost control and quality assurance.

Key Projects:

- Project Fusion (Santa Clara, CA) – \$35M | Led reconfiguration of a 200,000 SF manufacturing/lab facility, including Level 1,000 and 10,000 clean rooms (2019–2020).
- Sunnyvale Hilton Garden Inn (Sunnyvale, CA) – \$47.2M | Managed construction of a six-story, 238-room hotel with extensive amenities (2018–2019).
- Presidio of Monterey AIT Barracks (Monterey, CA) – \$62M | Oversaw construction of a four-story, 160-room Army barracks with solar and grey water systems (2016–2018).
- Maple Street Correctional Center (San Mateo, CA) – \$165M | Delivered a 260,000 SF detention facility with specialized security features and sustainability measures (2014–2016).

Education & Licenses

- B.S. Construction Management – California Polytechnic State University, SLO (2011)
- Emergency Medical Technician (NREMT, 2015)
- OSHA 30-Hour Certification

Additional Information

Available upon request: Project portfolio, references, or further project details.

**AGENDA ITEM
11D.**

**Approve a Resolution Confirming
Members of the Sand City Arts Committee**



Memo

To: City Council of Sand City
From: Mary Ann Carbone, Mayor
Date: February 17, 2026
Re: Confirming Members of the Sand City Arts Committee

BACKGROUND/DISCUSSION:

The Sand City Arts Committee was established in 1995 by Resolution SC 95-73 and is a body of 5 members that seek to bring a vision and commitment of the arts to Sand City. According to the resolution establishing the committee, members are to be selected from the City's arts community.

Arts Committee appointments are considered on an annual basis and are appointed by the Mayor, ratified by the City Council, and re-appointed annually before the expiration of their term.

In addition to the annual reappointment of the four current members, the Mayor is recommending the appointment of Holly Temple as a new member of the Arts Committee. Ms. Temple is an artist who's gallery (the Temple Garage) is in Sand City. Ms. Temple has previously served on the Arts Committee and brings valuable experience, institutional knowledge, and a continued commitment to the arts within the City.

It is recommended that the Council approve the attached resolution confirming members of the Sand City Arts Committee whose appointments will be through January 31, 2027.

ATTACHMENTS:

1. Resolution

**CITY OF SAND CITY
RESOLUTION SC 26-____, 2026**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY CONFIRMING
MEMBERS OF THE SAND CITY ARTS COMMITTEE**

WHEREAS, Resolution SC 95-73 established the structure and organization of the Sand City Arts Committee; and

WHEREAS, the Sand City Arts Committee is a body of five (5) members to be selected from the City's art community; and

WHEREAS, the Arts Committee's function is as outlined in Resolution SC 95-73, including to establish, promote, and enhance artistic endeavors within Sand City and to advise and make recommendations to City Council regarding same; and

WHEREAS, according to Resolution SC 95-73, Art Committee members are appointed by the Mayor and ratified by the City Council; and

WHEREAS, Arts Committee appointments are considered on an annual basis and thereby require renewal by the City Council; and

WHEREAS, other volunteers who participate in Arts Committee events and meetings are considered "Friends of the Sand City Arts Committee" and not voting members; and

WHEREAS, a vacancy currently exists on the Sand City Arts Committee, and Holly Temple, a Sand City artist and former member of the Committee, has expressed her willingness to serve and fill said vacancy.

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

1. Membership for the Sand City Art Committee will be through January 31, 2027, subject to annual appointment and/or reappointment thereafter;
2. The Sand City Arts Committee will follow the policy and recommendations as outlined in Resolution SC 95-73;
3. The following have been recognized as the official Sand City Arts Committee members: Brian Clark, Michelle Djokic, Shelby Hawthorne, Fred Saunders, and Holly Temple.

PASSED AND ADOPTED by the Sand City Council on this ____, day of ____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mary Ann Carbone, Mayor

ATTEST:

DATED: _____

Kerry Lindstrom, City Clerk

**AGENDA ITEM
11E.**

**Approve a Resolution Ratifying
Appointments to Various Local and
Regional Agencies and Boards Effective
February 17, 2026**



Memo

To: City Council of Sand City
From: Mary Ann Carbone, Mayor
Date: February 17, 2026
Re: Update the Local and Regional Agency Appointments for 2026

BACKGROUND/DISCUSSION:

Each year, the City Council appoints Council and staff to serve on various local and regional agencies throughout Monterey County. The appointed representatives serve to represent the City of Sand City on various local and regional agency boards.

Attached is the proposed list of the designated representatives to serve on those committees.

It is recommended that the Council approve the attached resolution ratifying the appointments for the year 2026.

ATTACHMENTS:

1. Resolution
2. 2026 Sand City Appointments List

CITY OF SAND CITY

RESOLUTION SC 26-____, 2026

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY RATIFYING APPOINTMENTS
TO VARIOUS LOCAL AND REGIONAL AGENCIES AND BOARDS EFFECTIVE
FEBRUARY 17, 2026**

WHEREAS, the Sand City Council appoints representatives who represent the City of Sand City on certain committees and regional entities; and

WHEREAS, the attached Sand City Appointments List reflects staff and Council appointments to various agencies and organizations; and

WHEREAS, the attached Sand City Appointments List has been updated to reflect the changes to appointments of those who have expressed their desire to serve on various agencies.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Sand City hereby approves the appointments including changes as listed on the 2026 Sand City Appointments List attached hereto and incorporated herein by this reference.

PASSED AND ADOPTED by the City Council this ____ day of ____, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Mary Ann Carbone, Mayor

ATTEST:

DATED:

Kerry Lindstrom, City Clerk

Agency	Appointed Members	Agency Telephone/ Website
3CE	Sand City Alternate for 2025 Policy Board: Mayor Mary Ann Carbone Operations Board Alternate: City Manager Vibeke Norgaard	877-455-2223 3cenergy.org
AMBAG	Board: Mayor Mary Ann Carbone; Alternate: Marilee Diaz	883-3750 ambag.org
2nd Wednesday each month 6:00 PM	Technical/Planning: Nick McIlroy, Planning Manager	
Airport Land Use Commission	Board: Mayor Mary Ann Carbone (Appointment by MCMA)	755-5066 countyofmonterey.gov
4th Monday of each month 3:00 PM		
Community Human Services	Board: Mayor Mary Ann Carbone	899-4131 chservices.org
3rd Thursday of each month 11:00 AM	Alternate: Kim Scudder Finance: Mary Ann Carbone	
League of CA Cities Legislative Liaison Team	Mayor Mary Ann Carbone, Ex Officio Monterey Bay Division (Elected)	915-8293 calcities.org
MBASIA	Board: City Manager Vibeke Norgaard	394-3054 mbasia.org
Quarterly or as Needed	Alternate: HR/Risk Manager Audrey Cray	
Monterey One Water	Chair: Mayor Mary Ann Carbone	372-3367 montereyonewater.org
Last Monday of each month 6:00 PM	Alternate: Marilee Diaz	
Monterey Bay Air Resources District	Board: Mayor Mary Ann Carbone	647-9411 mbard.org
3rd Wednesday every other month 1:30 PM		
Mosquito Abatement District	Board: Mayor Mary Ann Carbone	373-2483 montereycountymosquito.com
2nd Tuesday each month 12:00 PM		

Monterey County Mayor's Association	Board: Mayor Mary Ann Carbone	429-6605
1st Friday of each month 12:00 PM	Alternate: Jerry Blackwelder	
Monterey Peninsula Chamber of Commerce; Government Affairs Committee	Board: Marilee Diaz	648-5360 montereychamber.com
2nd Monday of each month 3:30 PM	Alternate: Michelle Adams	
Monterey-Salinas Transit District (MST)	Chair: Mayor Mary Ann Carbone	888-678-8271 mst.org
2nd Monday of each month 10:00 AM	Alternate: Kim Scudder	
Monterey Regional Stormwater Management Program	City Engineer Leon Gomez	646-3799 countyofmonterey.gov
4th Wednesday of every month 10:00 AM		
ReGen Monterey	Board: Jerry Blackwelder	384-5313 regenmonterey.org
3rd Friday each month 9:30 AM	Alternate: Mayor Mary Ann Carbone	
	Tech Comm: City Manager Vibeke Norgaard; Public Works Manager Mark Parker	
ReGen Monterey	Policy Advisory: Jerry Blackwelder	658-5600 regenmonterey.org
3rd Monday of each month 7:00 PM		
Seaside County Sanitation District	Board: Jerry Blackwelder	899-6200 scsdonline.org
2nd Tuesday of each month 9:30 AM	Alternate: Mayor Mary Ann Carbone	
See Monterey Board	Mary Ann Carbone Alternate: Vibeke Norgaard, City Manager	888-221-1010 seemonterey.com

Transportation Agency of Monterey County (TAMC)	Board: Mayor Mary Ann Carbone	755-0903 tamcmonterey.org
4th Wednesday of each month 9:00 AM TAC: 1st Thursday of each month	Alternate: Marilee Diaz BIKE: Kim Scudder RAIL: Mayor Mary Ann Carbone TAC: City Engineer Leon Gomez; City Manager Vibeke Norgaard	
Seaside Groundwater Basin Watermaster Board	Board: Mayor Mary Ann Carbone	641-0113
	Alternate: City Manager Vibeke Norgaard	
1st Wednesday of each month 1:30 PM	TAC: City Engineer Leon Gomez; City Manager Vibeke Norgaard Budget: Mayor Mary Ann Carbone	
<u>Sand City Standing Advisory Committees</u>		
Budget & Personnel	Chair: Mayor Mary Ann Carbone; Marilee Diaz Staff: City Manager Vibeke Norgaard	
Arts Committee	1 Year Appointment	Term Ending
	Brian Clark	Term Ends 1/31/2027
	Michelle Djokic	Term Ends 1/31/2027
	Shelby Hawthorne	Term Ends 1/31/2027
	Fred Saunders	Term Ends 1/31/2027
	Holly Temple	Term Ends 1/31/2027
	Staff: City Manager Vibeke Norgaard	
Design Review Committee	2 Year Appointment	Term Ending
	Chris Barlow, Architect	Term Ends 1/31/2028
	Paul Davis Jr., Architect	Term Ends 1/31/2028
	Ralph H. Goldbeck	Term Ends 1/31/2027
	Tyler Pratt	Term Ends 1/31/2027
	Staff: City Manager Vibeke Norgaard; Planning Manager Nick McIlroy	

Housing Committee	Marilee Diaz; Jerry Blackwelder Staff: City Manager Vibeke Norgaard; Nick McIlroy, Planning Manager	
Public Safety/Public Works	Jerry Blackwelder; Kim Scudder Staff: City Manager Vibeke Norgaard; Public Works Manager Mark Parker, Police Chief David Honda	
West End Oversight Committee	Mayor Mary Ann Carbone; Marilee Diaz Staff: City Manager Vibeke Norgaard, Police Chief David Honda	

**AGENDA ITEM
11F.**

**Discuss and Provide Direction for a
Proposed Use by Abilities Cafe to Lease a
Portion of the Art Park**



City of Sand City

DISCUSSION ITEM

To: Honorable Mayor and City Council of Sand City
From: Nicholas McIlroy, AICP, Planning Manager
Date: February 17, 2026
Subject: Discussion Item – Abilities Café Proposal for Temporary Use of Art Park Area

PURPOSE:

To provide the City Council with an overview of a proposal submitted by Abilities Community Alliance, Inc. (“Abilities Café”) to lease a portion of the Art Park. The organization intends to utilize a mobile café trailer on the site to provide vocational training for young adults with special needs.

BACKGROUND:

Abilities Café is a 501(c)(3) nonprofit focused on job skills development, workplace coaching, and employment support for individuals with disabilities. According to the submitted materials, the nonprofit operates a job-skills curriculum within a functioning café environment, having previously operated out of Schillings Café in the Monterey County Government Center.

The organization has approached the City regarding the establishment of a mobile café in Sand City as a training site. Their long-term goal is to create “an integrated work environment that provides coaching, accommodations, skills training, and paid employment in a hands-on setting,” helping participants obtain their first job experience and transition into positions within the broader community.

PROPOSED USE

Site Location

The nonprofit is requesting to lease a portion of the Art Park located near the gate and adjacent to the existing mural-covered van. This use would be strictly temporary, concluding upon the commencement of the long-term Art Park Project.

Mobile Café Trailer

The café will operate out of a retrofitted trailer designed to serve coffee and similar beverages. While the original proposal included refurbishing the City’s surplus vehicle into a mobile café trailer, the City does not currently possess the title to that vehicle. Because securing the necessary documentation would be too lengthy and complicated to allow for a timely launch,

the revised plan utilizes a separate, independent café trailer that can be placed, connected, and operated independently without the use of City-owned equipment or going through the lengthy process of the City getting the title of the vehicle.

Site Features

The proposal includes a compact service trailer, a seating area for patrons, and four dedicated parking spaces. According to the application, no hazardous materials, industrial equipment, or other regulated uses are contemplated for this site.

Program Benefits

The café would function as both a public-serving amenity and as a vocational training site. The program offers:

- Job skills training in a real café environment
- Coaching and onsite accommodations for young adults with special needs
- Paid employment opportunities
- Job placement support to assist trainees in transitioning into employment with local businesses

Abilities Café emphasizes the broader community benefit of integrating individuals with disabilities into mainstream workplaces and encouraging local employers to participate in inclusive hiring practices.

Temporary Use Considerations

The site would be leased only until the planned mixed-use redevelopment project proceeds. The café trailer is mobile and can be removed without significant site disturbance as the proposed use does not involve permanent construction. The applicant has already submitted a Conditional Use Permit (CUP) application and required supporting documents.

DISCUSSION POINTS FOR COUNCIL:

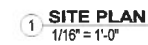
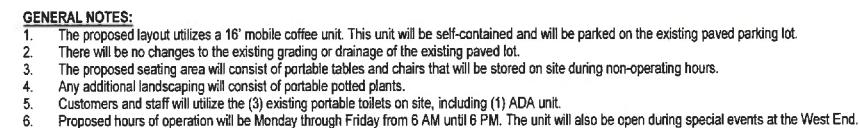
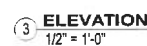
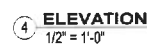
1. Support for activating the Art Park area with a low-impact community-oriented use.
2. Alignment with community values, including support for individuals with disabilities and inclusive workforce development.
3. Appropriateness of the temporary lease given pending redevelopment plans.
4. Feasibility and logistics, including parking, access, utilities, and operational hours (Monday through Friday 7 am to 2:30 pm).
5. Disposition of the City-owned surplus truck, which cannot be used as originally proposed due to titling issues.

RECOMMENDATION

Staff recommends that the City Council discuss the proposal and provide direction on whether it supports activating the Art Park area with the proposed use. Pending Council support, staff will bring forward a Conditional Use Permit staff report, resolution, and a draft temporary lease agreement for formal consideration.

Attachments:

- 1) Abilities Café Site Plan

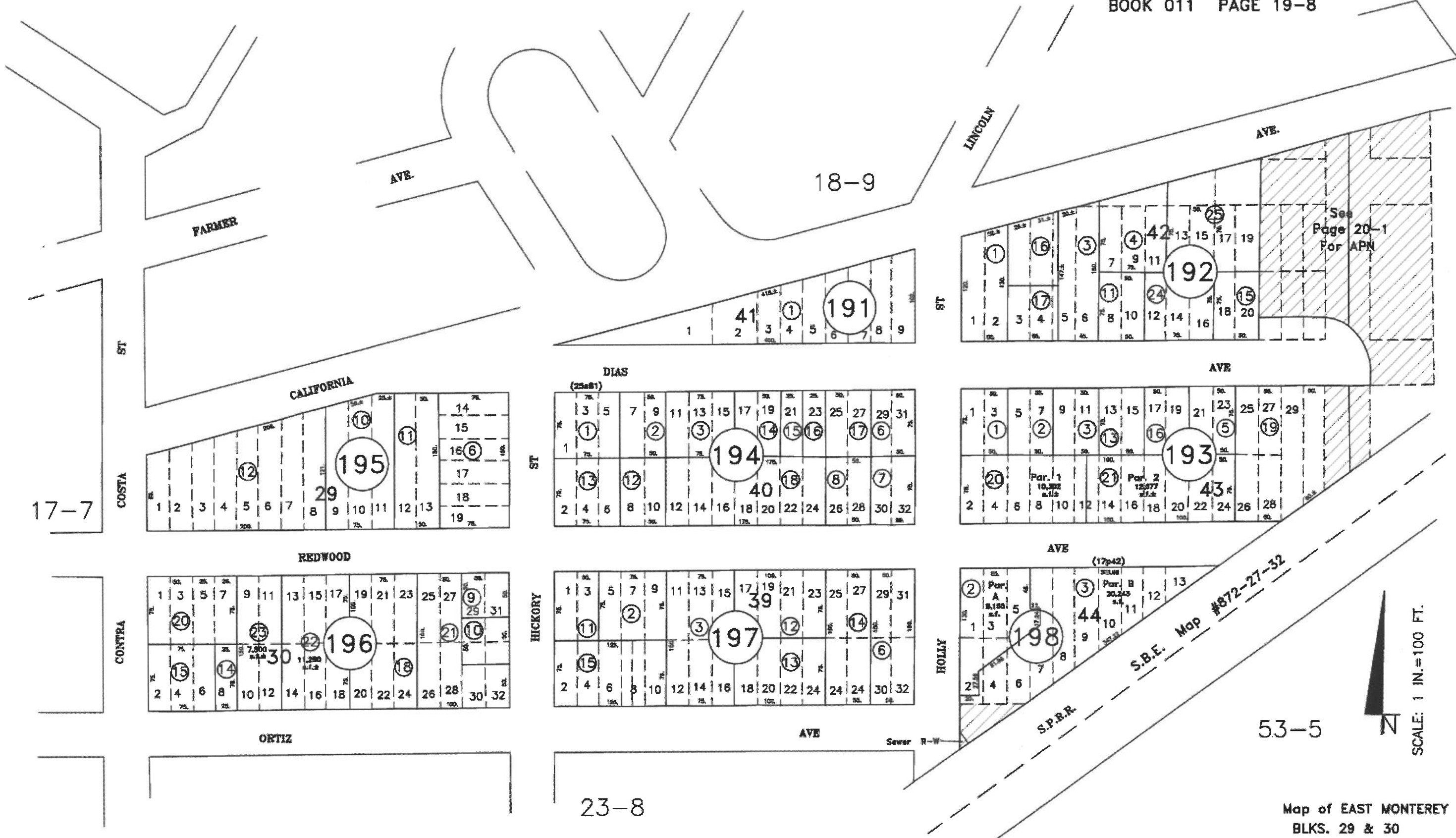


PROPOSED PLAN

A100

TAX CODE AREA

COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 011 PAGE 19-8



THIS MAP IS INTENDED TO BE USED FOR
PROPERTY TAX ASSESSMENT PURPOSES ONLY

Map of EAST MONTEREY
BLKS. 29 & 30
BLKS. 39, 40 & 41
BLKS. 42 & 43
Lots 1 to 13, Blk 44

**AGENDA ITEM
11G.**

Use Permit Amendment for 1725 Contra Costa Street, APN 011-177-024, to Reduce the Number of Parking Spaces Due to the City of Sand City's West End Stormwater Project. This item is continued to March 3, 2026.

AGENDA ITEM 13A.

**Conference with real property negotiators
pursuant to Government Code Section
54956.8. Property: APN 011-125-040; City
negotiators: City Manager Vibeke
Norgaard, City Attorney Adam Lindgren;
Negotiating Parties: County of Monterey;
Under negotiation: Price and terms of
payment.**

**AGENDA ITEM
13B.**

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