



(ACT) – ACTION NEEDED  
(INF) – INFORMATION ONLY  
(DIS) – DISCRETIONARY

## A G E N D A

REGULAR MEETING OF THE CITY COUNCIL,  
NEEDLES PUBLIC UTILITY AUTHORITY  
CITY OF NEEDLES, CALIFORNIA  
**TUESDAY, APRIL 9, 2019 – 5:00 P.M.**  
COUNCIL EXECUTIVE SESSION – **Immediately following the presentation**  
CITY COUNCIL MEETING – **6:00 P.M.**  
CITY COUNCIL CHAMBERS  
1111 BAILEY AVENUE, NEEDLES

Councilmember Hazlewood will be participating in this meeting via teleconference call from Oak Tree Inn, 1706 N Park Drive, Winslow, AZ 86047.  
The public will be given an opportunity to address the legislative body directly from this teleconference location.

CALL TO ORDER  
ROLL CALL

### **PRESENTATION**

(A ten-minute time limit per presentation has been established by Municipal Code Section 2-18.)

- 1) Presentation on the use of greenhouses for cannabis cultivation and the permitting of outdoor cannabis grow projects (INF)

PUBLIC COMMENTS PERTAINING TO THE EXECUTIVE SESSION ITEM (A three-minute time limit per person has been established.)

### **RECESS TO EXECUTIVE SESSION**

- a) Public employee performance evaluation pursuant to government code section 54957:  
Title: City Manager
- b) Conference with labor negotiators pursuant to government code section 54957.6: Agency designated representatives — Mayor Jeff Williams and Councilmember Clayton Hazlewood: Unrepresented employee: City Manager.
- c) Conference with labor Negotiator pursuant to California Government Code Section 54957.6 – Personnel – Agency Representative City Manager Rick Daniels – Employee Organizations: Needles Unclassified Employees Association (NUEA) and Teamster Local 1932

**EXECUTIVE SESSION** – Report by City Attorney

CALL TO ORDER  
ROLL CALL  
INVOCATION  
PLEDGE OF ALLEGIANCE  
APPROVAL OF AGENDA  
CONFLICT OF INTEREST  
CORRESPONDENCE  
INTRODUCTIONS  
CITY ATTORNEY - Parliamentary Procedure Review

**As a courtesy to those in attendance, we would ask that cell phones be turned off or set in their silent mode. Thank you.**

**PUBLIC APPEARANCE** – Persons wishing to address the City Council on subjects other than those scheduled are requested to do so at this time. When addressing the Council, please come to the podium and give your name and address for the record. In order to conduct a timely meeting, a three-minute time limit per person has been established by Municipal Code Section 2-18. Amendments to the California Government Code Section 54950 prohibits the City Council from taking action on a specific item until it appears on the agenda.

## **PUBLIC HEARING**

- 2) Public hearing noticed to consider all evidence and testimony for or against approval of a general plan amendment from “CR” Commercial Resort to “CH” Highway Commercial and a zone change from “CRR” Commercial Residential Resort to “C3” Highway Commercial for the property located along Needles Highway, 320 Balboa, APN 0660-081-01 through -04, 0660-081-08 and -09 and 0660-091-04; Applicant Deer Park Development **continued from March 26**
- Staff Report
  - PowerPoint Presentation
  - Council Questions of Staff
  - Mayor to reopen the public hearing
  - Public Comment
  - Mayor to close the public hearing
  - Council Discussion / Deliberation
  - Ordinance No. 615-AC approving a general plan amendment from “CR” Commercial Resort to “CH” Highway Commercial and a zone change from “CRR” Commercial Residential Resort to “C3” Highway Commercial for the property located along Needles Highway, 320 Balboa, APN 0660-081-01 through -04, 0660-081-08 and -09 and 0660-091-04 (ACT)  
(1st reading – post)

## **PRESENTATION**

(A ten minute time limit per presentation has been established by Municipal Code Section 2-18.)

- 3) PowerPoint presentation by Sandy Sup, CPA, MBA, Audit Manager and Scott German, CPA, Firm Principal of the final City audit report for the fiscal year ended June 30, 2018 (INF)
- Receive and File the 2018 City of Needles audit report (ACT)

## **RECESS CITY COUNCIL MEETING AND CONVENE A JOINT MEETING WITH THE NEEDLES PUBLIC UTILITY AUTHORITY**

CALL TO ORDER (Roll Call previously taken)



PUBLIC COMMENTS PERTAINING TO THE NPUA / COUNCIL ITEMS (A three minute time limit per person has been established.)

- 4) Retroactively approve to January 1, 2019 a 4.05% increase in remuneration for EUSI, LLC which increase is called out in Section 4.1 of the "Agreement for Wastewater System Operations " (ACT)

## **ADJOURN THE JOINT NPUA MEETING AND RECONVENE CITY COUNCIL MEETING**

**CONSENT CALENDAR:** All matters listed on the Consent Calendar are considered to be routine and will be enacted by one motion in the form listed. The Mayor or any member of the City Council may pull an item from the Consent Calendar for discussion. Prior to Council action, a member of the public may address the City Council on matters scheduled on the Consent Calendar. A three-minute time limit per person applies. **Recommended Action:** Approve Items 5 through 12 on the Consent Calendar by affirmative roll call vote. (ACT)

- 5) Approve the warrants register through April 9, 2019
- 6) Approve the minutes of June 26, 2018
- 7) Accept Change Order #1 to Redmond Construction in the amount of \$34,576 for the repairs needed to the ceiling, returning and re-ordering sound material, and the demolition of the existing gymnasium floor as part of Phase III
- 8) Accept the bid from Geary Floors Inc. in the amount of \$84,047.76 for the installation of a new gymnasium floor at the Needles Recreation Center; authorize staff to use remaining funds from CDBG of \$20,883, the sale of city owned property of \$25,890.44 and General Fund Reserves in the amount of \$37,274.32 and issue a Notice of Award and Notice to Proceed for Phase III - gymnasium floor replacement
- 9) Release of the temporary Certificate of Occupancy Agreement with Flower Refinery Inc. for the occupancy of Building 1 located at 2701 Columbus Drive, APN 0660-081-30
- 10) Retain Creative Management Solutions to conduct a Pay and Classification Study for full time positions in the City of Needles
- 11) Waive the reading and adopt Resolutions approving a six-month extension of time for three Conditional Use Permits located at the former "Dollar Tree" at 1100 E. Broadway, APN 0186-224-02: Resolution No. 2019-13, Suite A, marijuana cultivation facility; 2019-14, Suite B marijuana distribution facility and 2019-15, Suite C marijuana manufacturing facility
- 12) Waive the reading and adopt Resolution No. 2019-16 supporting the 2020 Census

## **End of Consent Calendar**

## **REGULAR ITEMS**

- 13) Adopt the extension of City Manager Richard A. Daniels Employment Agreement 2019-2022 (ACT)

CITY ATTORNEYS REPORT

CITY MANAGERS REPORT

## COUNCIL REQUESTS

Councilmember Gudmundson  
Councilmember Terral  
Councilmember Hazlewood  
Vice Mayor Paget  
Councilmember Belt  
Councilmember Longacre  
Mayor Williams

## ADJOURNMENT

**INTERNET ACCESS TO CITY COUNCIL AGENDAS AND STAFF REPORT MATERIAL  
IS AVAILABLE PRIOR TO CITY COUNCIL MEETINGS AT**

<http://www.cityofneedles.com>

Posted: April 5, 2019

SB 343-DOCUMENTS RELATED TO OPEN SESSION AGENDAS -- Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the City Clerk's Office, 817 Third Street, Needles, CA 92363.

In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (760) 326-2113 ext 145. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-104 ADA Title II).

I hereby certify, under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the front entrance of City Hall not less than 72 hours prior to the meeting.

Dated this 5th day of April 2019.

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Dale Jones, CMC, City Clerk



## City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Presentation on the Use of Greenhouses for Cannabis Cultivation  
And the Permitting of Outdoor Cannabis Grow Projects

**Background:** The City has been asked to consider the use of greenhouses for cannabis cultivation projects. The City's Cannabis Ordinance allows greenhouses, that are currently defined under "fully enclosed structure" as follows:

**"Fully Enclosed Structure"** shall mean an enclosed space within a properly permitted building, greenhouse, or other structure which has a complete roof enclosure supported by connecting walls extending from the ground to the roof, which is secure against unauthorized entry, provides complete visual screening, and which is accessible only through doors and inaccessible to minors.

The City has also been asked to allow the permitting of outdoor cannabis grows.

A presentation on both of these topics will be provided.

**Fiscal Impact:** None.

**Environmental Impact:** N/A

**Recommended Action:** N/A – Information Only

**Submitted By:** Patrick Martinez, Development Director

**City Management Review:** Rick

**Date:** 4/11/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

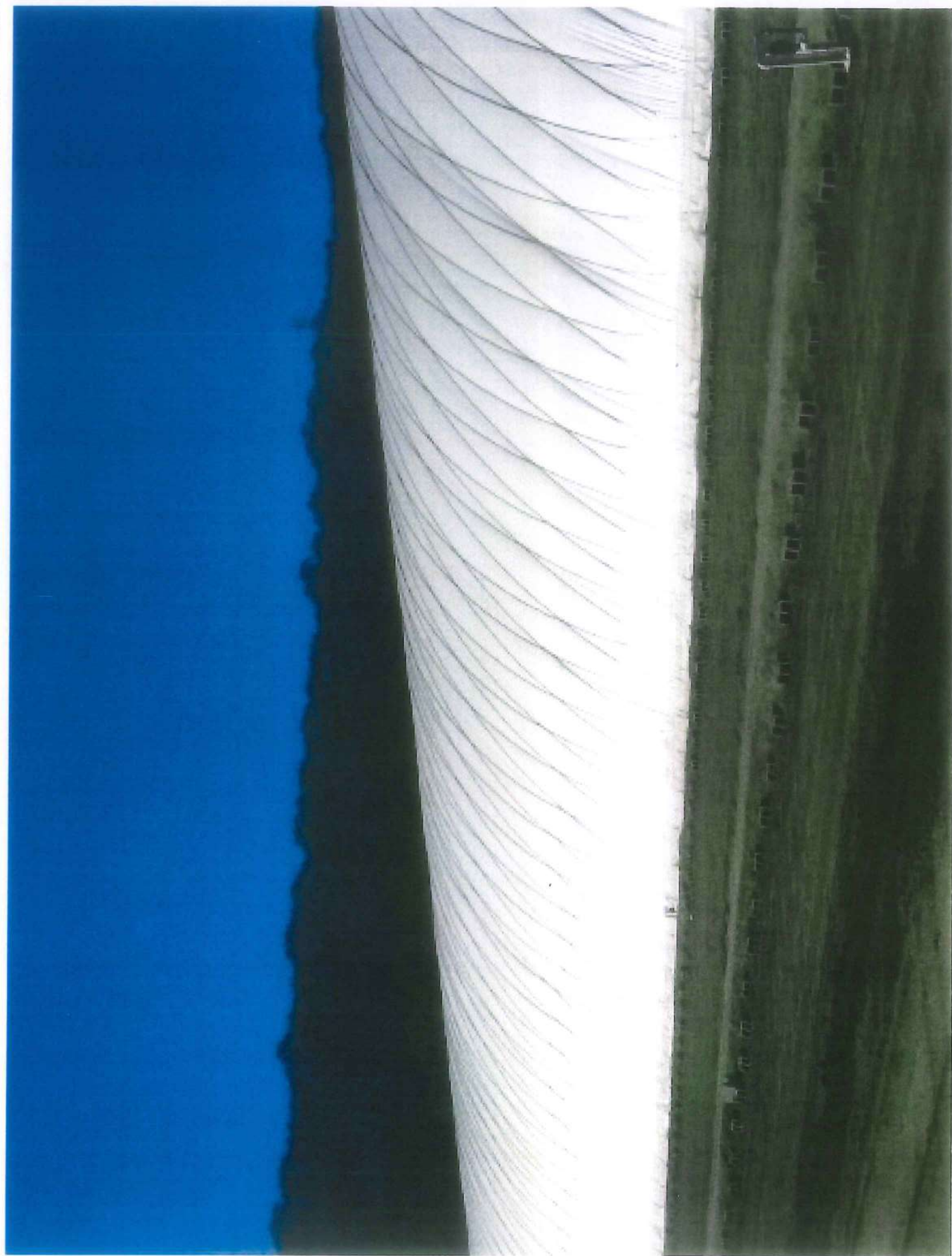
Other: ☐

Agenda Item: 1













*The controlled environment and airflow allow for maximum photosynthesis and growth rate, while essentially eliminating disease pressures.*





## City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Needles City Council Ordinance 615-AC  
An Ordinance of the City Council of the City of Needles Approving a proposed General Plan Amendment from a Commercial Resort (CR) designation to a Highway Commercial (CH) designation and a proposed Zone Change from a Commercial Residential Resort (CRR) designation to a Highway Commercial (C-3) designation for the properties known as APN 0660-081-01 through 04; 0660-081-08 and 09, and 0660-091-04

**Background:** Deer Park Development LLC (applicant), is proposing a General Plan Amendment (GPA) from "Commercial Resort" (CR) to "Highway Commercial (HC), and a Zone Change from Commercial Residential Resort (CRR) to Highway Commercial (C-3), on seven parcels of land, split into two separate previously developed areas totaling approximately 13.7 acres. The first proposed amendment area is located on Needles Highway, north of the Murl Shaver substation, and is comprised of five parcels with a total area of 7.93 acres. The second amendment area is located on Needles Highway, south of the Murl Shaver substation, abutting the applicant's existing boat storage facility, with a total area of 5.8 acres.

Historically, both areas have been utilized for residential housing, but have not had tenants for many years. The buildings are abandoned and are experiencing ongoing transient nuisance problems. One parcel located east of the proposed area, will retain the CRR designation. The parcel had a residential structure that was involved in a fire and is now being cited for a public nuisance. The parcel can be redeveloped as either a commercial or residential use, but cannot be used for a cannabis facility.

In 2016, the applicant's property located south of the proposed amendment areas received a General Plan Amendment from Commercial Resort (CR) to Highway Commercial (HC) and a Zone Change from Commercial Resort Residential (CRR) to Highway Commercial (C-3), and then received Conditional Use Permits for Cannabis Facilities.

In December, 2017 the applicant received approval for eight (8) Conditional Use Permits for cannabis facilities at 320 Balboa St., replacing the existing boat and RV storage facility. The site is undergoing parcelization to create individual land/building purchase opportunities, reducing the cost to investors.

The proposed GPA designation for Highway Commercial (C-3) and a Zone Change to Highway Commercial (C-3) are considered by Deer Park to be more of an appropriate land use designation for these two areas since the surrounding area already has the same General Plan and Zoning Designation as is being requested by the applicant. The amendments will allow the applicant to expand the permittable area for cannabis facilities near the boat storage facility, as well as develop the area north of the substation into an industrial park for businesses that support the cannabis industry.







## City of Needles, California Request for City Council Action

The Planning Commission held a public hearing on the matter, taking community input from Ms. Holly Anderson, 480 McShan Lane, discussing the private water lines family members installed that are located on parcels owned by the applicant, with the applicant committing to ensuring that the existing water lines remain in the current location, or will be relocated if parcel configurations change, ensuring that whatever services they provide today will be there in the future, with work performed at his expense.

Public testimony was also taken from Mr. Donald Anderson, 480 McShan Lane, inquiring about the property owner, Deer Park Development, a holding company for development projects getting entitlements; whether the changes being requested by the applicant will negatively impact property values, as well as concern with safety and odors if cannabis facilities are permitted. The City Manager indicated that there shouldn't be any property value impacts, and that security is substantial at all of the facilities and code enforcement performs regular inspections to ensure odors are mitigated if complaints are received.

The Planning Commission voted unanimously to recommend City Council approval of both the General Plan Amendment and Zone Change.

At the March 26, 2019 City Council meeting the matter did not pass with the required four votes; Councilor Terral made a motion to continue the public hearing, receiving the votes necessary to continue the matter to the April 9, 2019 meeting.

**Fiscal Impact:** None.

**Environmental Impact:** This subject property is categorically exempt under the California Environmental Quality Act (CEQA) under Section 15601(b), whereby it can be seen with certainty that there is no possibility that the activity in may have a significant effect on the environment, the activity is not subject to CEQA. The project site is for a General Plan Amendment and Zone Change to an existing developed area of land occupied by four metal buildings and with no proposed changes to current occupant land use.

**Recommended Action:** Approve Ordinance No. 615-AC approving a General Plan Amendment from a Commercial Resort (CR) designation to a Highway Commercial (HC) designation and a Zone Change from a Commercial Residential Resort (CRR) designation to a Highway Commercial (C-3) designation for the properties known as APN 0660-081-01 through 04, 0660-081-08 and 09, and 0660-091-04

**Submitted By:** Patrick Martinez, Development Director

**City Management Review:** *[Signature]*

**Date:** 4/2/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 2



## **ORDINANCE 615-AC**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NEEDLES APPROVING A GENERAL PLAN AMENDMENT FROM "CR" COMMERCIAL RESORT TO "CH" HIGHWAY COMMERCIAL AND A ZONE CHANGE FROM "CRR" COMMERCIAL RESIDENTIAL RESORT TO "C-3" HIGHWAY COMMERCIAL FOR THE PROPERTY LOCATED ALONG NEEDLES HIGHWAY KNOWN AS APN 0660-081-01 THROUGH 04, 0660-081- 08 AND 09, AND 0660-091-04**

**WHEREAS**, Deer Park Development submitted an application requesting a General Plan Amendment from Commercial Resort (CR) to Commercial Highway (CH) and a Zone Change from Commercial Residential Resort (CRR) to Highway Commercial (C-3) for their property located along Needles Highway, north of the I-40 off-ramp; and

**WHEREAS**, Government Code Section 65860 requires that the General Plan designation and Zoning Code are consistent; and

**WHEREAS**, a public hearing notice for the Needles Planning Commission meeting was published in the Needles Desert Star on February 20, 2019, 10 days prior to said meeting, and notices were sent to property owners within a 300-foot radius of the subject property specifying the date, time and location of the public hearing; and

**WHEREAS**, on March 6, 2019, the Needles Planning Commission held a duly noticed and advertised public hearing to receive oral and written testimony relative to the General Plan Amendment and Zone Change; and

**WHEREAS**, a public hearing notice for the Needles City Council meeting was published in the Needles Desert Star on February 20, 2019, 10 days prior to said meeting, and notices were sent to property owners within a 300-foot radius of the subject property specifying the date, time and location of the public hearing for a proposed General Plan Amendment and Zone Change; and

**WHEREAS**, the matter was scheduled for a public hearing at the March 26, 2019 City Council meeting; and

**WHEREAS**, the matter was continued to the April 9, 2019 City Council meeting; and

**WHEREAS**, on April 9, 2019, the Needles City Council held a duly noticed and advertised public hearing to receive oral and written testimony for the proposed General Plan Amendment and Zone Change; and,

**WHEREAS**, Section 116.00(d) of the Needles City Code describes the findings required to approve a General Plan Amendment and Zone Change; and





**WHEREAS**, the Needles City Council has sufficiently considered all testimony and any documentary evidence presented to them in order to make the following determination.

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

**SECTION 1.** The City Council HEREBY FINDS AND DETERMINES that this subject site is categorically exempt under the California Environmental Quality Act (CEQA) under Section 15601(b), whereby it can be seen with certainty that there that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The project area for the General Plan Amendment and Zone Change is an existing developed area of land occupied by residential structures and accessory buildings.

**SECTION 2.** The City Council HEREBY FINDS AND DETERMINES, with reports and findings, that facts do exist to approve a General Plan Amendment.

- A. The project is consistent with the General Plan

**FINDING:** The proposed General Plan Amendment from Commercial Resort (CR) to Highway Commercial (CH) for the project area will be consistent with the elements, goals and policies of the General Plan and that no effects of inconsistency can be determined with the proposed General Plan Amendment onto surrounding land uses.

- B. *Approval of the Amendment will not create conditions materially detrimental to the public health, safety and general welfare*

**FINDING:** Approval of the proposed General Plan Amendment will not create conditions materially detrimental to public health, safety and general welfare in that the proposed change will continue the expansion of the Highway Commercial area in North Needles that has seen growth from the permitting of cannabis facilities and re-develop the blighted residential area that continues to experience problems with transient nuisance problems.

- C. *The new designation is compatible with the land use designations on adjacent properties.*

**FINDING:** The General Plan Amendment will allow the creation of an industrial park that allows the permitting of cannabis facilities, as well as ancillary businesses that support the industry. Other types of commercial uses in the vicinity of the proposed amendment area include a truck repair facility and boat and RV storage facility. A parcel located east of the area being proposed for the change in designation, will maintain the CRR zoning designation. At one time the parcel had a residential structure, but has experienced a fire and now is being cited for a public nuisance. The parcel can be used for either commercial or residential uses, but cannot be used for a cannabis facility.



- D. *Approval of the Amendment is warranted because the general conditions of the property have substantially changed since the existing designation was imposed.*

Residential uses in the vicinity of the proposed amendment area have been abandoned for many years and continue to experience ongoing transient nuisance problems. The areas south and west of the proposed amendment area are experiencing significant growth through the permitting of cannabis facilities.

**SECTION 3.** The City Council HEREBY FINDS AND DETERMINES, with reports and findings, that facts do exist to approve a Zone Change, according to the criteria specified in Section 116.00(d) of the Needles City Code:

- A. *An explanation of the relationship to the General Plan and any applicable specific Plan.*

**FINDING:** The site is designated as CR in the General Plan with no specific plan that has been adopted in this area. Currently, the property is zoned CRR and the relationship between the General Plan and Zoning designations are consistent. If approved, the land use designation (CH) and zoning (C-3) would be consistent.

- B. *Consideration of the effect of the proposal on the housing needs of the region balanced against the public service needs of the city residents and the fiscal and environmental resources available.*

**FINDING:** The proposed Zone Change to Highway Commercial (C-3) will not create a significant imbalance or deficit in the housing needs for the City of Needles as forecasted by the Southern California Associate of Government's (SCAG) Regional Housing Needs Assessment (RHNA), as SCAG has identified 181 additional residences required in the City of Needles based on population, and that the City has a number of properties zoned for residential development that can fulfill this need.

**SECTION 4.** The City Council HEREBY FINDS AND DETERMINES that facts do exist to approve **ORDINANCE 615-AC with conditions:**

- 1) Applicant to ensure that existing private water lines located on his property(s) and attached to structures on or near his property remain in place and functional or are relocated due to lot reconfigurations and continue to provide the same services that exist as of this date.
- 2) Applicant to provide a 20' wide paved easement from Needles Highway, across the property known as APN 0660-081-04 to the property line of the parcel known as APN 0660-081-05

**SECTION 5.** The City Council HEREBY APPROVES **ORDINANCE 615-AC**, approving a General Plan Amendment from a Commercial Resort (CR) designation to a Highway Commercial (CH) designation and a proposed Zone Change from a Commercial Residential Resort









March 6, 2019

Donald R. Anderson  
640 California Ave.  
Needles, CA 92363

Cindy Semione  
Community Development Dept.  
City of Needles  
1705 J Street  
Needles, CA 92363  
csemione@city of needles.com

RE: Rezoning of West Needles

Ms. Semione,

I am a resident of Needles and have lived here for 50+ years. I didn't received paperwork regarding the rezoning of West Needles. I have property off Mc Shan Lane in Needles. The address have been 480 Mc Shan Lane, and Rt. 4 Box 65. My concerns are three-fold.

1. Mc Shan Lane is my designated easement to my property, how will the rezoning affect that easement?
2. Will the zoning change adversely affect my property taxes on Mc Shan Lane?
3. Will the smell of the new marijuana building change the air quality of my property rendering it unusable and devalued?
4. The water lines run down the middle of Mc Shan Lane to the end properties.

I have other concerns that I will discuss openly.

Thank You for your time and consideration.

Respectfully,

---

Donald Anderson



Letter 7-P91

Cindy Semione

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**From:** patge@aol.com  
**Sent:** Saturday, March 02, 2019 3:30 PM  
**To:** Cindy Semione  
**Subject:** Additional information for the Planning Commission

Hi Cindy,

Just in case someone wants to know who struggled for almost a year to get the dredge in place to straighten out the river before it took out all of Indian Village, and then the city of Needles. That man was my father, Judge James A. Barnes. He passed away Christmas evening of 1994.

My mother (Ethel Barnes) and I almost drowned in that storm when the river overflowed it's banks, then rose what had to be 15 to 20 feet UP the hill, and then about 100 level feet into our home, cornering my mother and I in our dining room in waist high water. My mother couldn't swim and was freaking out!

At 9 years old I was a great swimmer but 2 of the largest Mojave Indians drowned that day (both good swimmers). In addition to that, the heavy movement of water from the distant hills Southwest of Indian Village scooped the entire Mojave cremation cemetery up, and sent it out the lagoon entrance and down the river.

Thanks to my father, Needles has never experienced anything like that flood again since the new river bank was put in place to protect Indian Village, the properties now on the West side of the lagoon, and the city of Needles. That new river bank is what now forms the West Bank of the river (that used to be in front of our home). Needless to say, if that major river repair had not been made, much (if not all) of Needles might not be here today. Our dangerous river frontage was replaced by by the Needles Lagoon, and moved the river far to the East where it is today.

Needless to say, the Needles Lagoon should have been named after my father. The Bureau of Reclamation drug it's feet about fixing the problem. Fortunately, my father went to college with a high powered state politician and the 2 of them refused to get off the backs of the slackers. Dad couldn't save Mom and I the day of the flood because he was at work that day and the high flood water cut him off from getting home. However, He vowed that day to save us from any future floods, EVER!!!

The only reason I'm alive today must be because God wanted me to live to tell this story. When the water got up to our necks in the house, the sun suddenly burst through the darkness, and the water stopped flowing from the hills behind our house. It was finally over!

14r 2-PS 2

Since I'm the last living signer of The Boundary Line Agreement I feel obligated to protect the land that Ron Kemper wants to destroy. That land was meant to be filled with housing, boating events, boat storage and entertainment. That's why the current zoning should most definitely stay in place. Without it, Needles will have no room to grow on the river. Jack Smith Park may be nice, but it is puny compared to the Needles Lagoon.

Just thought I should explain the history behind my desire to keep the zoning as it is on 6 of Ron Kemper's properties (in case any Planning Commission members want to know). One of his parcels (APN 0660-091-04-0000) is on the West side of River Road, however, so that one parcel would be OK for marijuana usage, but not the other 6 parcels.

I forgot that the current generation may not know the history of the Needles Lagoon so you might want to give them a copy of this email also.

Patricia G. George, Trustee of The PGB Trust  
(Owner of Parcel #0660-081-05-0000)

Email Address: PatGe@aol.com

Sent from AOL Mobile Mail  
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Ltr 2 - pg 1

Cindy Semione

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**From:** patge@aol.com  
**Sent:** Friday, March 01, 2019 5:14 PM  
**To:** Cindy Semione  
**Subject:** Re: Planning Commission Meeting on 3/5/19

Needles Planning Commission:

I just received a legal notice of your March 5, 2019 Planning Commission meeting with regard to Ron Kemper's effort to rezone 7 of his west side parcels: APNs 0660-081-01, 0660-081-02, 0660-081-03, 0660-081-04, 0660-081-08, 0660-081-09 and 0660-091-04.

I'm the Trustee for The PGB Trust that owns Parcel No. 0660-081-05-0000. It is one of the five parcels the original owner sold back before my family bought Parcel 5 in 1950. The owner provided a public roadway through the tract that still exists as easements. Each parcel owner was given easement rights so they could access their parcel. The public roadway is shown on most land maps under the name of McShan Lane. It branches off from River Road in a Northeast direction in the form of a Y.

**Problem #1:**

Unprovoked, Ron Kemper is intending to destroy McShan Lane because he has now purchased 4 of the 5 parcels that were given the right to use McShan Lane for as long as their parcel exists. He thinks he has the right to do so because he owns all the parcels surrounding ours. However, our parcel will be landlocked if McShan Lane is destroyed because there will be no way to access our parcel. However, Mr. Kemper couldn't care less about our rights because he wants to use his land to grow/process Marijuana. He wants us to stay away from his property, AND McShan Lane.

Ron Kemper has now locked our family out of their own property. This can be verified with Bernie Hatz, the Needles Code Enforcer. He had to make arrangements with Mr. Kemper for my helpers to clear our parcel of heavy weed growth. Mr. Kemper gave me until April 1st to do the clearance and then our right to use the easement road (McShan Lane) will be permanently over because he plans to grade it into oblivion.

**Problem #2:**

My family was a major donor of the land in State Parcel No. 0660-081-06-0000 along with a sizable amount of legal fees and other costs. I think I must be the only surviving signer of The Boundary Line Agreement that is the end result of the land donations and should be recorded on most of the parcels that border the Needles Lagoon.

The reason my family donated their property to the State of California (thereafter leased to Fish and Game), was to keep the Needles Lagoon "WET". The SOLE purpose of making that donation was to maintain the Needles

Hr 2- P92

Lagoon for the benefit of the City of Needles, and ALL of it's residents. Most of the adjacent neighbors also donated various amounts of money to accomplish our joint goal. Although Fish and Game was required to maintain the water level in the lagoon it has failed to do so. The massive weed collection all over the dry lagoon bottom attests to their worth. They've literally turned the lagoon into a gigantic fire hazard (that burned our family home down in June of 2004).

The WEST side of River Road should be used for marijuana projects, as opposed to the East side, because it is less apt to destroy the value of the river land and the lagoon land. Adjoining property owners will be able to buy back that land if the state decides to sell it in the future.

There is no other river frontage in Needles that can begin to compare to the Needles Lagoon. Without that lagoon land, Needles will never be anything other than a weed farm filled with giant warehouses, electric transformers and a severe water shortage. Who would want to live there?

The EAST side of River Road should be reserved for the eventual revival of the Needles Lagoon (something Mr. Kemper has never experienced). Only old timers, like myself, know the value of the Needles Lagoon. That lagoon is what made Needles so prosperous back in the fifties, sixties, seventies and eighties, until a MASSIVE storm released a massive amount of land that shifted into the mouth of the lagoon. Shortly thereafter, the flood problem was rechanneled to keep that from ever happening again. However, the Bureau of Reclamation dredge never returned to dredge out the entrance of the lagoon to make it useable again. It's consistently been one excuse after another. The city of Needles needs to stop taking "not now" for an answer.

**Problem #3:**

If you should decide to give in to Mr. Kemper's demands to change the zoning on his parcels, please tell him you will make the change if he agrees (IN WRITING) to leave McShan Lane INTACT! My family wants to rebuild our family home on Parcel 5, but we need to have McShan Lane in order to do so, and to be able to live there again. That particular area is meant for homes, water sports, and entertainment - - - not for marijuana.

Cindy,

Although your notice was delivered to me by the post office in the late afternoon yesterday, I thought I had better respond by email to make sure it gets to you before the March 5th Planning Commission meeting. Please forward a copy of this email to the Planning Commission members, and also to City Manager, Rick Daniels. Thanks for your help Cindy!

Patricia G. George, Trustee of The PGB Trust  
Owner of Parcel #0660-081-05-0000



850 Sonora Road  
Costa Mesa, CA 92626

Ltr 2-ps 3

Email Address: PatGe@aol.com  
Telephone: (714) 751-1218

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Letter 3-PS7

**Cindy Semione**

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**From:** patge@aol.com  
**Sent:** Wednesday, March 06, 2019 10:50 AM  
**To:** ndlscdda@citlink.net  
**Subject:** My 3 Emails

Good Morning Cindy,

A thought just occurred to me ....

Did you receive the 2 separate emails I sent you a few days ago? Also, did you send both of them forward to all of the Planning Commission members and City Manager Rick Daniels? They are more important then you might realize.

Marijuana should NOT Invade the East side of River Road - - - ever! That area is precious and should be preserved for homes and/or recreational purposes. Marijuana should NEVER be permitted near the river. It should be pushed into the desert (the West side of River Road). There is only one river, but miles and miles and miles of desert.

We've had so many storms over here on the coast that email delivery has been getting interrupted. Those emails are important because I won't be able to attend the meeting today. You might add this email also (for a total of 3). Please make sure my emails are received by everyone. In my opinion, this Planning Department meeting is more important than all the others put together.

Any property title that mentions the Boundary Line Agreement and Judgment should definitely be excluded from marijuana projects. That's the only area left for future development and tourist attractions in Needles. Without it, Needles will have nothing to offer going forward. The Needles Lagoon will return, - - - eventually. It will pull people off the freeway, but more marijuana buildings won't.

Thanks so much for your help Cindy,

Patricia G. George, Trustee of The PGB Trust  
(and last living signer of the Boundary Line Agreement)

Sent from AOL Mobile Mail  
Get the new AOL app: [mail.mobile.aol.com](mailto:mail.mobile.aol.com)

ORIGIN

RECORDED AT REQUEST OF  
AND MAIL TO

91-396418

1 JOHN K. VAN DE KAMP, Attorney General  
of the State of California  
2 ANDREA SHERIDAN ORDIN, Chief  
Assistant Attorney General  
3 RICHARD M. FRANK, Acting Assistant  
Attorney General  
4 KENNETH R. WILLIAMS  
Deputy Attorney General  
5 1515 K Street  
Post Office Box 944255  
6 Sacramento, California 94244-2550  
Telephone (916) 324-5501

FILED - North Desert District  
San Bernardino County Clerk

MAR 18 1991

By *Chris J. Little*  
Deputy

Attorneys for Defendant  
State of California

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN BERNARDINO

VINCENT H. ZIMMERER, EMY LOU  
ZIMMERER, WILLIAM A. HOEFER,  
SYLVIA HOEFER,

Plaintiffs,

No. BCV 2191  
(Formerly VCV 3492)

STIPULATED JUDGMENT  
AND DISMISSAL

16 FRANK B. McSHAN, MAGGIE McSHAN,  
LUCILLE T. BROWN, JAMES A.  
17 BARNES, ETHEL M. BARNES, PATRICIA  
G. GEORGE, EARL W. REYNOLDS, MARY  
18 REYNOLDS, JACK T. MONROE, WILLIAM  
H. STONE, GEORGIA A. STONE, HARRY  
19 E. SCHAEFER, NEEDLES DEVELOPMENT  
CORPORATION, the STATE OF  
20 CALIFORNIA, a body corporate and  
politic, and DOES I through XX,  
21 Inclusive,

Defendants.

23  
24 IT IS HEREBY STIPULATED by and between Plaintiffs  
25 Vincent H. Zimmerer, Emy Lou Zimmerer, William A. Hoefer and  
26 Sylvia Hoefer, Charles Graeber, Martha V. Graeber, Charles  
27 Graeber Associates, Ted Gussisberg, Catherine C. Gussisberg, and



91-396418

WITNESSETH:

WHEREAS, the lands involved in this Agreement ("Subject Property") are situated in San Bernardino County; and

WHEREAS, the State, upon being admitted to the Union in 1850, and by virtue of its sovereignty, received title to the bed of the Colorado River lying westerly of the middle of the channel to the ordinary high water mark (OHWM), subject to the public trust for commerce, navigation, fisheries, recreation and preservation of land its natural state; and

WHEREAS, in the area involved in this Agreement, a portion of the bed of the Colorado River has been abandoned ("abandoned riverbed") as a result of artificial rechannelization efforts in 1951 and consequently the boundary between the uplands and State sovereign lands, the OHWM has become fixed; and

WHEREAS, the easterly boundary of the State's sovereign claim, the middle of the channel, is not determined by this Agreement and this Agreement is without prejudice to the parties to subsequently litigate or determine it; and

WHEREAS, uncertainty exists as to the precise last natural location of the abandoned riverbed and of the OHWM and the Ordinary Low Water Mark (OLWM) of the abandoned riverbed; and

WHEREAS, some of the Private Parties have initiated quiet title and declaratory relief litigation to establish the rights of the parties with respect to the subject property.

(*Zimmerer v. McShan*, San Bernardino Superior Court Case No. BCV-2191). The State and remaining Private Parties are named

91-395418

Article 1. Fixed Boundary Line

1.1 The parties agree to establish and fix for all time the common boundary ("Boundary Line") dividing the upland interests of the Private Parties from the sovereign interests of the State in the bed of the Colorado River lying westerly of the middle of the channel. The Boundary Line is more particularly described in Exhibit A and depicted on Exhibit B and is the best representation available to the parties of the OHWM prior to 1951.

1.2 The parties agree, for the purpose of establishing the Boundary Line, that the last natural location of the OHWM of the abandoned riverbed, as described in Exhibit A, is in the same location as the last natural location of the OLWM of the abandoned riverbed.

1.3 The Boundary Line represents a reasonable and good faith effort of both the Private Parties and the State to locate the last natural location of the OHWM and OLWM of the abandoned riverbed.

1.4 The parties agree that the Boundary Line shall constitute the agreed, true, common boundary between the State's sovereign interest in the abandoned riverbed lying westerly of the middle of the channel and the Private Parties' interest in the uplands, as described in Exhibit A and depicted on Exhibit B, and including but not limited to any fee or easement interest the parties may have between the OHWM and the OLWM.

1.5 The Boundary Line is intended to be, and it shall

accepted by the State on the property within 10 days after receiving written notice from the State that an offer has been accepted. The notice of the offer shall be sent to the respective attorneys for the Private Parties listed on the signature page of this Agreement and shall include all the specific terms of the conditionally accepted offer.

(c) If the Private Parties fail to exercise their right of first refusal they shall have no further rights with respect to the subject property pursuant to this Agreement.

(d) The right of first offer and the right of first refusal shall extend to that portion of the abandoned riverbed immediately adjacent to each property owner's parcel, determined by extending each owner's parcel lines east, to the then-current western bank of the Colorado River.

### Article 3. Litigation

3.1 This Agreement constitutes a settlement of, and is intended to settle all differences among the parties relating to, the Boundary Line described in Exhibits A and ownership to the western half of the abandoned riverbed. It will be confirmed by a stipulated judgment with respect to the Declaratory Relief Cause Action in *Zimmerer v. McShan*. A copy of the stipulated judgment is attached hereto as Exhibit C.

3.2 The Quiet Title cause of action in *Zimmerer v. McShan*, because of the inability to join Arizona without jeopardizing the Court's jurisdiction will be dismissed without prejudice. However, nothing herein will preclude any party from



91-396418

be binding upon and inure to the benefit of the parties and their heirs, transferees, successors, and assigns.

4.8 The following Exhibits to this Agreement are incorporated herein by reference:

- A. Boundary Line - legal description of the fixed. Boundary Line between Private Parties and State.
- B. Map of the area - depicting the location of the Boundary Line and parcels involved in this Agreement.
- C. Stipulated Judgment.

4.9 This Agreement shall become effective upon its execution by the parties and recordation as provided herein. This Agreement shall be binding on the Private Parties who execute it and regardless of whether it is executed by all the Private Parties. Nothing herein is intended to limit or define the rights of the State as against those Private Parties who fail to sign this Agreement.

4.10 All parties shall bear their own attorneys' fees and costs with respect to this Agreement and the pending litigation discussed in Article 3 of this Agreement.

4.11 This Agreement shall be governed by and interpreted according to the laws of the State of California.

4.12 Should an action be instituted to interpret or enforce the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fee and costs.

4.13 Any action to interpret or enforce this Agreement shall be brought in the County of San Bernardino, California.

91-396418

GUGGISBERG GRAEBER AND ASSOCIATED

DATED: \_\_\_\_\_

By: Charles P. Graeber  
Charles Graeber  
Ted Guggisberg

DATED: \_\_\_\_\_

By: Ted Guggisberg  
Ted Guggisberg

DATED: \_\_\_\_\_

By: Catherine A. Guggisberg  
Catherine A. Guggisberg

DATED: \_\_\_\_\_

By: Arlo Schriver  
Arlo Schriver

DATED: \_\_\_\_\_

By: Jo Ann Schriver  
Jo Ann Schriver

DATED: \_\_\_\_\_

By: William A. Hoefer  
William A. Hoefer

DATED: \_\_\_\_\_

By: Sylvia Hoefer  
Sylvia Hoefer

INDIVIDUAL ACKNOWLEDGMENT

NO 201

State of California  
County of Riverside } SS.

On this the 8<sup>th</sup> day of January, 1991, before me,

KAY J. Bliss

the undersigned Notary Public, personally appeared

Ted Guggisberg, Arlo Schriver and William A. Hoefer  
☐ personally known to me

☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument, and acknowledged that They executed it.

WITNESS my hand and official seal.

Kay J. Bliss  
Notary's Signature



ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE  
MUST BE ATTACHED  
TO THE DOCUMENT  
DESCRIBED AT RIGHT:

Title or Type of Document Needles Lagoon Boundary Line Agreement  
Number of Pages 15 Date of Document January 8, 1991  
Signer(s) Other Than Named Above \_\_\_\_\_



91-396418

ATTACHED TO AND MADE A PART OF THE NEEDLES LAGOON BOUNDARY LINE  
AGREEMENT BLA No. 263

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Frank B. McShan

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Maggie McShan

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
James A. Barnes

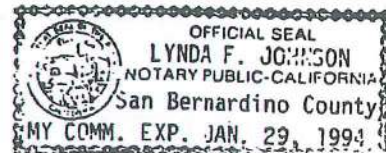
DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Ethel M. Barnes

STATE OF CALIFORNIA  
COUNTY OF SAN BERNARDINO } SS.  
On this 16<sup>TH</sup> day of JANUARY, in the year  
1991, before me, the undersigned, a Notary Public in  
and for said County and State, personally appeared  
MARTHA V. GRAEBER

personally known to me for proved to me on the basis of satisfactory  
evidence) to be the person \_\_\_\_\_ whose name  
B subscribed to the within instrument and  
acknowledged that SHF executed the  
same.

Signature Lynda F. Johnson  
LYNDA F. JOHNSON  
Name (Typed or Printed)  
Notary Public in and for said County and State



F2492 R 6/84

FOR NOTARY SEAL OR STAMP

DATED: 1-16-91

By: Martha V. Graeber  
Martha V. Graeber

91-396418

GUGGISBERG GRAEBER AND ASSOCIATED

DATED: \_\_\_\_\_

By: Charles P. Graeber  
Charles Graeber  
Ted Guggisberg

DATED: \_\_\_\_\_

By: Ted Guggisberg  
Ted Guggisberg

DATED: \_\_\_\_\_

By: Catherine A. Guggisberg  
Catherine A. Guggisberg

DATED: \_\_\_\_\_

By: Arlo Schriver  
Arlo Schriver

DATED: \_\_\_\_\_

By: Jo Ann Schriver  
Jo Ann Schriver

DATED: \_\_\_\_\_

By: William A. Hoefer  
William A. Hoefer

DATED: 1/22/91

By: Sylvia E. Hoefer  
Sylvia Hoefer

THE PARTIES EXECUTING THIS AGREEMENT ARE EXECUTING IT AS  
NAMED PARTIES OR THEIR SUCCESSORS IN INTEREST

STATE OF CALIFORNIA }  
COUNTY OF SAN BERNARDINO } ss.

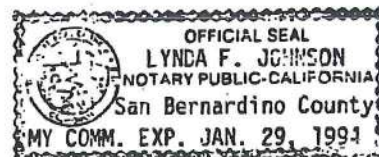
On this 22nd day of JANUARY, in the year  
1991, before me, the undersigned, a Notary Public in  
and for said County and State, personally appeared  
SYLVIA E. HOEFER

personally known to me (or proved to me on the basis of satisfactory  
evidence) to be the person \_\_\_\_\_ whose name  
is subscribed to the within instrument and  
acknowledged that she executed the  
same.

Signature

Lynda F. Johnson

Name (Typed or Printed)  
Notary Public in and for said County and State



FOR NOTARY SEAL OR STAMP

91-396418

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal on the day and year in this certificate  
first above written.

NOTARY PUBLIC in and for said  
County and State



91-396418

ATTACHED TO AND MADE A PART OF THE NEEDLES LAGOON BOUNDARY LINE  
AGREEMENT BLA No. 263

In APPROVAL WHEREOF, I, GEORGE DEUKMEJIAN, Governor of  
the State of California, have set my hand and caused the Seal of  
the State of California to be hereunto affixed pursuant to  
Section 6107 of the Public Resources Code of the State of  
California. Given under my hand at the City of Sacramento, this  
the \_\_\_\_\_ day of \_\_\_\_\_,  
in the year of the Lord one thousand nine hundred and ninety-  
one.

\_\_\_\_\_  
Governor  
STATE OF CALIFORNIA

[Seal]

ATTEST:  
SECRETARY OF STATE  
By \_\_\_\_\_

91-396418

Land Description

A Boundary Line along the West Bank of the Abandoned Channel of the Colorado River, situated in Section 19, Township 9 North, Range 23 East, San Bernardino Meridian, located in San Bernardino County, State of California and more particularly described as follows:

COMMENCING at the 1/4 corner for Sections 19 and 24, T 9 N, R 22 and 23 E, S.B.M., delineated on the Field Notes and Plat entitled, "Dependent Resurvey of Sections 13 and 24, Township 9 North, Range 22 East ", approved on October 3, 1961; thence along said section line, N 00° 06' 00" W, 673.20 feet to a California State Lands (CSLC) Aluminum Cap, stamped B.L.A # 1, 1990, said point being the POINT OF BEGINNING of the herein described Boundary Line; thence from said point of beginning S 31° 41' 23" E, 557.88 feet to a CSLC Aluminum Cap, stamped B.L.A # 2, 1990; thence S 14° 11' 41" E, 204.34 feet to a CSLC Aluminum Cap, stamped B.L.A # 3, 1990; thence S 30° 28' 37" E, 162.45 feet to a CSLC Aluminum Cap, stamped B.L.A # 4, 1990; thence S 44° 42' 00" E, 111.93 feet to a CSLC Aluminum Cap, stamped B.L.A # 5, 1990; thence S 34° 50' 18" E, 365.22 feet to a CSLC Aluminum Cap, stamped B.L.A # 6, 1990; thence S 37° 06' 55" E, 66.00 feet to a CSLC Aluminum Cap, stamped B.L.A # 7, 1990; thence S 38° 09' 13" E, 239.76 feet to a CSLC Aluminum Cap, stamped B.L.A # 8, 1990; thence S 41° 19' 34" E, 178.46 feet to a CSLC Aluminum Cap, stamped B.L.A # 9, 1990; thence S 40° 39' 57" E, 184.94 feet to a CSLC Aluminum Cap, stamped B.L.A # 10, 1990; thence S 28° 52' 43" E, 160.55 feet to a CSLC Aluminum Cap, stamped B.L.A # 11, 1990; thence S 43° 22' 16" E, 196.04 feet to a CSLC Aluminum Cap, stamped B.L.A # 12, 1990, said B.L.A. # 12 being the end of the herein described Boundary Line; said B.L.A. # 12 bears N 89° 54' 00" E, 1,347.92 feet from the 1/16 corner for Sections 19 and 24, T 9 N, R 22 and 23 E, S.B.M., delineated on the Field Notes and Plat entitled, "Dependent Resurvey of Sections 13 and 24, Township 9 North, Range 22 East ", approved on October 3, 1961.

END DESCRIPTION



91-396418

### Land Description

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END DESCRIPTION



91-396418

1 JOHN K. VAN DE KAMP, Attorney General  
of the State of California  
2 ANDREA SHERIDAN ORDIN, Chief  
Assistant Attorney General  
3 RICHARD M. FRANK, Acting Assistant  
Attorney General  
4 KENNETH R. WILLIAMS  
Deputy Attorney General  
5 1515 K Street  
Post Office Box 944255  
6 Sacramento, California 94244-2550  
Telephone (916) 324-5501

7 Attorneys for Defendant  
8 State of California

9  
10 SUPERIOR COURT OF CALIFORNIA

11 COUNTY OF SAN BERNARDINO

12 VINCENT H. ZIMMERER, EMY LOU  
ZIMMERER, WILLIAM A. HOEFER,  
13 SYLVIA HOEFER,

14 Plaintiffs,

15 v.

16 FRANK B. McSHAN, MAGGIE McSHAN,  
LUCILLE T. BROWN, JAMES A.  
17 BARNES, ETHEL M. BARNES, PATRICIA  
G. GEORGE, EARL W. REYNOLDS, MARY  
18 REYNOLDS, JACK T. MONROE, WILLIAM  
H. STONE, GEORGIA A. STONE, HARRY  
19 E. SCHAEFER, NEEDLES DEVELOPMENT  
CORPORATION, the STATE OF  
20 CALIFORNIA, a body corporate and  
politic, and DOES I through XX,  
21 Inclusive,

22 Defendants.

) No. BCV 2191  
) (Formerly VCV 3492)  
)

) STIPULATED JUDGMENT  
) AND DISMISSAL  
)

23  
24 IT IS HEREBY STIPULATED by and between Plaintiffs  
25 Vincent H. Zimmerer, Emy Lou Zimmerer, William A. Hoefer and  
26 Sylvia Hoefer, Charles Graeber, Martha V. Graeber, Charles  
27 Graeber Associates, Ted Gussisberg, Catherine C. Gussisberg, and

91-398418

ORDER

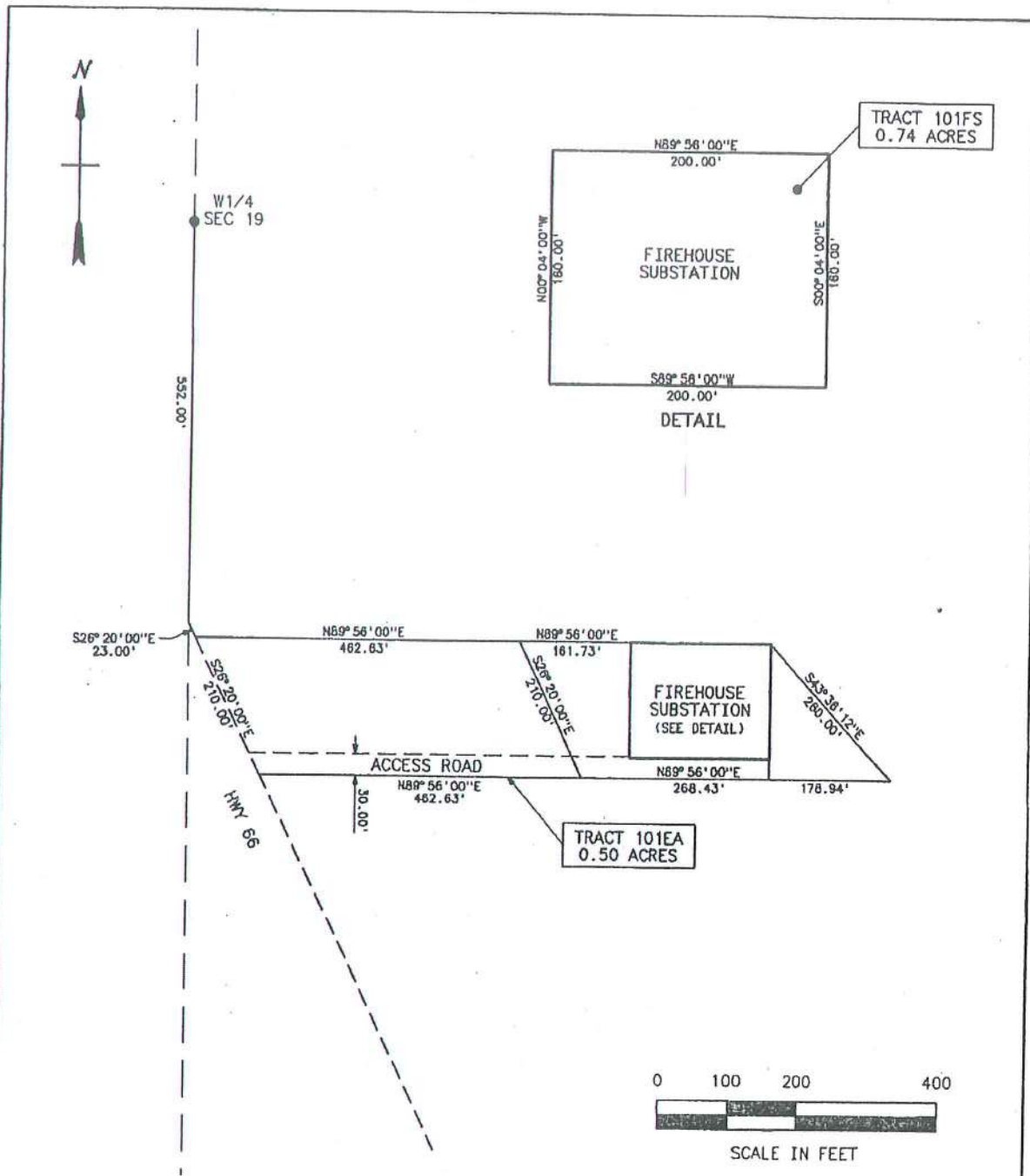
IT IS SO ORDERED:

DATED:

JUDGE OF THE SUPERIOR COURT

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Plotted By: Knezel on 9/18/2006 9:53 AM  
 IMAGES:  
 P:\Lands Drawings\fh\_101fs.dwg Last Saved By: Chris Knezel on 9/18/2006 9:53 AM



THAT PORTION OF SECTION 19, TOWNSHIP 9 NORTH, RANGE 23 EAST,  
 OF THE SAN BERNARDINO MERIDIAN, SAN BERNARDINO COUNTY, CALIFORNIA.

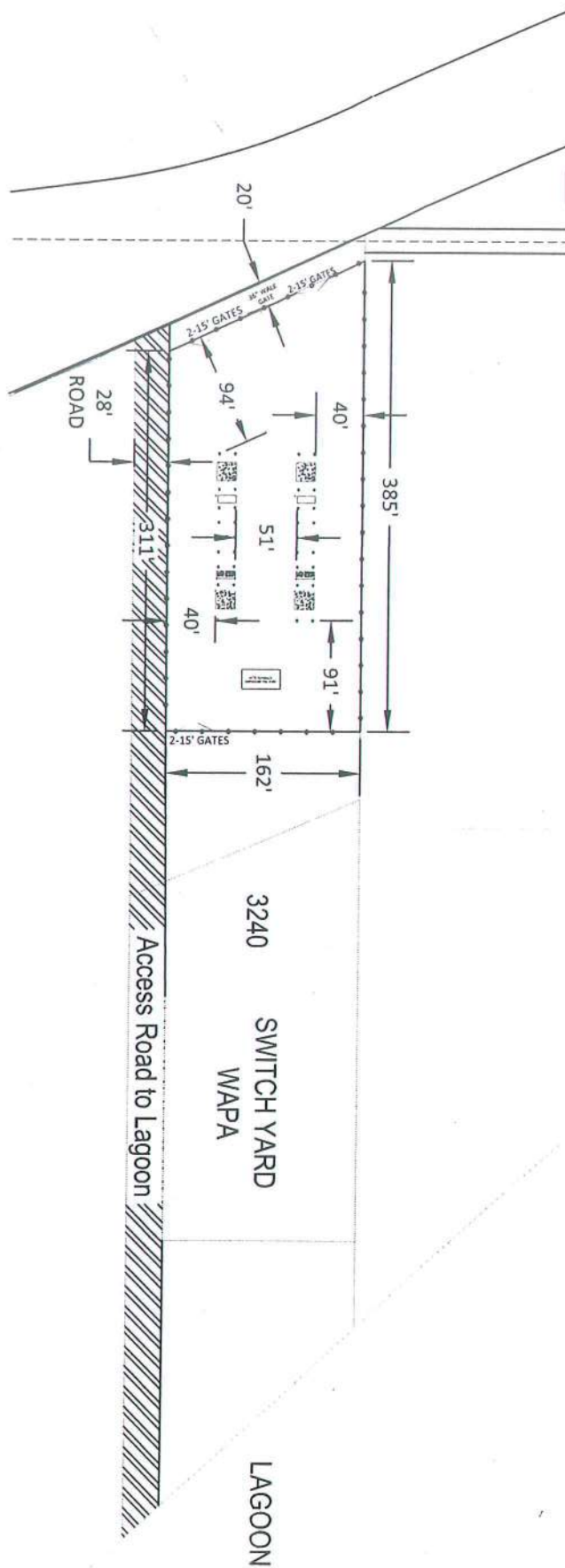
### LEGEND

- ◆ SECTION CORNER (FOUND OR SET)
- MONUMENT
- CALCULATED CORNER
- SECTION LINE
- OWNERSHIP LINE
- CENTERLINE
- TRANSMISSION LINE RIGHT-OF-WAY
- ACCESS ROAD RIGHT-OF-WAY
- BEARING AND DISTANCE TIES

UNITED STATES DEPARTMENT OF ENERGY WESTERN AREA POWER ADMINISTRATION CORPORATE SERVICES OFFICE - LAKEWOOD, COLORADO	
FIREHOUSE SUBSTATION SAN BERNARDINO COUNTY, CALIFORNIA	
TRACT PLAT	
DESIGNED	APPROVED S. WEBBER LANDS MANAGER
AUGUST 29, 2006	101FS/EA











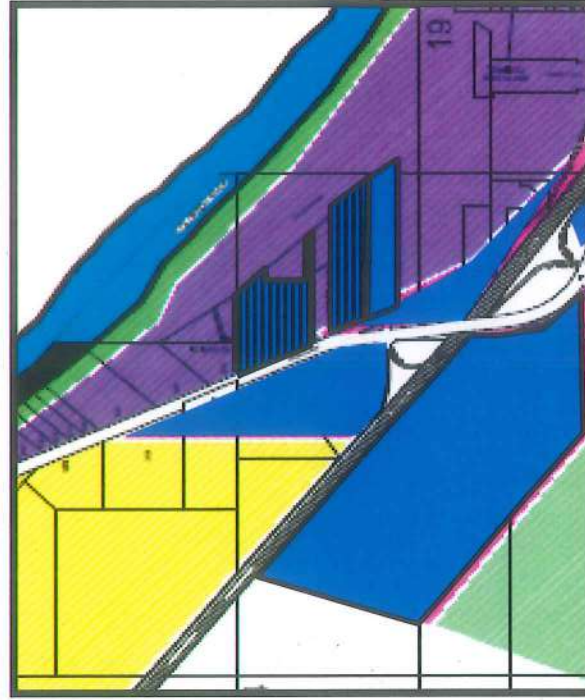
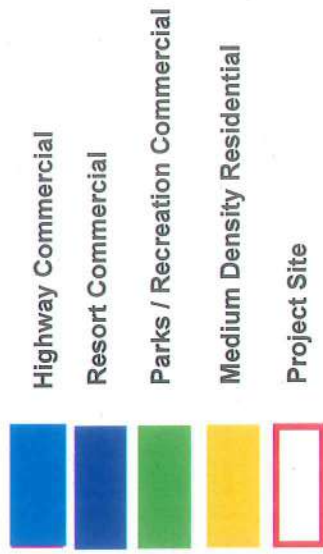
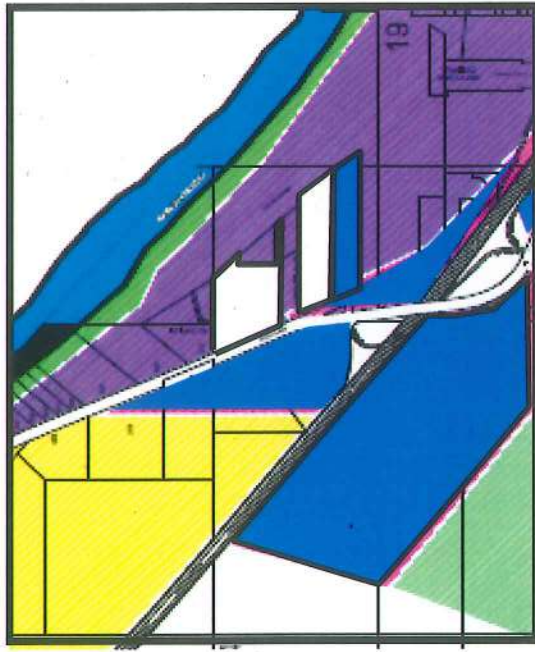


ATTACHMENT: A—GIS SITE PLAN  
 APPLICANT: KEMPER  
 ADDRESS: NEEDLES HIGHWAY





# Existing Designations



# Proposed Designations



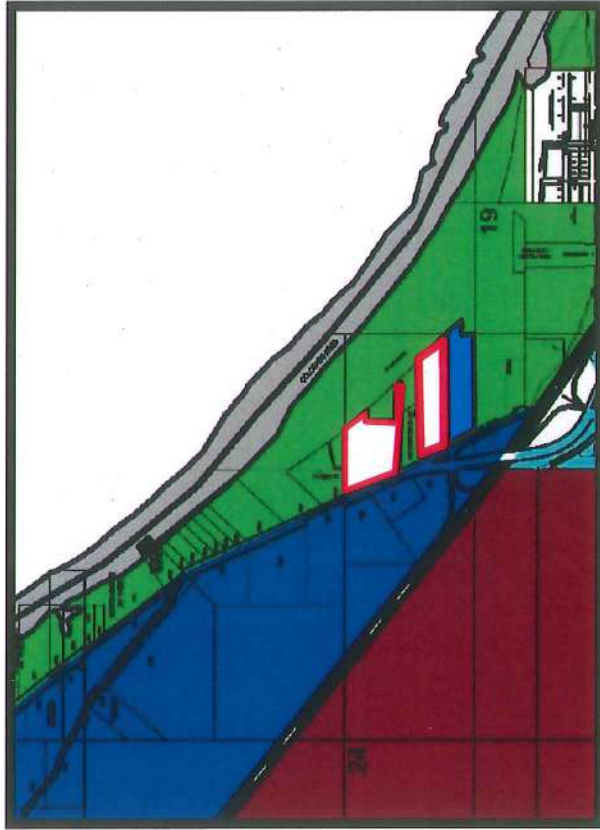
ATTACHMENT: B—GENERAL PLAN AMENDMENT

APPLICANT: KEMPER

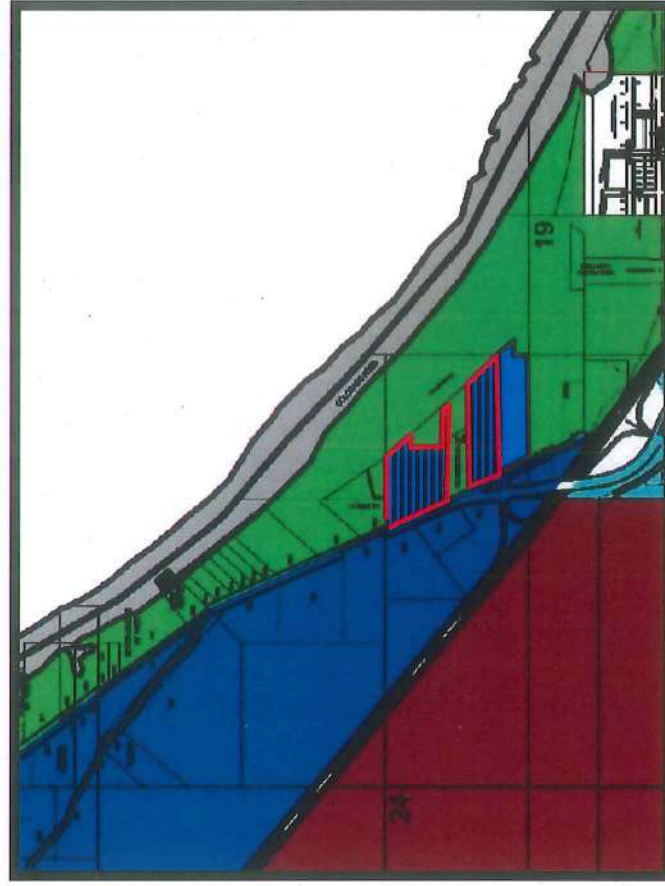
ADDRESS: NEEDLES HIGHWAY







EXISTING ZONING



PROPOSED ZONING



ATTACHMENT: C—ZONE CHANGE

APPLICANT: KEMPER

ADDRESS: NEEDLES HIGHWAY

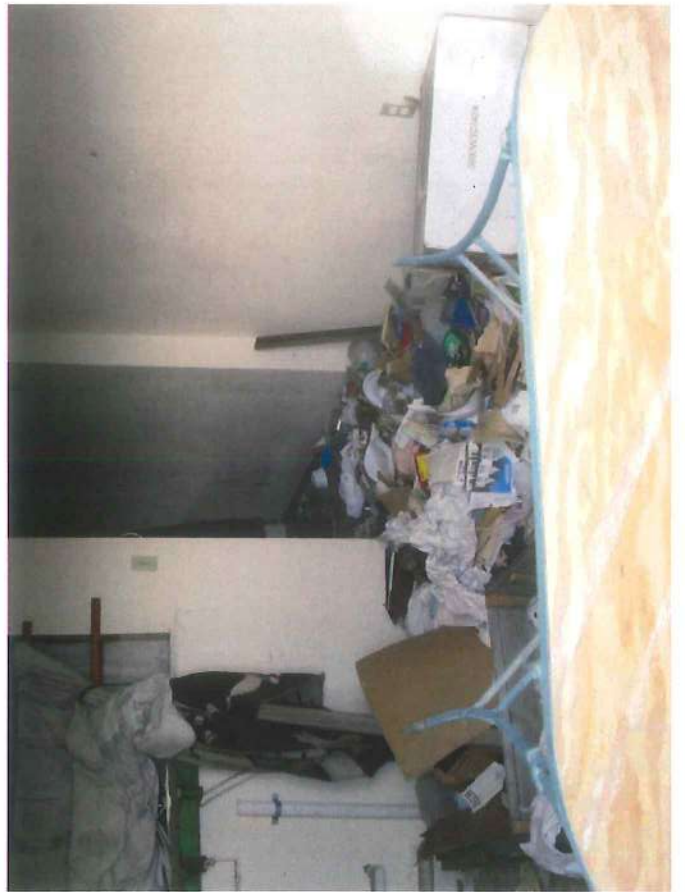












































































## City of Needles, California Staff Report

☒ CITY COUNCIL      ☐ NPUA      ☐ BOARD OF PUBLIC UTILITIES  
☒ Regular      ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Presentation by Sandy Sup, CPA, MBA, Audit Manager, and Scott German, CPA, Firm Principal, of the final City audit report for the fiscal year ended June 30, 2018.

**Background:** The financial outlook of the City looks positive. Assets increased, and liabilities have decreased during FY 18. This was a transition year with the City audit being performed by a new audit firm after 20 years with our local auditors. New auditors provide a fresh perspective and may look at different aspects of the finances or may just have different input and views. They may recommend different ways for the City to be more efficient in their reporting. City staff always strive for the best interests of the City and to work to represent our financial statements accurately.

Fechter & Company completed the City of Needles audit report on March 26, 2019. Today Sandy Sup and Scott German will present the report to City Council.

A copy of the final draft of the report is attached.

**Fiscal Impact:** None.

**Recommended Action:** Receive and file the 2018 City of Needles audit report

**Submitted By:** Sylvia Miledi, Director of Finance

**City Management Review:** Rick

**Date:** 4/2/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 3



**CITY OF NEEDLES, CALIFORNIA**

**Annual Financial Report,  
Supplemental Information, and Single Audit  
With Independent Auditor's Report Thereon**

**June 30, 2018**

# CITY OF NEEDLES, CALIFORNIA

## Annual Financial Report

June 30, 2018

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## **FINANCIAL SECTION**



**INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Needles, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Needles, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Needles, California's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Needles Public Utility Authority (NPUA), the Needles Area Transit fund, and the Dial-a-Ride funds, which represent 96.0% and 90.1% of the assets and revenues, respectively, of the business-type activities. We also did not audit the financial statements of the Measure I fund, which represents 0.3% and 1.6% of the assets and revenues, respectively, of the governmental activities. The financial statements of the NPUA, the Measure I fund, and the Needles Area Transit and Dial-a-Ride funds were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City funds described above, is based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

To the City Council  
City of Needles, California

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Basis for Qualified Opinion**

As discussed in Note 4 to the financial statements, the City does not maintain an inventory of the amounts reflected as capital assets in the accompanying financial statements. The amount that should be recorded is not known. Accordingly, we were unable to satisfy ourselves as to the reported amount of capital assets as of June 30, 2018, or the related amount of depreciation expense for the year then ended.

#### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Needles, California, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-16 and 62-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



To the City Council  
City of Needles, California

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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Needles, California's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the City of Needles, California'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 Needles, California'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 City of Needles, California's internal control over financial reporting and compliance.

Fechter & Company  
Certified Public Accountants



Sacramento, California  
March 26, 2019



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF NEEDLES, CALIFORNIA

### Management's Discussion & Analysis June 30, 2018

Within this section of the annual financial report, the City's management presents this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2018. The financial statements and footnotes follow this section, and should be read in conjunction with this discussion and analysis.

The discussion below includes the City's governmental funds (the general fund, the public financing authority, the Interstate Commerce I-40/J Street Project fund, and other nonmajor governmental funds), as well as, the City's proprietary funds (the NPUA, Sanitation, Golf Course, Transit fund, and internal service funds).

#### **Financial Highlights**

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- The City's net position (excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources) increased from \$34.5 million (restated) to \$39.2 million for the fiscal year. General governmental operations experienced an increase of \$0.7 million, including transfers from business type activities of \$1.4 million. The change in net position resulting from business type activities for the fiscal year was an increase of \$3.9 million.
- Total net position comprises the following:
  - (1) Capital assets, net of related debt, of \$24.9 million include property and equipment, net of accumulated depreciation, reduced by outstanding debt related to the purchase or construction of such capital assets
  - (2) Net position of \$2.6 million that is restricted as to their use by outside factors such as debt covenants, grantors, laws, or regulations
  - (3) Net position of \$11.7 million that is not restricted as to its use and is available to fund the City's operations
- The City's governmental funds reflect fund balances totaling \$15,261,265 at June 30, 2018. This represents an increase of \$81,646 for the fiscal year, plus prior year adjustments that increased the fund balances by \$9,600,126. This prior period adjustment was due primarily to including the purchase obligation agreement between the City and the NPUA. An offsetting prior period adjustment was recorded for the NPUA enterprise fund.
- The City's total liabilities decreased from \$30.3 million to \$24.4 million. This decrease is due primarily to a decrease in accounts payable of \$2.1 million, the reclassification the prior year bank overdraft of \$2.7 million from a liability to cash and investments, debt retirement of \$1.0 million, and the reclassification of an interfund advance from a liability to an internal balance.

# CITY OF NEEDLES, CALIFORNIA

## Management's Discussion & Analysis June 30, 2018

### **Overview of the Financial Statements**

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*Management's Discussion and Analysis* serves as an introduction to the City's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. In addition, there is certain supplemental information included with the financial statements and notes thereto.

#### ***Government-wide Financial Statements***

The City's government-wide financial statements include: (1) a *Statement of Net Position*, and (2) a *Statement of Activities*.

These financial statements present the City's current and long-term financial information. At the government-wide level, the financial statements are similar to normal operating financial statements, using the full accrual basis of accounting and eliminating or reclassifying internal activities.

The *Statement of Net Position* presents all of the City's assets and liabilities, with the difference presented as *net position*. The evaluation of whether the City's financial status is improving or not can be measured by changes in net position over time. Increases in net position generally represent improvement in financial position.

The *Statement of Activities* reflects the change in the City's net position during the current fiscal year. This statement includes all revenues and expenses for the year, regardless of when the cash is received or paid. The statement shows the costs of the City's functions and activities, then shows how much of those costs are funded by program revenues or grants, with the remaining amount dependent on the City's general revenues.

Both of the above statements report governmental activities of the City that are funded by taxes and intergovernmental grants, and business-type activities that are funded primarily by charges to users. Governmental activities include general government administration, public safety, parks and recreation, and public services. Business type activities include power and water, wastewater, refuse collection, public transportation, and a municipal golf course. Financial statements for fiduciary activities (such as a pension plan) are not included in the government-wide financial statements, as the assets of those activities are not available to fund the City's programs and activities.

The financial reporting entity includes the City's funds and organizations for which the City is accountable. The City itself is considered the primary government, and the organizations for which the City is accountable are considered component units. The component units are legally separate from the City, but are governed by the same individuals who govern the City. There are three such component units: (1) the Needles Public Utility Authority, (2) the Needles Redevelopment Agency, and (3) the Needles Public Financing Authority. All three of these component units are blended into the City's financial statements. More comprehensive information about the City's component units can be found in the notes to the financial statements following this discussion and analysis.



## CITY OF NEEDLES, CALIFORNIA

### Management's Discussion & Analysis June 30, 2018

#### *Fund Financial Statements*

Fund level financial statements are intended to present the financial position and activities of individual funds within the City. A fund is a self-balancing set of accounts used to ensure that resources intended to fund specific activities or objectives are in fact properly utilized. Fund level financial statements focus on significant funds, with major funds reported separately, and non-major funds aggregated into a single presentation.

There are three primary types of funds, as follows:

*Governmental funds* are reported in fund level financial statements, and include the governmental types of activities previously mentioned.

The City's major governmental funds include the general fund, the Needles Public Financing Authority, and the Interstate Commerce I40/J Street Connector project fund.

The fund level statements differ significantly from the government-wide financial statements, as the fund level statements focus on current resources, uses of those resources, and resources remaining at the end of the fiscal year.

The government-wide financial statements include the current resources and use of those resources, as well as the long-term financial information for the City. A reconciliation of the fund level balance sheet and statement of revenues, expenditures and changes in fund balance to the government-wide statements follows the fund level financial statements.

The basic financial statements include budgetary information for the general fund and the Needles Public Financing Authority. This supplemental information is included to reflect the City's compliance with the approved budget.

*Proprietary funds* are also reported in fund level financial statements, and include those activities for which the costs incurred are intended to be recovered through charges to the users of the services provided. Proprietary funds include *enterprise* funds and *internal service* funds. The functions of enterprise funds are basically the same as the business-type activities reported in the government-wide financial statements. Enterprise funds recover costs primarily through charges to external customers. The City's enterprise funds include the electric, water and wastewater utility, sanitation, public transportation, and the golf course.

Internal service funds provide services to other departments within the City, and charge these departments for such service. Internal service funds include water, wastewater, electricity, and fleet services. Because the public utility dominates the City's financial position, the internal service funds are included within the business-type activities in the government-wide financial statements.

# CITY OF NEEDLES, CALIFORNIA

## Management's Discussion & Analysis June 30, 2018

Proprietary funds present their financial position and their activities similar to private companies. Accordingly, the fund level financial statements utilize the same focus as that used for the government-wide financial statements. The major difference is that individual proprietary funds are only presented at the fund level. The City's major proprietary funds include the Needles Public Utility Authority, the sanitation fund, and the golf course. The remaining non-major proprietary funds are aggregated into a single presentation at the fund level.

*Fiduciary funds* such as trust and agency funds are reported in fiduciary fund financial statements. Such statements are excluded from the government-wide financial statements. Fiduciary fund financial statements report resources that are unavailable to finance City programs. The focus of fiduciary fund financial statements is similar to that for proprietary funds.

### Notes to the financial statements

Following the government-wide and fund level financial statements are various notes to such statements. These notes are critical to a reader's understanding of the City and its financial position and performance.

### Financial Analysis for the City as a Whole

The accumulation of consistently presented financial information allows a reader to understand the City's financial position and determine whether there is improvement or deterioration.

One measure of such improvement or decline is the change in net assets. The City's net position, increased by about \$4.6 million primarily because of positive results from the NPUA, and a decrease in public works expenditures.

The following table shows summarized information regarding the City's assets, liabilities, net position, and the changes therein for the fiscal year ended June 30, 2017:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2018	2017	2018	2017	2018	2017		
Current and other assets	\$ 16,815,116	\$ 10,032,369	\$ 2,773,365	\$ 18,541,481	\$ 19,588,481	\$ 28,573,850	\$ (8,985,369)	(31.4)%
Capital assets	20,153,833	18,922,423	23,059,330	16,997,564	43,213,163	35,919,987	7,293,176	20.3
Total assets and deferred outflows	36,968,949	28,954,792	25,832,695	35,539,045	62,801,644	64,493,837	(1,692,193)	(2.6)
Deferred outflows of resources	771,416	953,023	675,518	386,288	1,446,934	1,339,311	107,623	8.0
Long-term liabilities	655,000	4,380,703	14,990,415	15,681,661	15,645,415	17,768,989	(2,123,574)	(12.0)
Other liabilities	4,553,785	4,897,143	4,238,947	7,615,902	8,792,732	12,513,045	(3,720,313)	(29.7)
Total liabilities	5,208,785	9,277,846	19,229,362	23,297,563	24,438,147	30,282,034	(5,843,887)	(19.3)
Deferred inflows of resources	405,529	2,868,752	245,568	215,866	651,097	3,084,618	(2,433,521)	(78.9)
Net Position:								
Invested in capital assets, net of related debt	20,153,833	18,922,422	4,723,492	2,355,767	24,877,325	21,278,189	3,599,136	16.9
Restricted	1,877,658	2,891,324	700,268	-	2,577,926	2,891,324	(313,398)	(10.8)
Unrestricted	10,094,560	(1,759,154)	1,609,523	10,056,137	11,704,083	8,296,983	3,407,100	41.1



# CITY OF NEEDLES, CALIFORNIA

## Management's Discussion & Analysis June 30, 2018

Net position was positive for both governmental activities and business-type activities in 2018 and 2017. Overall, net position increased by about \$6.7 million. \$4.6 million of this increase was due to the current year change in operations, whereas \$2.1 million was due to prior period adjustments. More information regarding the prior period adjustments can be found in Note 14. The increase in net position from business-type activity operations was about \$3.9 million. There were transfers to governmental funds of just under \$1.4 million so the actual operating results of the business-type activities, excluding the transfers, was a positive \$5.3 million. Governmental activities expenses increased by about \$1.1 million. Governmental activities revenues decreased by about \$0.8 million due primarily to \$1.0 million less revenue for the I40/J Street project.

Property taxes and transient occupancy taxes continued to play a significant role in the City's results, totaling over \$2.3 million in revenues for fiscal year 2018. This represents a decrease of about \$160,000 from the previous fiscal year due to the end of the triple flip. This decrease was more than offset by increases in cannabis taxes of \$120,000, sales taxes of \$60,000, and fuel taxes of \$40,000.

To assist in analyzing the City's operating results, comparative data is accumulated and presented. The following table summarizes the City's changes in net position for the year ended June 30, 2018:

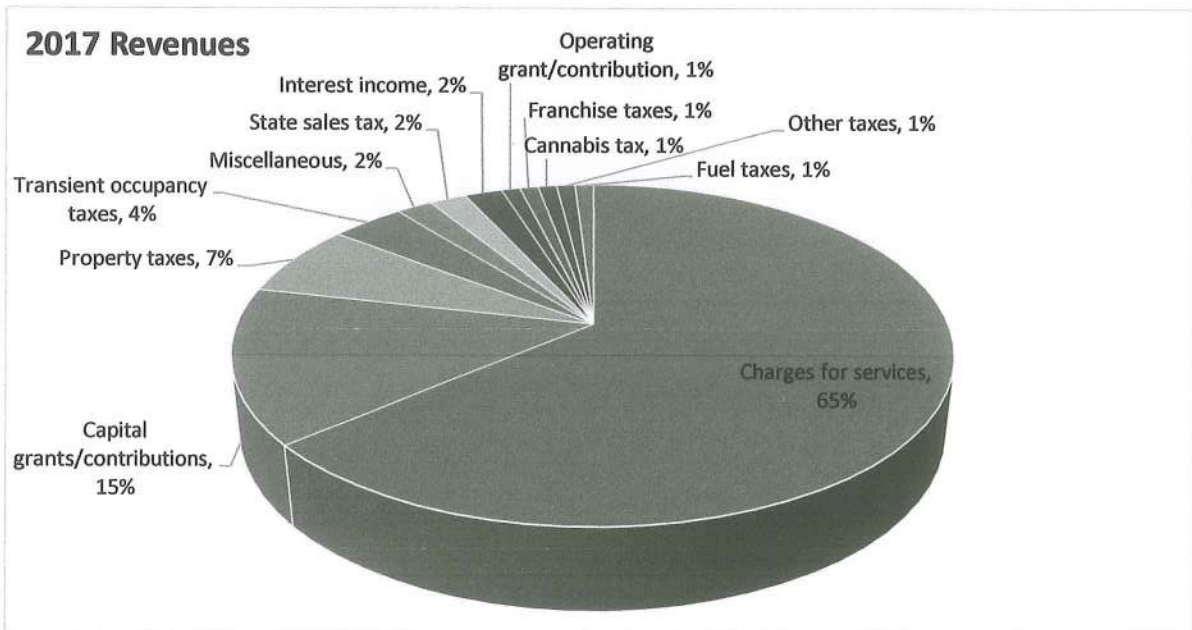
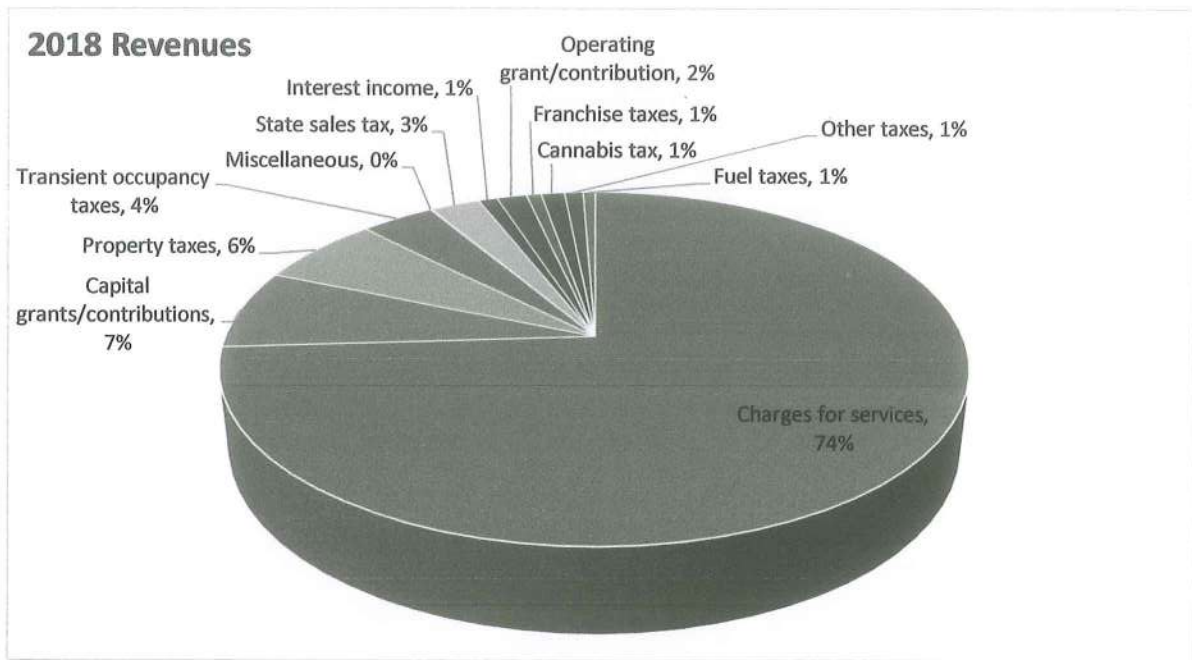
	Governmental Activities		Business-Type Activities		Totals			
	2018	2017	2018	2017	2018	2017	Amount Change	Percent Change
<b>Revenues</b>								
Program revenues								
Charges for services	\$ 1,640,477	\$ 1,057,427	\$ 15,015,751	\$ 13,128,691	\$ 16,656,228	\$ 14,186,118	\$ 2,470,110	17.4%
Operating grants and contributions	344,193	252,732	-	-	344,193	252,732	91,461	36.2
Capital grants and contributions	1,037,280	2,253,188	590,063	944,273	1,627,343	3,197,461	(1,570,118)	(49.1)
General revenues								
Property taxes	1,426,173	1,566,045	-	-	1,426,173	1,566,045	(139,872)	(8.9)
Transient occupancy taxes	871,911	889,132	-	-	871,911	889,132	(17,221)	(1.9)
Fuel taxes	139,416	101,641	-	-	139,416	101,641	37,775	37.2
State sales tax	568,659	505,400	-	-	568,659	505,400	63,259	12.5
Franchise taxes	170,898	169,051	-	-	170,898	169,051	1,847	1.1
Cannabis tax	267,615	150,495	-	-	267,615	150,495	117,120	77.8
Other taxes	214,716	202,825	-	-	214,716	202,825	11,891	5.9
Investment earnings	173,412	374,854	38,101	22,659	211,513	397,513	(186,000)	(46.8)
Other	13,166	173,248	-	-	13,166	173,248	(160,083)	(92.4)
<b>Total revenues</b>	<b>6,867,915</b>	<b>7,696,038</b>	<b>15,643,915</b>	<b>14,095,623</b>	<b>22,511,830</b>	<b>21,791,661</b>	<b>720,169</b>	<b>3.3</b>
<b>Expenses</b>								
General government	786,363	609,589	-	-	786,363	609,589	176,774	29.0
Public safety	3,036,869	2,860,905	-	-	3,036,869	2,860,905	175,964	6.2
Public works	1,776,633	1,018,993	-	-	1,776,633	1,018,993	757,640	74.4
Parks and recreation	1,176,088	1,063,844	-	-	1,176,088	1,063,844	112,244	10.6
Community development	647,081	590,183	-	-	647,081	590,183	56,898	9.6
Interest on long-term debt	105,477	273,829	-	-	105,477	273,829	(168,352)	(61.5)
Public Utility Authority	-	-	8,118,477	10,388,561	8,118,477	10,388,561	(2,270,084)	(21.9)
Sanitation	-	-	985,930	971,812	985,930	971,812	14,118	1.5
Golf course	-	-	828,057	665,165	828,057	665,165	162,892	24.5
Other	-	-	433,035	275,181	433,035	275,181	157,854	57.4
<b>Total expenses</b>	<b>7,528,511</b>	<b>6,417,344</b>	<b>10,365,499</b>	<b>12,300,719</b>	<b>17,894,010</b>	<b>18,718,062</b>	<b>(824,052)</b>	<b>(4.4)</b>
Increase (decrease) in net position before transfers	(660,596)	1,278,694	5,278,416	1,794,904	4,617,820	3,073,599	1,544,221	50.2
Transfers	1,367,563	1,433,138	(1,367,563)	(1,433,138)	-	-	-	0.0
Change in net position	706,967	2,711,832	3,910,853	361,766	4,617,820	3,073,599	1,544,221	50.2
Beginning net position, restated	31,419,084	17,342,759	3,122,430	12,050,138	34,541,514	29,392,897	5,148,617	17.5
Ending net position	\$ 32,126,051	\$ 20,054,592	\$ 7,033,283	\$ 12,411,904	\$ 39,159,334	\$ 32,466,496	\$ 6,692,838	20.6%



## CITY OF NEEDLES, CALIFORNIA

### Management's Discussion & Analysis June 30, 2018

The following charts show graphic representations of the City's revenues for the fiscal years ended June 30, 2018 and 2017:



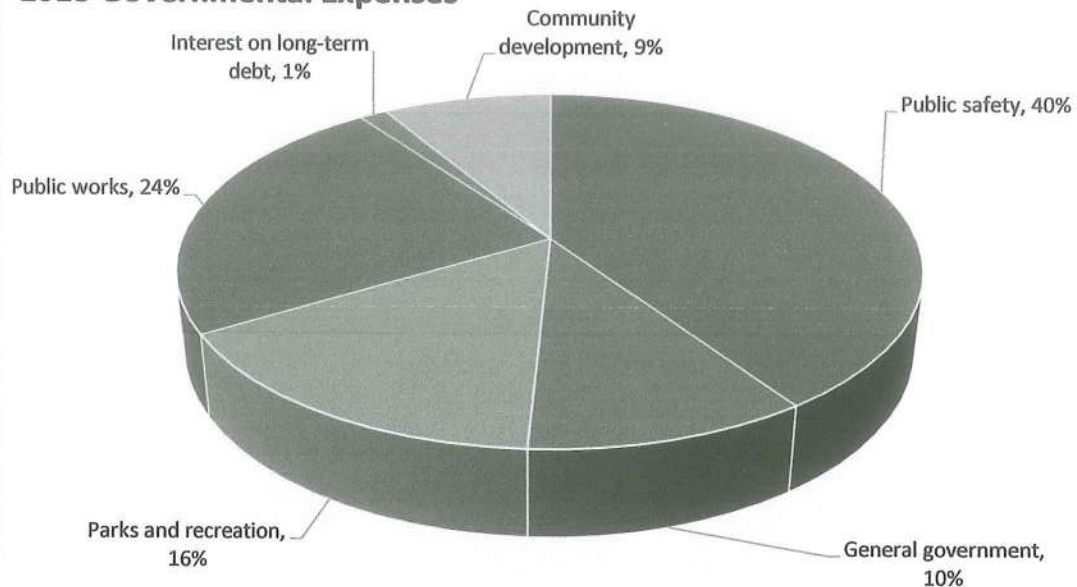
As displayed in the charts above and discussed previously, the revenues from the public utility authority are very significant for the City, making up nearly 60% of all revenues in 2018 and 54% of all revenues in 2017.

## CITY OF NEEDLES, CALIFORNIA

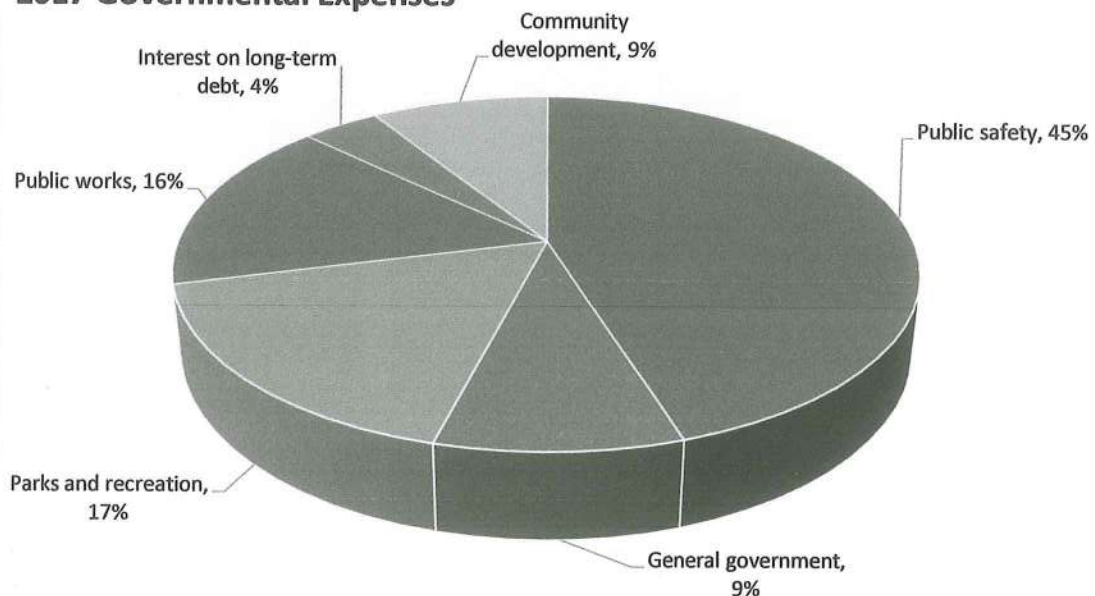
### Management's Discussion & Analysis June 30, 2018

The following charts show graphic representations of the City's governmental functional expenses for the fiscal years ended June 30, 2018 and 2017:

#### 2018 Governmental Expenses



#### 2017 Governmental Expenses

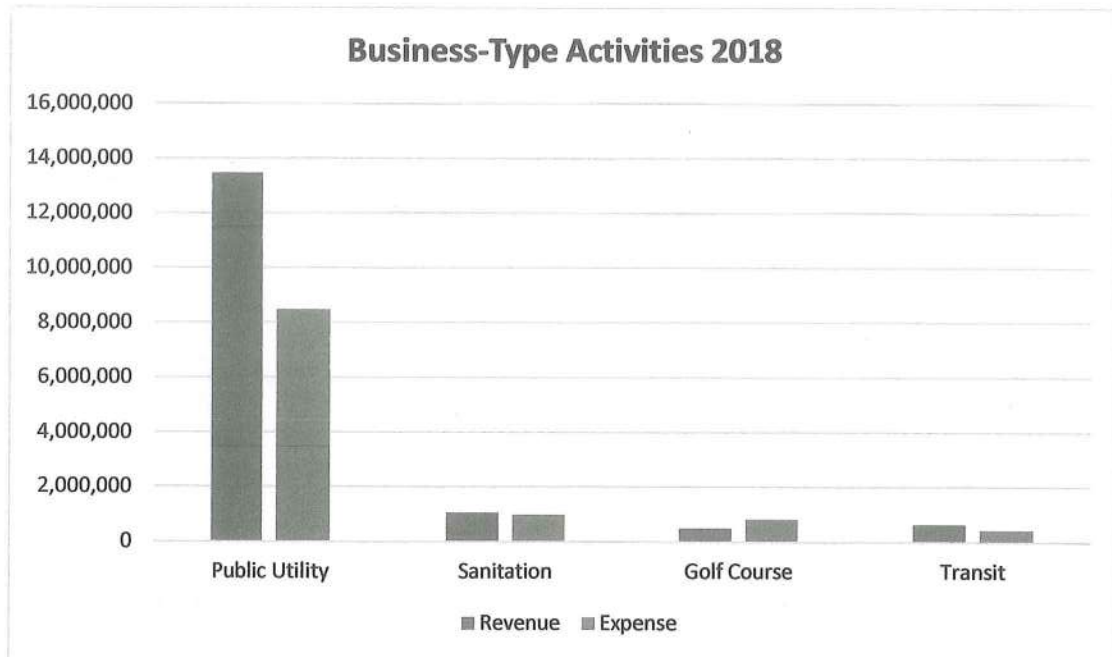


## CITY OF NEEDLES, CALIFORNIA

### Management's Discussion & Analysis June 30, 2018

The City contracts with the County of San Bernardino for public safety services. These expenses are funded primarily through general revenues. Parks and recreation expenses are significant for the City, as it is the City's responsibility to maintain the marinas, public swimming pool, skate park, and cemetery.

The following chart depicts the operating revenues and expenses of the City's business-type activities for the year ended June 30, 2018:



The public utility authority contributes the majority of the City's revenues, and produced operating income of about \$5.0 million. Interest expense of \$0.8 million on the revenue refinancing bonds and net transfers out of about \$0.5 million figured into the public utility's increase in net position of about \$3.7 million for the fiscal year. There was an adjustment of beginning net position of about \$8.5 million.

The City's business-type activities also include refuse collection, a golf course, and public transportation. All business-type activities are designed to be self-supporting, and costs are expected to be fully recovered by user fees and other revenues. Refuse collection activities are contracted out to a private company. The transit operations reflected an increase in net position for the year ended June 30, 2018 of \$180,000, and the sanitation and golf course funds reflected a decrease in net position of about \$52,000 and \$335,000, respectively, for the fiscal year ended June 30, 2018.



## CITY OF NEEDLES, CALIFORNIA

### Management's Discussion & Analysis June 30, 2018

#### **Financial Analysis of the City's Funds**

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##### *Governmental funds*

Governmental funds focus on the availability of resources on a short-term basis, showing inflows and outflows and resulting in an ending balance of spendable resources.

City officials compare these available resources to the upcoming financial obligations. The ending fund balance for governmental funds at June 30, 2018 was \$15.3 million. Of this total, \$2.0 million was unassigned and is available to fund any City requirements. Nonspendable fund balances of \$10.7 million represent assets that cannot be converted to cash, such as inventory, prepaid expenses, advances to other funds, and land held for resale.

There are restricted fund balances totaling \$0.3 million, committed fund balances of \$0.9 million, and assigned fund balances of \$1.3 million.

Governmental fund balances increased by \$9.7 million from the previous year, due primarily to a prior period adjustment of \$8.8 million to record advances receivables/payables on the governmental balance sheet. Expenses actually exceeded revenues by about \$1.3 million. This was offset by incoming transfers, primarily from the public utility authority for the purchase payment and franchise fees.

##### *Major Governmental Funds*

The City's General Fund is the primary governmental fund in use, and accounts for about 56% of governmental revenues and about 59% of governmental expenses. The General Fund's fund balance, restated, increased by over \$447,000 from the previous year. General Fund revenues increased by \$61,000 and expenses increased by about \$334,000.

The Public Financing Authority (PFA) exists to service various long-term obligations. The PFA collects interest income, and makes principal and interest payments. The PFA's fund balance increased by \$476 during the fiscal year, ending at \$164,673.

The Interstate Commerce I40/J Street project fund is used to account for grants received and used to improve certain streets and highways bringing traffic into and through the City. At June 30, 2018, this fund reflected a fund balance deficit of \$273,066, representing a decrease of \$394,752 from the 2017 balance.

##### *Other Governmental Funds*

All other governmental funds are considered non-major. Such funds include special revenue funds, debt service funds, and capital projects funds. Together, these funds experienced an increase in fund balances, restated, of \$28,705. Total ending fund balances for these funds was \$1,727,557.

# CITY OF NEEDLES, CALIFORNIA

## Management's Discussion & Analysis June 30, 2018

### *Proprietary funds*

Proprietary fund financial statements are similar to those prepared for private companies, with both short-term and long-term information included in the statements. Also, proprietary funds have the same focus as the government-wide financial statements.

### *Major Proprietary Funds*

The Needles Public Utility Authority (NPUA) is by far the most significant fund for the City, comprising 57% of total assets and about 60% of total revenues. NPUA provides power, water and wastewater to the City's businesses and residents. All fixed assets of the utility are carried on NPUA's books, as well as the revenue bonds issued to finance the acquisition of the utility.

### **General Fund Budgetary Highlights**

The original budget adopted for the General Fund totaled \$5.253 million in revenues and \$5.253 million in expenses. The budget was amended once during the fiscal year to primarily to reflect changes increases in tax revenues of \$180,000, and planning fees revenue of \$57,000; and increases in public safety expenditures of \$159,000, parks and recreation expenditures of \$73,000, and transfers to other funds of \$87,000.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

At June 30, 2018, the City had about \$43.2 million invested in capital assets, \$20.1 million of which was in governmental activities and \$23.1 million of which was in business-type activities. This represents an overall increase of about \$7.3 million, or about 20.3%.

The notes to the financial statements include more detail about changes in capital assets, accumulated depreciation, ongoing construction, and commitments outstanding at the end of the fiscal year. It should be noted that the City does not maintain a complete list of capital assets, that is, it does not include all of the City's land nor does it include capital assets acquired prior to July 1, 1987.

Capital Assets, Net of Accumulated Depreciation are as follows:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017		
Non-Depreciable Assets								
Construction in progress	\$ 823,353	\$ 3,068,936	\$ 3,537,799	\$ 2,767,869	\$ 4,361,152	\$ 5,836,805	\$ (1,475,653)	(25.3)%
Land	174,651	174,651	3,212,347	3,219,847	3,386,998	3,394,498	(7,500)	(0.2)
Total non-depreciable assets	998,004	3,243,587	6,750,146	5,987,716	7,748,150	9,231,303	(1,483,153)	(16.1)
Depreciable Assets								
Infrastructure	8,326,553	4,724,035	-	-	8,326,553	4,724,035	3,602,518	76.3
Buildings and improvements	10,667,043	11,131,773	1,021,063	1,073,523	11,688,106	12,205,296	(517,190)	(4.2)
Equipment and vehicles	162,233	143,676	15,288,121	14,170,443	15,450,354	14,314,119	1,136,235	7.9
Total depreciable assets	19,155,829	15,999,484	16,309,184	15,243,966	35,465,013	31,243,450	4,221,563	13.5
Total	\$ 20,153,833	\$ 19,243,071	\$ 23,059,330	\$ 21,231,682	\$ 43,213,163	\$ 40,474,753	\$ 2,738,410	6.8%



## CITY OF NEEDLES, CALIFORNIA

### Management's Discussion & Analysis June 30, 2018

#### *Long-term debt*

At the end of the fiscal year, the City's total long-term debt obligations were \$15.6 million. Of this total, \$0.6 million is in the governmental activities and \$15.0 million is in the business-type activities.

There is a balance of \$655,000 in tax allocation bonds issued by the PFA, the proceeds of which were lent to RDA. Repayment is being made from the loan payments paid by the Redevelopment Agency to the PFA. Finally, the governmental activities debt also includes certificates of participation, the proceeds of which were used to construct a wastewater treatment plant.

The business-type activities debt consists of revenue bonds issued by the public utility authority. These bonds are being repaid from the utility's operating revenues. There is also a note payable in the sanitation fund resulting from an agreement with San Bernardino County related to a municipal landfill.

The following table depicts the City's outstanding long-term debt obligations at June 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percent Change
	2018	2017	2018	2017	2018	2017		
Tax allocation bonds	\$ 655,000	\$ 760,000	\$ -	\$ -	\$ 655,000	\$ 760,000	\$ (105,000)	(13.8)%
Revenue refunding bonds	-	-	14,635,302	15,488,000	14,635,302	15,488,000	(852,698)	(5.5)
Sanitation note payable	-	-	355,113	382,053	355,113	382,053	(26,940)	(7.1)
Total	\$ 655,000	\$ 1,637,835	\$ 14,990,415	\$ 15,870,053	\$ 15,645,415	\$ 17,567,888	\$ (984,638)	(5.9)

#### **Economic Conditions and Budgeting**

The City's population increased to 5,177 in 2018. This number is up from 5,044 in 2017, and 5,035 in 2016. The City is growing, and new businesses have started up. These new businesses have brought approximately 300 new jobs to the City so far. The City has been positively impacted by the strong economy and real estate market trends. This has brought about a 13.5% property valuation growth from 2017 to 2018, while the County increased an average of 7.5%. As a result, tax collections related to real estate activities has risen.

The City maintains a cost of living that is 41% lower than the average in California, and 19% lower than the national average. Development Impact Fees were reduced by 50% in 2018 to stimulate further growth.

As of June 30, 2018, the City completed the I-40/J Street Connector Project for which \$4.8 million in Federal Transit Authority was awarded. The County of San Bernardino contributed \$628,000 through a grant with local matching funds. The project included the widening of J Street north of Interstate 40, West Broadway, and J Street to Needles highway, Needles Highway between Broadway and K Street, K Street between Needles Highway and the bridge over the Colorado River. Three intersections now have traffic signals.



## **CITY OF NEEDLES, CALIFORNIA**

### **Management's Discussion & Analysis June 30, 2018**

The City's rehabilitated historic El Garces Intermodal Transportation Facility continues to attract tourists to the downtown area.

The City of Needles is experiencing increased demand for utilities due to new industrial, commercial, and residential development in the City.

The Electric utility has completed \$5.0M in new Electric Infrastructure constructed in the last two years and funded by new business. This includes the construction of two new electric substations.

The Water utility has completed the Lilly Hill Water Booster Station Electrical Panel. The completion of this project brings better reliability to the system.

The Wastewater utility is in the process of rehabilitating the North K Street Lift Station. The City acquired a much-needed parcel through a tax-defaulted property sale and has started construction.

The City sold City-owned surplus land to a developer that has been approved to develop a Hampton Inn next to River City Pizza on Broadway. The City is working with two other hoteliers to bring interior entrance hotels to Needles.

The new owners of the Needles Marina & RV Park are investing in Needles and spending \$3.5 million on substantial improvements to the property's 48 boat slips, 120 enclosed boat and RV storage units, and amenity improvements. It took four years to get permits from the federal, state and county agencies for the dredging of 4 feet of the Marina.

The City of Needles has received media attention from regional to international media outlets for its economic development. The California Association for Local Economic Development (CALED) will award to the City the 2019 Economic Development Award of Excellence for the Gamechanger Category which identified an impactful economic development project that proved to be transformational to the community and local economy.

## **CITY OF NEEDLES, CALIFORNIA**

### **Management's Discussion & Analysis June 30, 2018**

#### **Contacting the City's Financial Management**

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This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department at 817 Third Street, Needles, California 92363.

You may also contact the City's Finance Department for the separately issued financial statements of the Needles Public Utility Authority, the Needles Public Financing Authority, and the Needles Transit System.

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF NEEDLES**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 3,285,163	\$ 9,008,746	\$ 12,293,909
Restricted cash	294,127	-	294,127
Accounts receivable, net	120,136	1,619,991	1,740,127
Due from other governments	507,561	230,654	738,215
Internal balances	12,384,118	(12,384,118)	-
Inventory	8,953	600,485	609,438
Prepaid items	32,905	1,185,581	1,218,486
Land held for resale	182,153	-	182,153
Intangible assets	-	2,512,026	2,512,026
Capital assets, net	20,153,833	23,059,330	43,213,163
<b>TOTAL ASSETS</b>	<b>36,968,949</b>	<b>25,832,695</b>	<b>62,801,644</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	751,703	656,493	1,408,196
Deferred outflows of resources related to OPEB	19,713	19,025	38,738
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>771,416</b>	<b>675,518</b>	<b>1,446,934</b>
<b>LIABILITIES</b>			
Accounts payable	409,944	302,815	712,759
Due to other governments	239,247	-	239,247
Accrued liabilities	307,804	35,132	342,936
Deposits payable	528,582	681,906	1,210,488
Compensated absences	212,824	420,861	633,685
Accrued interest	-	235,384	235,384
Other liabilities	-	10,105	10,105
Estimated claims liability	100,000	-	100,000
Net pension liability	2,129,131	1,948,395	4,077,526
Other post-employment benefits liability	626,253	604,349	1,230,602
Long-term liabilities:			
Due within one year	115,000	908,456	1,023,456
Due in more than one year	540,000	14,081,959	14,621,959
<b>TOTAL LIABILITIES</b>	<b>5,208,785</b>	<b>19,229,362</b>	<b>24,438,147</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	337,255	245,568	582,823
Revenues not available to fund current obligations	68,274	-	68,274
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>405,529</b>	<b>245,568</b>	<b>651,097</b>
<b>NET POSITION</b>			
Net investment in capital assets	20,153,833	4,723,492	24,877,325
Restricted for:			-
Capital projects	524,875	-	524,875
Debt service	164,673	700,268	864,941
Community development projects	1,188,110	-	1,188,110
Unrestricted (deficit)	10,094,560	1,609,523	11,704,083
<b>TOTAL NET POSITION</b>	<b>\$ 32,126,051</b>	<b>\$ 7,033,283</b>	<b>\$ 39,159,334</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF NEEDLES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government	\$ 786,363	\$ 484,947	\$ -	\$ -	\$ (301,416)	\$ -	\$ (301,416)
Public safety	3,036,869	-	259,284	-	(2,777,585)	-	(2,777,585)
Public works	1,776,633	744,569	79,909	1,037,280	85,125	-	85,125
Parks and recreation	1,176,088	227,284	-	-	(948,804)	-	(948,804)
Community development	647,081	183,677	5,000	-	(458,404)	-	(458,404)
Interest on long-term debt	105,477	-	-	-	(105,477)	-	(105,477)
Total governmental activities	7,528,511	1,640,477	344,193	1,037,280	(4,506,561)	-	(4,506,561)
Business-type activities:							
Public utility authority	8,118,477	13,427,024	-	-	-	5,308,547	5,308,547
Sanitation	985,930	1,054,346	-	-	-	68,416	68,416
Golf course	828,057	492,659	-	-	-	(335,398)	(335,398)
Transit	433,035	41,722	-	590,063	-	198,750	198,750
Total business-type activities	10,365,499	15,015,751	-	590,063	-	5,240,315	5,240,315
Total primary government	\$ 17,894,010	\$ 16,656,228	\$ 344,193	\$ 1,627,343	(4,506,561)	5,240,315	733,754
General revenues:							
Taxes:							
Property taxes					1,426,173	-	1,426,173
Transient occupancy taxes					871,911	-	871,911
Fuel taxes					139,416	-	139,416
State sales tax					568,659	-	568,659
Franchise taxes					170,898	-	170,898
Cannabis tax					267,615	-	267,615
Utility users tax					214,716	-	214,716
Interest revenue					173,412	38,101	211,513
Miscellaneous					13,165	-	13,165
Transfers					1,367,563	(1,367,563)	-
Total general revenues, special items, and transfers					5,213,528	(1,329,462)	3,884,066
Change in net position					706,967	3,910,853	4,617,820
Net position - beginning, as previously reported					20,054,591	12,411,904	32,466,495
Prior year adjustments					11,364,493	(9,289,474)	2,075,019
Net position - beginning, as restated					31,419,084	3,122,430	34,541,514
Net position - ending					\$ 32,126,051	\$ 7,033,283	\$ 39,159,334

The accompanying notes are an integral part of these financial statements.



**FUND FINANCIAL STATEMENTS**

**CITY OF NEEDLES**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General	Public Financing Authority	Interstate Commerce 140/J Street Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,182,001	\$ 164,673	\$ -	\$ 1,938,489	\$ 3,285,163
Restricted cash	-	-	-	294,127	294,127
Accounts receivable, net	120,136	-	-	-	120,136
Due from other funds	2,542,745	-	-	387,827	2,930,572
Due from other governments	114,379	-	337,676	55,506	507,561
Inventory	8,953	-	-	-	8,953
Prepaid items	30,279	-	-	2,626	32,905
Land held for resale	-	-	-	182,153	182,153
Advances to other funds	10,499,652	-	-	-	10,499,652
<b>TOTAL ASSETS</b>	<u>\$ 14,498,145</u>	<u>\$ 164,673</u>	<u>\$ 337,676</u>	<u>\$ 2,860,728</u>	<u>\$ 17,861,222</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	62,809	-	338,645	8,490	409,944
Accrued liabilities	264,653	-	-	43,151	307,804
Deposits	528,582	-	-	-	528,582
Due to other funds	-	-	272,097	-	272,097
Due to other governments	-	-	-	239,247	239,247
Advances from other funds	-	-	-	774,009	774,009
<b>Total liabilities</b>	<u>856,044</u>	<u>-</u>	<u>610,742</u>	<u>1,064,897</u>	<u>2,531,683</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Revenues not available to fund current obligations	-	-	-	68,274	68,274
<b>FUND BALANCES</b>					
Fund balances - nonspendable	10,538,884	-	-	184,779	10,723,663
Fund balances - restricted	-	-	-	273,475	273,475
Fund balances - committed	350,000	-	-	526,976	876,976
Fund balances - assigned	-	164,673	-	1,184,316	1,348,989
Fund balances - unassigned	2,753,217	-	(273,066)	(441,989)	2,038,162
<b>Total fund balances</b>	<u>13,642,101</u>	<u>164,673</u>	<u>(273,066)</u>	<u>1,727,557</u>	<u>15,261,265</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 14,498,145</u>	<u>\$ 164,673</u>	<u>\$ 337,676</u>	<u>\$ 2,860,728</u>	<u>\$ 17,861,222</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF NEEDLES**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>Fund balances - total governmental funds</b>		<b>\$ 15,261,265</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental capital assets	26,719,842	
Less: Accumulated depreciation	<u>(6,566,009)</u>	
		20,153,833
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(2,129,131)	
Deferred outflows of resources related to pensions	751,703	
Deferred outflows of resources related to OPEB	19,713	
Deferred inflows of resources	(337,255)	
Compensated absences	(212,824)	
Bonds payable, net	(655,000)	
Estimated claims liability	(100,000)	
Net OPEB liability	<u>(626,253)</u>	
		<u>(3,289,047)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 32,126,051</u></u></b>

The accompanying notes are an integral part of these financial statements.



**CITY OF NEEDLES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General	Public Financing Authority	Interstate Commerce 140/J Street Project	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 3,058,454	\$ -	\$ -	\$ 290,620	\$ 3,349,074
Licenses, permits, and fees	411,979	-	-	-	411,979
Intergovernmental	-	-	1,037,280	1,228,178	2,265,458
Charges for services	169,662	-	-	410,961	580,623
Fines and forfeitures	74,204	-	-	-	74,204
Use of money and property	98,372	53,538	-	21,502	173,412
Other revenues	11,801	-	-	1,364	13,165
Total revenues	3,824,472	53,538	1,037,280	1,952,625	6,867,915
EXPENDITURES:					
Current:					
General government	598,608	-	-	-	598,608
Public safety	2,849,711	-	-	119,357	2,969,068
Public works	570,761	-	-	1,165,400	1,736,161
Parks and recreation	696,912	-	-	180,378	877,290
Community development	65,917	-	-	208,524	274,441
Capital outlay	-	-	1,451,805	35,982	1,487,787
Debt service:					
Principal retirement	-	-	-	105,000	105,000
Interest and fiscal charges	-	53,062	-	52,415	105,477
Total expenditures	4,781,909	53,062	1,451,805	1,867,056	8,153,832
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(957,437)	476	(414,525)	85,569	(1,285,917)
Other Financing Sources (Uses):					
Transfers in	1,514,130	-	19,773	109,476	1,643,379
Transfers out	(109,476)	-	-	(166,340)	(275,816)
Total other financing sources (uses)	1,404,654	-	19,773	(56,864)	1,367,563
Excess (Deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	447,217	476	(394,752)	28,705	81,646
Fund balances - beginning, as previously reported	2,645,658	164,197	121,686	2,647,952	5,579,493
Prior year adjustments	10,549,226	-	-	(949,100)	9,600,126
Fund balances - beginning, as restated	13,194,884	164,197	121,686	1,698,852	15,179,619
Fund balances - ending	\$ 13,642,101	\$ 164,673	\$ (273,066)	\$ 1,727,557	\$ 15,261,265

The accompanying notes are an integral part of these financial statements.

**CITY OF NEEDLES**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds \$ 81,646

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

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

Expenditures for general capital assets, infrastructure, and other related capital asset adjustments	1,586,182	
Less: current year depreciation	<u>(675,420)</u>	
		910,762

Expenditures in the statement of activities that do not require the use of  
current financial resources are not reported as expenditures in the funds:

Change in the liability for compensated absences		9,295
Change in interest payable		
Change in net pension liability		(407,501)
Change in OPEB liability		7,765

Repayment of bond or note principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the statement of  
net position.

Change in net position of governmental activities		<u><u>\$ 706,967</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF NEEDLES**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	Public Utility Authority	Sanitation	Golf Course	Transit	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 10,613,611	\$ 713,504	\$ -	\$ -	\$ 11,327,115	\$ 237,356
Accounts receivable, net	1,479,332	138,557	-	-	1,617,889	2,102
Interest receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	2,487,071
Due from other governments	-	-	-	230,654	230,654	-
Inventory	598,882	-	504	-	599,386	1,099
Prepaid items	650,000	1,761	18,232	-	669,993	515,588
Total current assets	13,341,825	853,822	18,736	230,654	14,445,037	3,243,216
Non-current assets:						
Intangible assets	2,512,026	-	-	-	2,512,026	-
Capital assets, net	20,260,813	-	664,096	487,854	21,412,763	1,646,567
Total non-current assets	22,772,839	-	664,096	487,854	23,924,789	1,646,567
<b>TOTAL ASSETS</b>	<b>36,114,664</b>	<b>853,822</b>	<b>682,832</b>	<b>718,508</b>	<b>38,369,826</b>	<b>4,889,783</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to pensions	551,301	-	105,192	-	656,493	-
Deferred outflows of resources related to OPEB	16,131	-	2,894	-	19,025	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>567,432</b>	<b>-</b>	<b>108,086</b>	<b>-</b>	<b>675,518</b>	<b>-</b>
<b>LIABILITIES</b>						
Current liabilities:						
Deficit cash balance	-	-	2,555,725	-	2,555,725	-
Accounts payable	123,145	71,544	15,148	5,422	215,259	87,556
Accrued payroll	-	-	2,389	-	2,389	32,743
Compensated absences	358,227	-	32,686	-	390,913	29,948
Due to other funds	3,103,629	1,893,930	-	147,987	5,145,546	-
Accrued interest	235,384	-	-	-	235,384	-
Advance payable - current	32,320	-	-	-	32,320	-
Bonds/note payable - current	885,931	22,525	-	-	908,456	-
Other liabilities	-	-	2,453	-	2,453	7,652
Total current liabilities	4,738,636	1,987,999	2,608,401	153,409	9,488,445	157,899
Non-current liabilities:						
Deposits	681,406	500	-	-	681,906	-
Net pension liability	1,643,804	-	304,591	-	1,948,395	-
Other post-employment benefits liability	512,423	-	91,926	-	604,349	-
Advance payable - non-current	9,693,323	-	-	-	9,693,323	-
Bonds/note payable - non-current	13,749,371	332,588	-	-	14,081,959	-
Total non-current liabilities	26,280,327	333,088	396,517	-	27,009,932	-
<b>TOTAL LIABILITIES</b>	<b>31,018,963</b>	<b>2,321,087</b>	<b>3,004,918</b>	<b>153,409</b>	<b>36,498,377</b>	<b>157,899</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions	202,031	-	43,537	-	245,568	-
<b>NET POSITION</b>						
Net investment in capital assets	3,571,542	-	664,096	487,854	4,723,492	1,646,567
Restricted for debt service	700,268	-	-	-	700,268	-
Unrestricted (deficit)	1,189,292	(1,467,265)	(2,921,633)	77,245	(3,122,361)	3,085,317
<b>TOTAL NET POSITION</b>	<b>\$ 5,461,102</b>	<b>\$ (1,467,265)</b>	<b>\$ (2,257,537)</b>	<b>\$ 565,099</b>	<b>\$ 2,301,399</b>	<b>\$ 4,731,884</b>

The accompanying notes are an integral part of these financial statements.



**CITY OF NEEDLES**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Public Utility Authority	Sanitation	Golf Course	Transit	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services-Public Utility Authority	\$ 12,545,891	\$ -	\$ -	\$ -	\$ 12,545,891	\$ -
Charges for services-Other enterprise funds	-	1,050,911	422,867	41,722	1,515,500	8,950,730
Other fees and sales	-	-	19,747	-	19,747	-
Other revenues	881,133	3,435	50,045	-	934,613	-
Total operating revenues	13,427,024	1,054,346	492,659	41,722	15,015,751	8,950,730
<b>OPERATING EXPENSES</b>						
Personnel costs	26,985	-	448,480	-	475,465	1,983,145
Contractual services	-	847,074	-	-	847,074	443,649
Power and utilities	-	-	168,990	-	168,990	1,986,307
Maintenance and operations	7,547,270	120,000	107,889	406,549	8,181,708	2,638,394
Administrative and management	928	(1,529)	29,690	14,137	43,226	380,297
Insurance	-	10	60,237	1,054	61,301	209,412
Depreciation and amortization	905,325	-	12,771	11,295	929,391	162,127
Provision for bad debt	-	-	-	-	-	-
Total operating expenses	8,480,508	965,555	828,057	433,035	10,707,155	7,803,331
Operating income	4,946,516	88,791	(335,398)	(391,313)	4,308,596	1,147,399
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest revenue	35,651	-	-	317	35,968	2,133
Government grants	-	-	-	590,063	590,063	-
Interest expense and fiscal charges	(785,368)	(20,375)	-	-	(805,743)	-
Other non-operating revenue	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(749,717)	(20,375)	-	590,380	(179,712)	2,133
Income before operating transfers	4,196,799	68,416	(335,398)	199,067	4,128,884	1,149,532
Transfers in	158,110	-	-	71	158,181	-
Transfers out	(636,696)	(120,000)	-	(19,152)	(775,848)	(749,896)
Net transfers in (out)	(478,586)	(120,000)	-	(19,081)	(617,667)	(749,896)
Change in net position	3,718,213	(51,584)	(335,398)	179,986	3,511,217	399,636
Net position - beginning, as previously reported	10,200,308	(1,415,681)	(1,619,583)	385,113	7,550,157	6,067,064
Prior year adjustments	(8,457,419)	-	(302,556)	-	(8,759,975)	(1,734,816)
Net position - beginning, as restated	1,742,889	(1,415,681)	(1,922,139)	385,113	(1,209,818)	4,332,248
Net position - ending	\$ 5,461,102	\$ (1,467,265)	\$ (2,257,537)	\$ 565,099	\$ 2,301,399	\$ 4,731,884

The accompanying notes are an integral part of these financial statements.

**CITY OF NEEDLES**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Public Utility Authority	Sanitation	Golf Course	Transit	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>						
Cash collected from customers	\$ 11,864,163	\$ 1,029,656	\$ 492,659	\$ 41,982	\$ 13,428,460	\$ 8,948,628
Cash payments to suppliers for goods and services	(7,273,723)	(965,248)	(329,192)	(410,680)	(8,978,843)	(5,890,083)
Cash payments to employees for services	(41,423)	-	(381,541)	-	(422,964)	(1,981,664)
<b>Net cash provided (used) by operating activities</b>	<b>4,549,017</b>	<b>64,408</b>	<b>(218,074)</b>	<b>(368,698)</b>	<b>4,026,653</b>	<b>1,076,881</b>
<b>Cash Flows From Noncapital Financing Activities:</b>						
Operating grants received	-	-	-	424,914	424,914	-
Decrease in due from other funds	-	-	-	-	-	(590,100)
Increase (decrease) in due to other funds	2,663,082	240,000	-	145,422	3,048,504	(326,644)
Operating transfers in	158,110	-	-	71	158,181	-
Operating transfers out	(636,696)	(120,000)	-	(19,152)	(775,848)	(749,896)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>2,184,496</b>	<b>120,000</b>	<b>-</b>	<b>551,255</b>	<b>2,855,751</b>	<b>(1,666,640)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition and construction of capital assets	(2,272,018)	-	-	(182,874)	(2,454,892)	(446,071)
Principal paid on bonds/note payable	(672,180)	(26,940)	-	-	(699,120)	-
Adjustment to beginning capital asset balances	(1,788,857)	-	-	-	(1,788,857)	-
Interest paid	(799,082)	(20,375)	-	-	(819,457)	-
<b>Net cash used by capital and related financing activities</b>	<b>(5,532,137)</b>	<b>(47,315)</b>	<b>-</b>	<b>(182,874)</b>	<b>(5,762,326)</b>	<b>(446,071)</b>
<b>Cash Flows from Investing Activities:</b>						
Interest on investments	203,633	-	-	317	203,950	2,133
<b>Net cash provided by investing activities</b>	<b>203,633</b>	<b>-</b>	<b>-</b>	<b>317</b>	<b>203,950</b>	<b>2,133</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,405,009</b>	<b>137,093</b>	<b>(218,074)</b>	<b>-</b>	<b>1,324,028</b>	<b>(1,033,697)</b>
Cash and cash equivalents, beginning of year	9,208,602	576,411	(2,337,651)	-	7,447,362	1,271,053
Cash and cash equivalents, end of year	<u>\$ 10,613,611</u>	<u>\$ 713,504</u>	<u>\$ (2,555,725)</u>	<u>\$ -</u>	<u>\$ 8,771,390</u>	<u>\$ 237,356</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 4,946,516	\$ 88,791	\$ (335,398)	\$ (391,313)	\$ 4,308,596	\$ 1,147,399
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization of fixed assets	905,325	-	12,771	11,295	929,391	162,127
Adjustment of beginning balances	-	-	52,952	-	52,952	-
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	(207,049)	(25,190)	-	331	(231,908)	(2,102)
Decrease in due from other governments	-	-	-	5,889	5,889	-
(Increase) decrease in inventory	(9,979)	-	3,206	-	(6,773)	-
Decrease (increase) in prepaid expenses	277,163	(1,761)	73,115	-	348,517	(29,108)
Increase in deferred outflows	(165,013)	-	-	-	(165,013)	-
Increase (decrease) in accounts payable	7,291	2,068	(38,707)	5,100	(24,248)	(194,213)
Decrease in accrued liabilities	-	-	-	-	-	(8,703)
Increase (decrease) in deposits payable	(1,355,812)	500	-	-	(1,355,312)	-
Increase (decrease) in net pension liability	149,788	-	(19,839)	-	129,949	-
Increase (decrease) in OPEB liability	(12,505)	-	1,140	-	(11,365)	-
Decrease in deferred inflows	(13,835)	-	-	-	(13,835)	-
Increase in compensated absences payable	27,127	-	32,686	-	59,813	1,481
<b>Net cash provided (used) by operating activities</b>	<b>\$ 4,549,017</b>	<b>\$ 64,408</b>	<b>\$ (218,074)</b>	<b>\$ (368,698)</b>	<b>\$ 4,026,653</b>	<b>\$ 1,076,881</b>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**



## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of the City of Needles, California (City) are discussed in subsequent sections of this Note. The remaining Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2018.

##### **B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION**

###### **Description of the Reporting Entity**

The City was incorporated on October 30, 1913, as a General Law City. The City became a Charter City on January 28, 1959, and operates under a Council-Manager form of government. The City Council consists of seven members elected by the citizens of the City. The City provides the following services to its citizens: public safety (police and fire), highways and streets, electric, water, wastewater, sanitation, public transportation, health and social services, cemetery, culture-recreation, public improvements, community development (planning, building, zoning), and general administrative services.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City, as distinct from legal relationships. Blended component units, although legally separate entities, are in substance part of the City's operations and so data from these units are combined with data of the primary government.

Each blended component unit has a June 30, 2018 fiscal year end, and issues separate audited financial statements. The City has no discretely presented component units.

Management has determined that the following component units should be blended: Needles Transit Authority, Needles Public Financing Authority, and the Needles Public Utility Authority. Additional detailed financial information for each of these entities can be obtained from the City of Needles Finance Department at 817 Third Street, Needles, California, 92363.

###### **Needles Redevelopment Agency**

The City established the Needles Redevelopment Agency (Agency) on August 16, 1984 as a separate legal entity in accordance with state law. The City Council declared by Ordinance that the City Council would serve as the Board of Directors of the Agency.

The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational, and public facilities. The City Council members designate management and have financial accountability for the Agency.

## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION, continued**

###### Needles Redevelopment Agency, continued

Pursuant to the provisions of ABX126, the Redevelopment Agency of the City of Needles was dissolved effective February 1, 2012. The County of San Bernardino currently serves as the successor agency to the former redevelopment agency, and is responsible for revenue collection, maintaining the bond reserves, disposing of any excess property, and fulfilling the remaining obligations of the dissolved Agency.

###### Needles Public Financing Authority

The Needles Public Financing Authority (NPFA) was formed on March 7, 1992 for the sole purpose of providing financing for various City capital projects. The Financing Authority is governed by a seven-member board, which consists of members of the City Council.

###### Needles Public Utility Authority

The Needles Public Utility Authority (NPUA) was formed on January 6, 1997, for the purpose of owning, operating, and maintaining the Utility Enterprise. The Utility Enterprise consists of the Water, Sewer, and Electric Enterprise Funds serving the City and the surrounding area. A seven member Board that consists of members of the City Council governs the Utility Authority.

###### Other Governmental Agencies

Other governmental agencies providing various levels of service to the City include the State of California, County of San Bernardino, as well as various special districts and school districts.

Each of the above agencies has an independent elected governing board or is dependent on an independently elected governing board other than the City Council. Accordingly, financial data and transactions of these agencies are not included within the scope of this financial report.



## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION, continued**

###### **Government Wide and Fund Financial Statements**

###### **Government-Wide Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, which are generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part by fees charged to external customers.

The statement of activities reports the expenses of a given function, offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to the specified program purposes. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

###### **Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

##### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and 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 tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.



## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements**

**June 30, 2018**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION, continued**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources subject to accrual include: property taxes, sales tax, transient occupancy tax, franchise taxes (fees), intergovernmental revenues, and investment income.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as necessary. Restricted assets and liabilities payable from restricted assets that are considered current in nature are reported as current assets and liabilities in the financial statements.

Assets that are restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt, are considered non-current.

## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### D. FUND TYPES AND MAJOR FUNDS

###### *Governmental Funds*

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources not reported in other funds.

Needles Public Financing Authority – This fund accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. Revenues come from interest on invested funds.

Interstate Commerce I40/J Street Connector Project – This fund accounts for the collection of financial resources from the U.S. Federal government to fund a project to improve the roadway leading into J Street from Interstate Highway 40. The project includes road widening, resurfacing, and installation of traffic signals.

###### *Proprietary Funds*

The City reports the following major enterprise funds:

Needles Public Utility Authority – This fund accounts for the operating activities of the City's public utility operations.

Sanitation Fund – This fund accounts for the operating activities of the City's refuse collection service, which is contracted to a third-party service provider.

River's Edge Golf Course – This fund accounts for the operating activities of the City's municipal golf course.

Transit Funds – These three funds (Needles Area Transit, Dial-A-Ride, and Dial-A-Ride Medical Transport) account for the operating activities of the City's public transportation system.

###### *Other Fund Types*

The City also reports the following fund types:

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These include equipment services (fleet management), business office, and information technology. These are proprietary funds reported with business-type activities in the government-wide statements, as the majority of the activities are charged to other proprietary funds.

## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements**

**June 30, 2018**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION**

###### **CASH AND INVESTMENTS**

The City maintains and controls one major cash and investment pool. Each fund's portion of the pool is displayed on its respective balance sheet as "cash and equivalents".

In addition, non-pooled cash and investments are separately held and reflected in respective funds or component units as "cash with fiscal agents" or "restricted cash".

For purposes of the accompanying statement of cash flows, the City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

Securities traded on a national or international exchange are reported at the last reported sales price based on current exchange rates. Cash deposits are reported at carrying amount which reasonably approximates fair value.

###### **INVENTORY OF SUPPLIES**

Inventories in governmental funds consist of expendable supplies held for consumption stated on an average cost basis. They are reported at cost, which is recorded as an expenditure at the time the inventory items are used. Proprietary fund inventories and similar component unit inventories are recorded at the lower of cost or market value on an average cost basis. Inventories are reported similarly in the fund financial statements and the government-wide financial statements.

###### **PREPAID EXPENSES**

Prepaid items represent payments made to vendors that benefit future reporting periods, and are reported on the consumption basis. Prepaid items are reported similarly in the fund financial statements and the government-wide financial statements.

###### **LAND HELD FOR RESALE**

Land held for resale is valued at the lower of cost or market.



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION, continued

##### CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements.

Proprietary and component unit capital assets are also reported in their respective funds and component unit financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	20 – 30 years
Improvements, other than buildings	5 – 15 years
Mobile equipment	5 – 7 years
Furniture, machinery, and equipment	5 – 7 years

The City does not maintain a complete list of capital assets, that is, it does not include all of the City's land nor does it include capital assets acquired prior to July 1, 1987.

##### LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability. Bond issuance costs, bond discounts and premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Governmental fund financial statements recognize debt proceeds and premiums as other financing sources of the current fiscal period. Issuance costs are reported as expenditures of the current fiscal period.

##### UNAVAILABLE REVENUE

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be available to finance expenditures of the current period. Governmental funds report revenues in connection with receivables for revenues not considered available to liquidate as deferred inflows of resources in the current period. Unavailable revenues in the current year represent the pre-need deposits for burial at the City Cemetery.

## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION, continued

###### COMPENSATED ABSENCES

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

###### FUND BALANCES

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund types report fund equity in one of five categories, as follows:

Nonspendable - Fund balances that cannot be spent because they are either:

- Not in Spendable Form—generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts such as property acquired for resale or the long-term portion of loans receivable.
- Legally or Contractually Required to be Maintained Intact—amounts that are required to be maintained intact, such as the principal of a permanent fund.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - this is the residual classification for the general fund (i.e., everything that is not in another classification or in another fund).



## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION, continued**

###### **FUND BALANCES, continued**

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Prior to the issuance of GASB Statement 54, the governmental fund financial statements reported reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The General Fund reserve for restricted purposes included fund balances/net position restricted for related assets, including advances to other funds and interest receivable. The Capital Projects Fund reserve for restricted purposes included fund balances/net position restricted for waterway construction, low-to-moderate income housing, street improvement, and wastewater resources projects.

##### **F. REVENUES, EXPENDITURES, AND EXPENSES**

###### **UTILITY BILLINGS**

The NPUA bills individuals and businesses for electric, water, and sewer services on a monthly basis. The billings are considered delinquent when they are not paid by the due date indicated on the billing, which is generally 20 days after the billing date. The City reserves an amount as uncollectible based on historical collection rates. The amount of the estimated uncollectible billings at June 30, 2018 was \$192,125.

###### **USE OF ESTIMATES**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### F. REVENUES, EXPENDITURES, AND EXPENSES, continued

###### PROPERTY TAX REVENUES

All property taxes are collected and allocated by the County of San Bernardino to the various taxing entities. Property taxes are determined annually as of March 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County of San Bernardino bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when available and measurable. The City considers property tax as available if it is received within 60 days after the year-end.

###### 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 California Public Employees' Retirement System (CalPERS) plans (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.

###### NEW ACCOUNTING POUNDOUNCEMENT

During the year ended June 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. See note disclosure at Note 12.

#### NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the market value no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 and 1978 period. Property tax rates for bond debt service are determined by the City, with collections and allocations made by the County.

##### **Deficit Fund Net Position – Primary Government**

Deficits not visible in the basic financial statements because they are grouped with other funds, are as follows:

Special Gas Tax	\$ 395
Active Transportation	1,873
Dial a Ride Transit	6,515
Redevelopment Agency	256,621

## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

##### **Budgets and Budgetary Accounting**

The City prepared and adopted annual operating budgets for the General fund, all Special Revenue funds, and all Capital Projects funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at a specially scheduled session, which is open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. The budget is legally adopted through passage of a resolution.
4. The City Manager is authorized to transfer funds within departmental budgets between major object classifications and between capital projects in the same fund. The City Council must authorize transfers between funds, between departments, and from the fund balances reserved for specific purposes.
5. Annual budgets presented are legally adopted and amended as required for the General, Special Revenue, and Capital Projects funds. All budgets presented are prepared on a basis consistent with GAAP.
6. Budgeted amounts are reflected after all applicable amendments and revisions.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the department level. The legal level of budgetary control is at the level called "department". A "department" for legal appropriation purposes may be a single organization (i.e., City Attorney), or an entire department having multiple organizations (i.e., Parks and Recreation), or an entire fund (i.e., Special Fund for Capital Outlay). All departments and funds should complete the year within legally authorized expenditures.



## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

##### **Deposits with Financial Institutions**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a failure of the financial institution, the City's deposits will not be returned or the City will not be able to obtain collateral securities pledged by the financial institutions.

Custodial credit risk is not covered by bond indentures, although the indentures usually require the issuer to maintain reserve accounts with the trustee bank named in the indenture.

The City's policy, in accordance with the State of California Government Code, is to require financial institutions to collateralize the City's deposits at 110% of the deposit amount with U.S. government securities in the City's name.

California law allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposit. The City, at management's discretion, may waive the 110% collateral requirements for deposits which are federally insured up to \$100,000. Federal insurance provides up to \$250,000 of coverage for each depositor.

At June 30, 2018, the book balance of the City's deposits was \$12.6 million and the bank balance was \$13.1 million. Of the bank balance, \$500,000 was insured and \$12.6 million was collateralized.

##### **Investments**

Credit risk is the risk that an issuer of a security or a counterparty to the investment will not be able to fulfill its obligations with respect to the investment. The City does not have a formal policy with respect to credit risk.

Instead, the City follows State of California law, which authorizes the City to invest in obligations of U.S. Government agencies and U.S. Government securities, certificates of deposit, municipal securities, and the Local Agency Investment Fund (LAIF) of the State of California.

Interest rate risk is the risk that a change in interest rates will have an adverse effect on the fair value of an investment. Concentration of credit risk is the risk of loss attributable to a concentration of funds in a single issue or issuer. The City's only investments include only certificates of deposit or investments in LAIF. Accordingly, the City does not have a formal policy with respect to interest rate risk, the matching of investment maturities with anticipated future cash flows or concentration of credit risk.

The City's investments are stated at cost, which approximates fair value. The City's investment in the LAIF is \$4,183,261. The total amount invested by all public agencies in LAIF is \$88,818 million. The LAIF is managed by the State Treasurer. Of that amount, one hundred percent (100%) is invested in non-derivative financial products, and zero percent in derivative financial products.



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS, continued

##### Investments, continued

Investments by all public agencies at June 30, 2018 include \$825 million in structured notes and \$1,549 million in asset-backed securities.

Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.

Asset-backed securities entitle the purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs), small business loans, or credit card receivables (such as ABCP).

The City's cash on hand, deposits with financial institutions and investments at June 30, 2018 were as follows:

	Carrying Amount	Fair Value
California LAIF	\$ 4,183,261	\$ 4,183,261
Petty cash and cash drawers	4,858	4,858
Cash in banks	8,399,917	8,399,917
Total Cash and Investments	<u>\$ 12,588,036</u>	<u>\$ 12,588,036</u>

##### Reserve Requirements

The Tax Allocation Revenue Bonds 1992 Series A agreement requires a minimum balance of \$164,500 in the reserve fund. At June 30, 2018, the reserve fund totaled \$164,673. The cash for the deposit was provided by the bond proceeds and is to be used for future debt service.

## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Financial Statements June 30, 2018**

#### **NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS, continued**

##### **Investments at Fair Value**

GASB Statement No. 72 requires all investments to be categorized under a fair value hierarchy. The City determines the fair value of its investments based upon both observable and unobservable inputs. The City categorizes its fair value measurements within the fair value hierarchy in accordance with Generally Accepted Accounting Principles. The levels within the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
- Level 3 – unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The City considers its investment in the California LAIF to be a level 2 investment.

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 4 – CAPITAL ASSETS

A summary of the changes in capital assets follows:

	Restated Balance July 1, 2017	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2018
<i>Governmental Activities</i>					
Capital assets not being depreciated:					
Land	\$ 174,651	\$ -	\$ -	\$ -	\$ 174,651
Construction in progress	<u>3,068,936</u>	<u>-</u>	<u>-</u>	<u>(2,245,583)</u>	<u>823,353</u>
Total capital assets, not being depreciated	<u>3,243,587</u>	<u>-</u>	<u>-</u>	<u>(2,245,583)</u>	<u>998,004</u>
Capital assets, being depreciated:					
Infrastructure	5,483,693	1,451,804	-	2,245,583	9,181,080
Structures and improvements	15,409,590	93,338	-	-	15,502,928
Equipment	<u>996,790</u>	<u>41,040</u>	<u>-</u>	<u>-</u>	<u>1,037,830</u>
Total capital assets, being depreciated	<u>21,890,073</u>	<u>1,586,182</u>	<u>-</u>	<u>2,245,583</u>	<u>25,721,838</u>
Less accumulated depreciation for:					
Infrastructure	(759,658)	(94,869)	-	-	(854,527)
Structures and improvements	(4,277,817)	(558,068)	-	-	(4,835,885)
Equipment	<u>(853,114)</u>	<u>(22,483)</u>	<u>-</u>	<u>-</u>	<u>(875,597)</u>
Total accumulated depreciation	<u>(5,890,589)</u>	<u>(675,420)</u>	<u>-</u>	<u>-</u>	<u>(6,566,009)</u>
Total capital assets being depreciated, net	<u>15,999,484</u>	<u>910,762</u>	<u>-</u>	<u>2,245,583</u>	<u>19,155,829</u>
Capital assets, net	<u>\$19,243,071</u>	<u>\$ 910,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,153,833</u>
<i>Business-Type Activities</i>					
Capital assets not being depreciated:					
Land	\$ 3,219,847	\$ -	\$ -	\$ (7,500)	\$ 3,212,347
Construction in progress	<u>2,767,869</u>	<u>2,705,112</u>	<u>-</u>	<u>(1,935,182)</u>	<u>3,537,799</u>
Total capital assets, not being depreciated	<u>5,987,716</u>	<u>2,705,112</u>	<u>-</u>	<u>(1,942,682)</u>	<u>6,750,146</u>
Capital assets, being depreciated:					
Structures and improvements	1,912,161				1,912,161
Equipment	<u>37,551,291</u>	<u>203,346</u>	<u>-</u>	<u>1,935,182</u>	<u>39,689,819</u>
Total capital assets, being depreciated	<u>39,463,452</u>	<u>203,346</u>	<u>-</u>	<u>1,935,182</u>	<u>41,601,980</u>
Less accumulated depreciation for:					
Structures and improvements	(838,638)	(52,460)	-		(891,098)
Equipment	<u>(23,380,848)</u>	<u>(1,039,058)</u>	<u>-</u>	<u>18,208</u>	<u>(24,401,698)</u>
Total accumulated depreciation	<u>(24,219,486)</u>	<u>(1,091,518)</u>	<u>-</u>	<u>18,208</u>	<u>(25,292,796)</u>
Total capital assets being depreciated, net	<u>15,243,966</u>	<u>(888,172)</u>	<u>-</u>	<u>1,953,390</u>	<u>16,309,184</u>
Capital assets, net	<u>\$21,231,682</u>	<u>\$ 1,816,940</u>	<u>\$ -</u>	<u>\$ 10,708</u>	<u>\$ 23,059,330</u>



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 4 – CAPITAL ASSETS, continued

##### *Depreciation expense*

Depreciation expense was charged to functions of the primary government as follows:

<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
General government	\$ 59,264	Public Utility Authority	\$ 905,325
Public safety	3,303	Golf course	12,771
Public works	26,669	Transit	11,295
Parks and recreation	251,002	Internal service funds	162,127
Community development	335,182		
	<u>\$ 675,420</u>		<u>\$ 1,091,518</u>

#### NOTE 5 – LONG-TERM OBLIGATIONS

The City has the following long-term obligations at June 30, 2018:

##### Bonds Payable and Certificates of Participation

###### **1992 Series A Tax Allocation Bonds**

The bonds were issued to provide monies to enable the Financing Authority to fund a loan to the Redevelopment Agency. The bonds are payable solely from the loan payments to be made to the Financing Authority by the Redevelopment Agency and from the reserve account created under the Loan Agreement and investment earnings thereon. Tax revenues of the Agency from its redevelopment project secure repayment of the loan.

Principal payments in amounts from \$15,000 to \$150,000 are due annually to 2022, with interest payments at rates ranging from 5.40% to 7.50% payable semi-annually.

\$ 655,000

##### Bonds Payable – Enterprise Funds

###### **2016 Revenue Refunding Bonds**

In December 2016 the Utility Authority issued \$15,488,000 in revenue bonds bearing interest at 3.86%. Principal payments in various amounts are due annually through February 2031.

\$ 14,635,302

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 5 – LONG-TERM OBLIGATIONS, continued

#### Long Term Debt – Schedule of Maturities

Debt service requirements for long-term debt for governmental activities are as follows:

Years Ending June 30:	Principal	Interest	Total
2019	\$ 115,000	\$ 44,813	\$ 159,813
2020	120,000	36,000	156,000
2021	130,000	26,625	156,625
2022	140,000	16,500	156,500
2023	<u>150,000</u>	<u>5,625</u>	<u>155,625</u>
Totals	<u>\$ 655,000</u>	<u>\$ 129,563</u>	<u>\$ 784,563</u>

Debt service requirements for 2016 Revenue Refunding Bonds are as follows:

Years Ending June 30:	Principal	Interest	Total
2019	\$ 885,931	\$ 556,455	\$ 1,442,386
2020	920,458	521,928	1,442,386
2021	956,330	486,056	1,442,386
2022	993,600	448,785	1,442,385
2023	1,032,323	410,062	1,442,385
2024-2028	5,797,389	1,414,537	7,211,926
2029-2033	<u>4,049,271</u>	<u>277,885</u>	<u>4,327,156</u>
Totals	<u>\$ 14,635,302</u>	<u>\$ 4,115,708</u>	<u>\$ 18,751,010</u>

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 5 – LONG-TERM OBLIGATIONS, continued

#### *Changes in Long-Term Debt*

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

<u>Description and Purpose</u>	<u>Balance July 1, 2017</u>	<u>Increase/ Issued</u>	<u>Decrease/ Retired</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
<b>Primary Government</b>					
<i>Governmental Activities</i>					
Tax allocation 1992 bonds	\$ 760,000	\$ -	\$ 105,000	\$ 655,000	\$ 115,000
<i>Business-Type Activities</i>					
Revenue Bonds:					
<u>Major Enterprise Funds</u>					
NPUA 2016 bonds	15,488,000	-	852,698	14,635,302	885,931
Notes Payable:					
Other Enterprise Funds					
Sanitation fund	<u>382,053</u>	<u>-</u>	<u>26,940</u>	<u>355,113</u>	<u>22,525</u>
Total Business-Type Activities	<u>15,870,053</u>	<u>-</u>	<u>879,638</u>	<u>14,990,415</u>	<u>908,456</u>
Total Primary Government	<u>\$ 16,630,053</u>	<u>\$ -</u>	<u>\$ 984,638</u>	<u>\$ 15,645,415</u>	<u>\$ 1,023,456</u>

### NOTE 6 – OBLIGATION UNDER AGREEMENT WITH COUNTY OF SAN BERNARDINO

The note payable in the Sanitation Enterprise Fund resulted from an agreement the City made with the County of San Bernardino (County) on January 30, 1996. The County agreed to accept the landfill into the County landfill system and to serve as lead agency for the cleanup, closure, and post-closure activities for the landfill.

The City agreed to reimburse the County \$665,195 for its share of the cleanup, closure, and post-closure costs, to provide in-kind services for post-closure activities, to assist the County in obtaining approval from regulatory agencies for a “monolithic soil cover”, and in seeking recovery from other parties who may be responsible for the costs of cleanup, closure, and post-closure.

Per the agreement, interest shall accrue on the unpaid balance at 6% per annum compounded annually commencing on January 1 of the year following the year in which the landfill is deemed closed.

The landfill ceased accepting waste in 1994, and was closed in 2002. The Closure Agreement calls for annual principal payments of \$50,000 over a 15 year period.

The City settled this obligation with the County by agreeing to pay a principal amount of \$447,361 beginning on July 1, 2014. Payments are \$3,775 per month for 180 months ending on June 1, 2029. This debt bears interest at 6% per annum.



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 6 – OBLIGATION UNDER AGREEMENT WITH COUNTY OF SAN BERNARDINO, continued

Future payments under this debt are as follows:

Years Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 22,525	\$ 19,001	\$ 41,526
2020	26,000	19,301	45,301
2021	27,656	17,645	45,301
2022	29,362	15,939	45,301
2023	31,173	14,128	45,301
2024-2028	187,138	39,368	226,506
2029	31,259	743	32,002
	<u>\$ 355,113</u>	<u>\$ 126,125</u>	<u>\$ 481,238</u>

#### NOTE 7 – UTILITY ENTERPRISE

As disclosed in Note 1, the Needles Public Utility Authority (NPUA) was formed on January 6, 1997, for the purpose of owning, operating, and maintaining the Utility Enterprise. On March 6, 1997, NPUA purchased the Utility Enterprise (consisting of the Water, Sewer, and Electric Funds) from the City for \$65,000,000.

To fund the acquisition, NPUA issued 1997 revenue bonds totaling \$21,145,000, of which \$17,941,092 was used as an initial down payment for the acquisition. These bonds were fully paid during the year ended June 30, 2017, with the proceeds of 2016 revenue refunding bonds issued by the NPUA. The 2016 Revenue Refunding bonds were issued in the face amount of \$15,488,000 and are more fully described in Note 5 above.

The balance of \$47,058,908 was financed by the City and evidenced by an advance from the City to the NPUA. This is being repaid with an annual purchase payment of \$685,300 through the year 2065. As a component unit, the NPUA is included as part of the City's reporting entity (see Note 1). Accordingly, the Utility Enterprise assets and liabilities acquired by NPUA are included in the financial statements at net book value rather than fair market value (acquisition price) and the note, which approximates the step-up to the fair market value, is shown as an interfund advance from the general fund to the NPUA (see Note 10).

The City and NPUA entered into a separate agreement wherein the City has agreed to continue to manage and administer the utility operations. As a result, the City performs the customer billing and collection function and pays the expenses related to the utility operations. NPUA reimburses the City on a monthly basis for expenses incurred.

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 8 – RESTRICTED FUND BALANCES AND NET POSITION

Certain proprietary fund and similar component unit assets are restricted for construction funded through long-term debt or Federal grant revenues. Net position restricted for debt service include the excess of assets over certain liabilities restricted for the debt service on revenue bonds. Cash is restricted for deposits in bank accounts legally restricted for specified uses such as the payment of currently maturing debt service and annual fiscal fees on long-term debt. These are reported with current assets.

The fund balances of the governmental funds have been classified into the five categories of fund balance specified in GASB Statement No. 54. The City's fund balances at June 30, 2018 are as follows:

	General Fund	Public Financing Authority	Interstate Commerce I40/J Street Project	Other Governmental Funds	Total
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$ 8,953	\$ -	\$ -	\$ -	\$ 8,953
Prepaid items	30,279	-	-	2,626	32,905
Land held for resale	-	-	-	182,153	182,153
Advances receivable	<u>10,499,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,499,652</u>
Subtotal	10,538,884	-	-	184,779	10,723,663
<b>Restricted</b>					
Public works	-	-	-	103,481	103,481
Parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,994</u>	<u>169,994</u>
Subtotal	-	-	-	273,475	273,475
<b>Committed</b>					
General government	350,000	-	-	-	350,000
Public safety	-	-	-	165,712	165,712
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,264</u>	<u>361,264</u>
Subtotal	350,000	-	-	526,976	876,976
<b>Assigned</b>					
Public works	-	-	-	170,061	170,061
Parks and recreation	-	-	-	428,074	428,074
Community development	<u>-</u>	<u>164,673</u>	<u>-</u>	<u>586,181</u>	<u>750,854</u>
Subtotal	-	164,673	-	1,184,316	1,348,989
<b>Unassigned</b>	<u>2,753,217</u>	<u>-</u>	<u>(273,066)</u>	<u>(441,989)</u>	<u>2,038,162</u>
<b>Total</b>	<u>\$13,642,101</u>	<u>\$ 164,673</u>	<u>\$ (273,066)</u>	<u>\$ 1,719,449</u>	<u>\$15,261,265</u>



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 9 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

##### A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Needles is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

##### B. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

##### Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.



## CITY OF NEEDLES, CALIFORNIA

Notes to the Financial Statements  
June 30, 2018

### NOTE 9 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE, continued

#### B. Primary Self-Insurance Programs of the Authority, continued

##### Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

#### C. Purchased Insurance

##### Pollution Legal Liability Insurance

The City of Needles participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Needles. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

##### Property Insurance

The City of Needles participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Needles property is currently insured according to a schedule of covered property submitted by the City of Needles to the Authority. City of Needles property currently has all-risk property insurance protection in the amount of \$33,868,743. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### **NOTE 9 – LIABILITY, WORKERS’ COMPENSATION, AND PURCHASED INSURANCE, continued**

##### **C. Purchased Insurance, continued**

###### Earthquake and Flood Insurance

The City of Needles purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Needles property currently has earthquake protection in the amount of \$19,624,536. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

###### Crime Insurance

The City of Needles purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

###### Special Event Tenant User Liability Insurance

The City of Needles further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Needles according to a schedule. The City of Needles then pays for the insurance. The insurance is facilitated by the Authority.

##### **D. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

#### **NOTE 10 – BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY**

In general, outstanding balances between funds are presented in the financial statements as either “Due to/from other funds” (i.e., the current portion of interfund loans) or “Advances to/from other funds” (i.e., the non-current portion of interfund loans).

These balances include outstanding charges by one fund to another fund for goods or services or for other miscellaneous receivables/payables between funds. Balances between governmental funds and business-type funds are reflected in the government-wide financial statements as “internal balances”.



# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 10 – BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY, continued

#### DUE TO/FROM OTHER FUNDS

The composition of due to/from other funds as of June 30, 2018 are as follows:

#### Governmental Activities

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	I40/J Street Project	\$ 272,097	Temporary cash borrowing
	NPUA	228,731	Temporary cash borrowing
	Transit	147,987	Temporary cash borrowing
	Sanitation	<u>1,893,930</u>	Temporary cash borrowing
Total General Fund		2,542,745	
Other Governmental Funds	NPUA	<u>387,827</u>	Temporary cash borrowing
Total Governmental Funds		<u>\$ 2,930,572</u>	

#### Business-Type Activities

Receivable Fund	Payable Fund	Amount	Purpose
Internal Service Funds	NPUA	\$ 2,487,071	Reimbursement of expenses

#### ADVANCES TO/FROM OTHER FUNDS

The City provided a loan to the Redevelopment Agency to fund its operations. The loan will be repaid with interest ranging from 10-12% from tax increment revenues at such times as excess funds exist after debt service payments are made on the loan payable to the Financing Authority. The balance of the note at June 30, 2018 was \$774,009.

The City entered into a Purchase Obligation with the NPUA in which the NPUA agreed to pay the City \$685,300 each February 1st, including interest imputed at 6.714% through February 2012. Starting February 2013, the annual payment was reduced to \$673,036 as a result of the \$400,000 prepayments made in 2012. The annual payment was further reduced to \$666,983 in fiscal year 2016 as a result of the additional prepayment made in 2013 amounting to \$350,000. The balance of the obligation at June 30, 2018 was \$9,725,643.



# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 10 – BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY, continued

#### ADVANCES TO/FROM OTHER FUNDS, continued

Annual maturities of the Purchase Obligation are presented below:

Years Ending June 30:	Principal	Interest	Total
2019	\$ 32,320	\$ 652,980	\$ 685,300
2020	34,490	650,810	685,300
2021	36,806	648,494	685,300
2022	39,277	646,023	685,300
2023	41,914	643,386	685,300
2024-2028	255,757	3,170,743	3,426,500
2029-2033	353,944	3,072,556	3,426,500
2034-2038	489,826	2,936,674	3,426,500
2039-2043	677,874	2,748,626	3,426,500
2044-2048	938,115	2,488,385	3,426,500
2049-2053	1,298,264	2,128,236	3,426,500
2054-2058	1,796,677	1,629,823	3,426,500
2059-2063	2,486,435	940,065	3,426,500
2064-2065	<u>1,243,944</u>	<u>126,656</u>	<u>1,370,600</u>
Totals	<u>\$ 9,725,643</u>	<u>\$ 22,483,457</u>	<u>\$ 32,209,100</u>

#### TRANSFERS

Transfers and payments within the reporting entity are primarily for the purpose of providing cash to meet operating and debt service needs or to fund the construction or purchase of capital assets.

The government-wide statement of activities eliminates transfers reported within the segregated governmental and business-type activities columns. Only transfers *between* the two columns appear in this statement.

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 10 – BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY, continued

#### TRANSFERS, continued

The following schedule reports transfers and payments within the reporting entity:

Transfer to	Transfer from	Amount	Purpose
General Fund	Sanitation Fund	\$ 120,000	Fund operations
	Other Governmental Funds	146,496	Gas tax
	Transit Fund	19,152	Fund operations
	NPUA	636,696	Utility purchase
	Internal Service Funds	591,786	Fund operations
	Total General Fund	<u>1,514,130</u>	
Interstate Commerce Fund	Other Governmental Funds	19,773	
Other Governmental Funds	General Fund	58,476	Cemetery Fund from General Fund
	General Fund	<u>51,000</u>	Active Transportation Fund from General Fund
	Total Other Governmental Funds	<u>109,476</u>	
	Total Governmental Funds	<u>\$ 1,643,379</u>	
NPUA	Internal Service Funds	\$ 158,110	Fund operations
Transit	Other Governmental Funds	<u>71</u>	Fund operations
	Total Proprietary Funds	<u>\$ 158,181</u>	

### NOTE 11 – DEFINED BENEFIT PENSION PLAN

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the City's Employee Pension Plan, a cost sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. The plans in existence for employees hired before January 1, 2013, ("Classic" plans) are closed to new entrants.

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

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 11 – DEFINED BENEFIT PENSION PLAN, continued

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous Plan</u>	
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire Date		
Benefit Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Benefits as a % of annual salary	2.000%	2.000%
Required employee contribution rates	6.896%	6.250%
Required employer contribution rates	8.418%	6.533%

	<u>Safety Plan</u>
	Prior to <u>January 1, 2013</u>
Hire Date	
Benefit Formula	3% @ 50
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	50
Benefits as a % of annual salary	3.000%
Required employee contribution rates	0.0%
Required employer contribution rates	0.0%

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for 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, 2018, the contributions recognized as part of pension expense for each Plan were \$391,477.

#### ***Net Pension Liability***

As of June 30, 2018, the City of Needles reported a net pension liability of \$3,947,484 for its proportionate share of the net pension liability of the Miscellaneous Plan and \$130,042 for its proportionate share of the net pension liability of the Safety Plan.



# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 11 – DEFINED BENEFIT PENSION PLAN, continued

#### *Net Pension Liability, continued*

The City's net pension liability for the Miscellaneous Plan and the Safety Plan (the Plans) is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2017, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2017 and 2018 was as follows:

	Miscellaneous Plan	Safety Plan
Proportion June 30, 2017	0.09839%	0.00191%
Proportion June 30, 2018	0.10014%	0.00218%
Change	0.00175%	0.00027%

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2016 actuarial valuations were determine using the following actuarial assumptions:

	Miscellaneous Plan	Safety Plan
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3%-14.2% <sup>1</sup>	3.3%-14.2% <sup>1</sup>
Investment Rate of Return	7.15% <sup>2</sup>	7.15% <sup>2</sup>
Mortality	Society of Actuaries Scale BB <sup>3</sup>	

<sup>1</sup> Depending on age, service, and type of employment

<sup>2</sup> Net of pension plan investment expenses, including inflation

<sup>3</sup> The mortality table used was developed based on CalPERS' specific data

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 11 – DEFINED BENEFIT PENSION PLAN, continued

#### *Net Pension Liability, continued*

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>(1)</sup>	Real Return Years 11+ <sup>(2)</sup>
Global equity	47.0%	4.90%	5.38%
Global fixed income	19.0%	0.80%	2.27%
Inflation sensitive	6.0%	0.60%	1.39%
Private equity	12.0%	6.60%	6.63%
Real estate	11.0%	2.80%	5.21%
Infrastructure and forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)
	<u>100.0%</u>		

<sup>(1)</sup> An expected inflation of 2.5% used for this period.

<sup>(2)</sup> An expected inflation of 3.0% used for this period.

## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 11 – DEFINED BENEFIT PENSION PLAN, *continued*

##### *Net Pension Liability, continued*

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS performed stress tests on 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class.

The long-term expected rate of return includes both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.



# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 11 – DEFINED BENEFIT PENSION PLAN, continued

#### *Changes in the Net Pension Liability*

The changes in the Net Pension Liability for each Plan measured as of June 30, 2017 is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability/ Asset</u>
<u>Miscellaneous Plan</u>			
<b>Balance at June 30, 2016</b>	\$ 16,528,162	\$ 13,110,356	\$ 3,417,806
Changes in the year:			
Service cost	442,300	-	442,300
Interest on the total pension liability	1,216,404	-	1,216,404
Changes of benefit terms	2,181	-	2,181
Changes of assumptions	1,023,852	-	1,023,852
Difference between expected and actual experience	(115,544)	-	(115,544)
Change in proportion	(276,428)	(325,518)	49,090
Net plan to plan resource movement	-	(30,489)	30,489
Contributions – employer	-	534,703	(534,703)
Contributions – employee	-	196,883	(196,883)
Net investment income	-	1,434,007	(1,434,007)
Benefits payments, including refunds of employee contributions	(741,448)	(768,773)	27,325
Administrative expense	-	(19,174)	19,174
Net changes	<u>1,551,317</u>	<u>1,021,639</u>	<u>529,678</u>
<b>Balance at June 30, 2017</b>	<u>\$ 18,079,479</u>	<u>\$ 14,131,995</u>	<u>\$ 3,947,484</u>

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 11 – DEFINED BENEFIT PENSION PLAN, continued

#### *Changes in the Net Pension Liability, continued*

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability/ Asset</u>
<u>Safety Plan</u>			
<b>Balance at June 30, 2016</b>	\$ 1,391,758	\$ 1,292,757	\$ 99,001
Changes in the year:			
Service cost	30,013	-	30,013
Interest on the total pension liability	100,041	-	100,041
Change of benefit terms	13	-	13
Change of Assumptions	85,077	-	85,077
Difference between expected and actual experience	5,866	-	5,866
Change in proportion	(64,469)	(66,154)	1,685
Net plan to plan resource movement	-	14,290	(14,290)
Contributions – employer	-	46,592	(46,592)
Contributions – employee	-	13,244	(13,244)
Net investment income	-	137,869	(137,869)
Benefits payments, including refunds of employee contributions	(68,163)	(86,664)	18,501
Administrative expense	-	(1,840)	1,840
Net changes	<u>88,378</u>	<u>57,337</u>	<u>31,041</u>
<b>Balance at June 30, 2017</b>	<u>\$ 1,480,136</u>	<u>\$ 1,350,094</u>	<u>\$ 130,042</u>

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

– The following presents the City's proportionate share of the net pension liability for the Miscellaneous and Safety Plans, calculated using the discount rate for the Plans, 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>Discount Rate Minus 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate Plus 1%</u>
<u>Employer's Net Pension Liability/(Asset)</u>			
Miscellaneous Plan	\$ 6,434,261	\$ 3,947,484	\$ 1,887,891
Safety Plan	<u>337,138</u>	<u>130,042</u>	<u>(39,248)</u>
<b>Total</b>	<u>\$ 6,771,399</u>	<u>\$ 4,077,526</u>	<u>\$ 1,848,643</u>

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 11 – DEFINED BENEFIT PENSION PLAN, continued

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

#### Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

**Annual Pension Cost** – For 2018, the City recognized net pension expense of \$846,082. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 817,106	\$ 62,335
Differences between expected and actual experience	10,403	88,238
Differences between projected and actual earnings on plan investments	184,287	-
Differences between the employer’s contributions and the employer’s proportionate share of contributions	-	391,071
Change in employer’s proportion	213,285	41,179
Pension contributions subsequent to the measurement date	183,115	-
Total	<u>\$ 1,408,196</u>	<u>\$ 582,823</u>

The \$183,115 deferred outflow of resources related to pension contributions made subsequent to the measurement will be recognized as a reduction of net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and deferred inflows will be recognized as pension expense as follows:

Year Ending June 30:	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2019	\$ 103,046	\$ (26,421)	\$ 76,625
2020	422,988	12,573	435,561
2021	231,171	8,198	239,369
2022	<u>(101,299)</u>	<u>(7,998)</u>	<u>(109,297)</u>
	<u>\$ 655,906</u>	<u>\$ (13,648)</u>	<u>\$ 642,258</u>



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. The City has elected to use the GASB 75 “lookback” method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017

**Plan Description** – In addition to providing pension benefits, the City provides certain health care benefits for retired employees. Classified employees retiring after 20 or more years of service and after having reached age 58 or older are provided medical insurance coverage until the retiree becomes eligible for Medicare. Unclassified employees retiring at age 55 or later with 20 or more years of service are paid \$300 per month for medical insurance coverage until the retiree becomes eligible for Medicare. Five retirees received post-retirement health care benefits during the fiscal year ended June 30, 2018.

**Contributions** – The contribution requirements of the City are established and may be amended by the City council. While GASB Statement 75 requires that the liability for all post-employment benefits be measured, it does not require that an agency “pre-fund” the accrued liability. The City will pay for the post-employment healthcare cost on a “pay-as-you-go” basis. The provisions of GASB Statement 75 determine the amount that must be presented as an annual expense and accrued liability on the City’s financial statements. The contributions made on behalf of the plan members for the year ended June 30, 2018 were \$38,738.

# CITY OF NEEDLES, CALIFORNIA

Notes to the Financial Statements  
June 30, 2018

## NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

*Significant Assumptions* – Significant assumptions are as follows:

Discount rate	3.56%
Expected return on plan assets	N/A
Inflation rate	2.75%
Mortality	Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.
Health care cost trend rate	6.80% for FY2018, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2075 and later years.  In addition, the medical trend rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.38% beginning calendar year 2031 for plans other than Medicare plans.

Participants eligible for OPEB were as follows:

	Valuation Date 6/30/2017
Active employees electing coverage	32
Active employees waiving coverage	3
Retirees electing coverage	4
Total	39

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements

June 30, 2018

### NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

#### Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2018 for the City.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability(Asset) (c) = (a) – (b)
Balance at June 30, 2017	\$ 1,260,633	-	\$ 1,260,633
Changes recognized for the measurement period:			
Service cost	45,161	-	45,161
Interest	37,348	-	37,348
Changes of assumptions	(59,030)	-	(59,030)
Employer contributions	-	53,510	(53,510)
Benefit payments	(53,510)	(53,510)	-
Net changes	(30,031)	-	(30,031)
Balance at June 30, 2018	\$ 1,230,602	\$ -	\$ 1,230,602

#### Sensitivity of the City's Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 2.56%	Discount Rate 3.56%	1% Increase 4.56%
Net OPEB liability	\$ 1,324,120	\$ 1,230,602	\$ 1,144,148

#### Sensitivity of the City's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Net OPEB liability	\$ 1,125,037	\$ 1,230,602	\$ 1,351,082



## CITY OF NEEDLES, CALIFORNIA

### Notes to the Financial Statements June 30, 2018

#### NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY, continued

##### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions between measurement date and reporting date	\$ 38,738	\$ --

Deferred outflows from contributions between measurement date and reporting date will be recognized as OPEB expense in the year ended June 30, 2019.

##### Net OPEB Expense

For the year ended June 30, 2018, the City's OPEB expense was \$23,479. Detail of the expense is shown below:

Service Cost	\$ 45,161
Interest Cost	37,348
Changes of assumptions	(59,030)
Net OPEB Expense	<u>\$ 23,479</u>

#### NOTE 13 – RELATED PARTY TRANSACTIONS

The City acts as the manager and operator of the Needles Public Utility Authority's (NPUA) water, sewer, and electrical enterprises under a management agreement. The management agreement is extended for one year on July 1<sup>st</sup> of each year, unless either party notifies the other that it does not intend to extend the term of the agreement.

The City receives a management fee equal to its actual costs and direct overhead incurred in connection with the management and operation of NPUA's enterprises. The management fee for the fiscal year ended June 30, 2018 totaled \$7,081,633.

The City also collects an annual franchise fee from NPUA in exchange for rights of access to real property owned by the City and necessary for NPUA to operate the enterprises. The amount of the franchise fee is determined by the City and is subordinate to NPUA's debt service. In August 2010, the NPUA Board approved an increase in the franchise fee from 5.0% of gross revenues to 7.5% of gross revenues for two years, and then 5.0% thereafter.

In November 2012, the voters of the City of Needles approved Measure T eliminating 2.5% of the franchise fee that the City charges to NPUA and established a utility user tax of up to 2.5% to be applied to electric, water, and sewer charges. The franchise fee and utility tax for the fiscal year ended June 30, 2018 totaled \$810,327.

# CITY OF NEEDLES, CALIFORNIA

## Notes to the Financial Statements June 30, 2018

### NOTE 14 – PRIOR PERIOD ADJUSTMENTS

The following table is a summary of the restatement of beginning fund balances/net position:

	General Fund	Other Governmental Funds	Public Utility Authority	Golf Course	Internal Service Funds
Fund balance, net position, net position held in trust, beginning of year, as originally reported:	\$ 2,645,658	\$ 2,647,952	\$ 10,200,308	\$ (1,619,583)	\$ 6,067,064
Add hospital cash to General Fund *	407,305	-	-	-	-
Adjustment to due to/from other funds	210,892	-	(2,076,221)	-	(1,734,816)
Adjustment to receivables	(72,916)	-	-	-	-
Reclassify utility purchase agreement to advance receivable/payable	9,755,930	-	(9,755,930)	-	-
Reclassify advance receivable to Governmental fund statements	-	(937,835)	-	-	-
Adjustment to record beginning balance of OPEB liability	-	-	(502,646)	(90,172)	-
Adjustment to capital assets	-	-	3,028,800	-	-
Adjustment to compensated absences	-	24,759	-	-	-
Adjustment to intangible assets	-	-	549,050	-	-
Adjustment to unavailable revenue	248,015	8,108	-	-	-
Adjustment to beginning balance of net pension accounts	-	-	(127,888)	(212,384)	-
Other miscellaneous	-	(44,132)	427,416	-	-
Total Adjustments	<u>10,549,226</u>	<u>(949,100)</u>	<u>(8,457,419)</u>	<u>(302,556)</u>	<u>(1,734,816)</u>
Fund balance/net position/net position held in trust, beginning of year, restated	<u>\$ 13,194,884</u>	<u>\$ 1,698,852</u>	<u>\$ 1,742,889</u>	<u>\$ (1,922,139)</u>	<u>\$ 4,332,248</u>

\* \$350,000 was reserved to pay off the unfunded liability pension costs for the former hospital employees.

	Governmental Activities	Business-Type Activities	Total
Net position, beginning of year, as originally reported	\$ 20,054,591	\$ 12,411,904	\$ 32,466,495
Adjustment from fund statements	9,600,126	(10,494,791)	(894,665)
Adjustments to record beginning balance of OPEB liability	(614,305)	-	(614,305)
Adjustment to beginning balance of net pension accounts	212,384	-	212,384
Adjustment to beginning balance of advances	1,626,474	-	1,626,474
Adjustment to beginning balance of accrued interest	583,362	-	583,362
Adjustment to beginning balance of other liabilities	(40,291)	-	(40,291)
Adjustment to compensated absences	(24,759)	-	(24,759)
Adjustment to beginning balance of bonds payable	(299,146)	-	(299,146)
Adjustment to restate the beginning balance of capital assets	<u>320,648</u>	<u>1,205,317</u>	<u>1,525,965</u>
Total Adjustments	<u>11,364,493</u>	<u>(9,289,474)</u>	<u>2,075,019</u>
Net position, beginning of year, restated	<u>\$ 31,419,084</u>	<u>\$ 3,122,430</u>	<u>\$ 34,541,514</u>

**CITY OF NEEDLES, CALIFORNIA**

**Notes to the Financial Statements  
June 30, 2018**

**NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS – MANAGEMENT REVIEW**

Management has evaluated subsequent events through March 26, 2019, the date which the financial statements were available to be issued. There were no such events requiring accrual or disclosure in the accompanying financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NEEDLES**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Budgetary fund balance July 1, 2017, restated	\$ 13,194,884	\$ 13,194,884	\$ 13,194,884	\$ -
Resources (inflows):				
Taxes	2,947,423	2,947,423	3,058,454	111,031
Licenses, permits and fees	439,373	439,373	411,979	(27,394)
Charges for services	46,250	46,250	169,662	123,412
Fines and forfeitures	64,500	64,500	74,204	9,704
Use of money and property	73,113	73,113	98,372	25,259
Transfers from other funds	1,705,658	1,705,658	1,514,130	(191,528)
Other revenues	74,950	74,950	11,801	(63,149)
Amounts available for appropriation	18,546,151	18,546,151	18,533,486	(12,665)
Charges to appropriations (outflows):				
General government:				
City attorney	75,000	75,000	76,457	(1,457)
City manager	149,291	153,937	113,153	40,784
Finance and administration	258,257	258,257	261,982	(3,725)
City clerk	65,409	85,932	74,626	11,306
Planning and zoning	171,612	110,961	(27,202)	138,163
Engineer	189,664	189,664	99,592	90,072
Community development	32,500	31,898	27,757	4,141
Senior center	48,584	51,030	38,160	12,870
Parks and recreation:				
Aquatics	159,229	171,788	144,743	27,045
Parks	284,346	336,043	306,463	29,580
Recreation	240,425	248,402	245,706	2,696
Jack Smith Park Marina	95,043	95,543	-	95,543
El Garces	26,144	26,144	-	26,144
Public safety:				
Police	2,329,580	2,336,338	2,328,514	7,824
Fire	-	1,737	1,737	-
Animal control	148,233	153,844	146,954	6,890
Code enforcement	138,445	184,516	170,740	13,776
Building and safety	154,021	253,026	201,766	51,260
Public works:				
Streets	510,982	510,982	464,511	46,471
Sanitation	117,859	117,859	106,250	11,609
Nondepartmental:				
Transfers to other funds	58,477	145,866	109,476	36,390
Total charges to appropriations	5,253,101	5,538,767	4,891,385	647,382
Budgetary fund balance June 30, 2018	\$ 13,293,050	\$ 13,007,384	\$ 13,642,101	\$ 634,717

**CITY OF NEEDLES  
GENERAL FUND  
RECONCILIATION BETWEEN BUDGETARY AMOUNTS AND GAAP  
FOR THE YEAR ENDED JUNE 30, 2018**

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

**Sources/inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 18,533,486
--	---------------

Difference - budget to GAAP:

The fund balances at the beginning of the year are budgetary resources but are not current-year revenues for financial reporting purposes	(13,194,884)
---	--------------

Transfers in are budgetary resources but are reported as an "Other financing source" and not as a current-year revenue	<u>(1,514,130)</u>
---	--------------------

Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,824,472</u>
---	---------------------

**Charges to appropriations**

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 4,891,385
--	--------------

Transfers out are a budgetary charge to appropriations but are reported as an "Other financing use" and not as a current-year expense	<u>(109,476)</u>
---	------------------

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 4,781,909</u>
---	---------------------



**CITY OF NEEDLES**  
**BUDGETARY COMPARISON SCHEDULE**  
**PUBLIC FINANCING AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Budgetary fund balance July 1, 2017	\$ 164,197	\$ 164,197	\$ 164,197	\$ -
Resources (inflows):				
Use of money and property	-	-	53,538	(53,538)
Amounts available for appropriation	164,197	164,197	217,735	(53,538)
Charges to appropriations (outflows):				
Interest and fiscal charges	-	-	53,062	(53,062)
Total charges to appropriations	-	-	53,062	(53,062)
Budgetary fund balance June 30, 2018	<u>\$ 164,197</u>	<u>\$ 164,197</u>	<u>\$ 164,673</u>	<u>\$ 476</u>

**Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues:**

**Sources/inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 217,735
Difference - budget to GAAP:	
The fund balances at the beginning of the year are budgetary resources but are not current-year revenues for financial reporting purposes	<u>(164,197)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 53,538</u>

**CITY OF NEEDLES**  
**Required Supplementary Information**  
**Pensions - Miscellaneous Plan**  
**June 30, 2018**

**Schedule of the City's proportionate share of the  
Net Pension Liability:**

Last 10 Fiscal years\*

Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	0.10014%	0.09839%	0.08325%	0.03302%
City's proportionate share of the net pension liability	\$3,947,484	\$3,417,806	\$2,283,923	\$2,054,707
City's covered payroll	2,183,340	2,150,169	2,129,947	2,347,411
City's proportionate share of the net pension liability as a percentage of its covered payroll	180.80%	158.96%	107.23%	87.53%
Plan Fiduciary net position as a percentage of the total pension liability	78.17%	79.32%	85.73%	87.06%

**CALPERS - Schedule of City's contributions:**

Last 10 Fiscal Years\*

Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 386,723	\$ 363,108	\$ 357,824	\$ 174,760
Contributions in relation to the actuarially determined contribution	386,723	363,108	357,824	174,760
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,183,340	\$ 2,150,169	\$ 2,129,947	\$ 2,347,411
Contributions as a percentage of covered payroll	17.71%	16.89%	16.80%	7.44%

\* Fiscal year ended June 30, 2015 was the first year of implementation.

Additional years will be presented as they become available.

**CITY OF NEEDLES**  
**Required Supplementary Information**  
**Pensions - Safety Plan**  
**June 30, 2018**

**Schedule of the City's proportionate share of the  
Net Pension Liability:**

Last 10 Fiscal years\*

Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	0.00218%	0.00191%	0.00026%	0.00000%
City's proportionate share of the net pension liability	\$130,042	\$99,001	\$10,757	\$0
City's covered payroll	-	-	-	-
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan Fiduciary net position as a percentage of the total pension liability	91.21%	92.89%	99.23%	N/A

**CALPERS - Schedule of City's contributions:**

Last 10 Fiscal Years\*

Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 4,758	\$ -	\$ 4,120	\$ -
Contributions in relation to the actuarially determined contribution	4,758	-	4,120	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

\* Fiscal year ended June 30, 2015 was the first year of implementation.

Additional years will be presented as they become available.



**CITY OF NEEDLES**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**June 30, 2018**

Last 10 Fiscal years\*

	<u>2018</u>
Net OPEB liability	
Service cost	\$ 45,161
Interest	37,348
Change in assumptions	(59,030)
Benefit payments	<u>(53,510)</u>
Net change in Net OPEB liability	(30,031)
 Net OPEB liability - beginning	 <u>1,260,633</u>
 Net OPEB liability - ending	 <u><u>\$ 1,230,602</u></u>
 Covered payroll	 \$ 2,433,924
Net OPEB liability (asset) as a percentage of covered payroll	50.6%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

\* Fiscal year ended June 30, 2018 was the first year of implementation.  
Additional years will be presented as they become available.

## **COMPLIANCE SECTION**



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

To the City Council  
City of Needles, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Needles, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-004 that we consider to be material weaknesses.



Board of Directors  
City of Needles  
Needles, California

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-004.

### **The City of Needles' Response to Findings**

The City of Needles' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Needles' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result 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.

Fechter & Company,  
Certified Public Accountants



Sacramento, California  
March 26, 2019



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

To the City Council  
City of Needles, California

**Report on Compliance for Each Major Federal Program**

We have audited City of Needles, California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Needles, California's major federal programs for the year ended June 30, 2018. City of Needles, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Needles, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Needles, California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Needles, California's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Needles, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



Board of Directors  
City of Needles  
Needles, California

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

The City of Needles' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Needles' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of City of Needles, California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Needles, California's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Needles, California's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-004 that we consider to be material weaknesses.



The City of Needles' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Needles' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Fechter & Company,  
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs".

Sacramento, California  
March 26, 2019

**CITY OF NEEDLES, CALIFORNIA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Transportation</u></b>		
<b>Direct Program:</b>		
Highway Planning and Construction	20.205	<u>\$ 1,451,805</u>
<b>Total U.S. Department of Transportation</b>		<u>1,451,805</u>
<b>Total Expenditures</b>		<u><u>\$ 1,451,805</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

## **CITY OF NEEDLES, CALIFORNIA**

### **Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018**

#### **NOTE 1 – BASIS OF PRESENTATION**

The City of Needles, California was incorporated on October 30, 1913 as a General Law City. The City became a Charter City on January 28, 1959. All significant operations of the City of Needles, California are included in the scope of the Uniform Guidance audit (the "Single Audit"). The U.S. Department of Transportation has been designated as the City of Needles, California's cognizant agency for the Single Audit.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Basis of Accounting**

For purposes of this report, certain accounting procedures were followed which help illustrate the authorizations and expenditures of the individual programs. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. All authorizations represent the total allotments or grant awards received. All expenses and capital outlays are reported as expenditures.

Any Federal funds expended in excess of Federal funds received are recorded as a receivable from the grantor agency and any Federal funds received in excess of Federal funds expended are recorded as a payable to the grantor agency.

##### **B. Indirect Cost Allocation**

The City of Needles, California has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. In addition, the City does not have an approved Cost Allocation Plan in connection with Federal project because the City was unable to charge indirect costs to the project for the for fiscal year ended June 30, 2018.



## CITY OF NEEDLES, CALIFORNIA

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

##### Financial Statements

Type of auditor’s report issued:	Modified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

##### Federal Awards

Type of auditor’s report issued on compliance for Major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Guidance, at 1 CFR Part 200.515 (d)(1)(vi)	Yes
Identification of Major Program:	
Highway Planning and Construction CFDA No. 20.205	
Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

#### SECTION II - FINANCIAL STATEMENT FINDINGS

The following finding represents a material weakness that is required to be reported in accordance with generally accepted government auditing standards.

##### Finding 2018-001

##### **Capital Asset Records**

##### Criteria

GASB Statement No. 34 requires the cost of capital assets to be capitalized and depreciated over their useful lives in the City’s government-wide statements.

## **CITY OF NEEDLES, CALIFORNIA**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018**

#### **SECTION II - FINANCIAL STATEMENT FINDINGS (continued)**

##### **Finding 2018-001 (continued)**

##### **Capital Asset Records (continued)**

##### **Condition**

During the audit, we requested the City to provide us a City-wide depreciation schedule that agreed to the general ledger. The City informed us that they did not maintain a City-wide depreciation schedule and referred us to the predecessor auditor. We requested the schedule from the predecessor auditor and he provided us a schedule. However, the schedule was incomplete and did not agree to the prior year financial statements. In addition, we noted that in the past infrastructure has not been depreciated, which is not in conformity with generally accepted accounting principles (GAAP).

##### **Context**

The condition noted above was identified during our test of capital assets.

##### **Cause**

The City has always relied on the outside auditor to maintain its listing of capital assets and depreciation schedule.

##### **Effect of Condition**

Without reliable capital asset record keeping in place, capital asset balances cannot be relied upon. Capital assets comprise a significant portion of the City's assets. In absence of a reliable capital asset system, the City's net position cannot be accurately stated. The City will continue to receive a modified opinion on its financial statements until this condition is remedied.

##### **Recommendation**

We recommend that the City obtain a capital asset valuation on its assets acquired prior to July 1, 1987. In addition, the City should determine which parcels of land it owns. We also recommend that a complete inventory of its capital assets be performed. Going forward, the City should assume the tracking of its own capital assets and maintain a complete depreciation schedule, rather than rely on the outside auditor to do so, and record all capital assets transactions in the general ledger.

##### **Views of responsible officials and planned corrective actions**

The City has always relied on the outside City and NPUA auditors to maintain its listing of capital assets and depreciation schedule. The NPUA auditors provide adjusting entries which included depreciation and capital assets adjustments.

## **CITY OF NEEDLES, CALIFORNIA**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018**

#### **SECTION II - FINANCIAL STATEMENT FINDINGS (continued)**

##### **Finding 2018-001 (continued)**

##### **Capital Asset Records (continued)**

##### **Views of responsible officials and planned corrective actions (continued)**

We will need to post year end adjusting entries on the City side to update the beginning balances due to the transition year with the new firm and to be more proactive in fixed asset reporting. Many cities do not have adequate accounting of all the City's streets especially things that are ongoing or that date far back, these are difficult to account for property as was also stated by our previous auditors.

##### **Finding 2018-002**

##### **Record Audit Adjustments**

##### **Criteria**

The City's general ledger should contain balances and transactions that are complete, current, and as accurate as reasonably possible. A general ledger which meets these criteria can be used in effective financial analysis, including budget to actual reviews, and will contribute to management's efforts to meet operational and financial goals.

##### **Condition**

During the audit, we noted that some of the prior year's audit adjustments had not been recorded in the City's general ledger. This resulted in beginning equity not reconciling to the prior year's audited amounts without significant adjustments. We had to record approximately 30 audit adjustments in order to reconcile beginning equity.

##### **Context**

The condition noted above was identified while trying to reconcile the beginning equity of each fund to the prior year ending equity.

##### **Cause**

The City has not had a process to record all audit adjustments or other adjustments for the financial statements in the general ledger.



## **CITY OF NEEDLES, CALIFORNIA**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018**

#### **SECTION II - FINANCIAL STATEMENT FINDINGS (continued)**

##### **Finding 2018-002 (continued)**

###### **Record Audit Adjustments (continued)**

###### **Effect of Condition**

By not recording audit adjustments, the City's general ledger will not agree to the financial statements and will make reconciling beginning equity more difficult. In addition, management will not have ready access to current, updated financial information for financial analysis and review.

###### **Recommendation**

We recommend that audit adjustments be posted in the general ledger. The City may choose to record them in the fiscal year under audit or in the subsequent fiscal year, depending on their policy as well as system limitations that may be in place.

###### **Views of responsible officials and planned corrective actions**

Adjusting entries from the NPUA and Transit auditors are provided every year and posted accordingly. The City will continue to request, and post auditors recommended adjusting entries after the audits are completed. We will need to post year end adjusting entries on the City side to update the beginning balances due to the transition year with the new firm.

##### **Finding 2018-003**

###### **Unavailable (Deferred) Revenue**

###### **Criteria**

Under the modified accrual basis of accounting which is used to account for the City's governmental funds as required by generally accepted accounting principles (GAAP), income that has been earned must be reported as a receivable regardless of whether it has been collected within sixty days following the close of the City's fiscal year end. Receivables that are not collected within the sixty days following the close of the City's fiscal year end should be reported as unavailable revenue.

###### **Condition**

During the audit, we inquired about an outstanding balance of \$248,015 in unavailable revenue at June 30, 2018. Management's response was that it was an old balance dating back to 2002 that should have been written off.

###### **Context**

The condition noted above was identified during our test of unavailable revenue.

## **CITY OF NEEDLES, CALIFORNIA**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018**

#### **SECTION II - FINANCIAL STATEMENT FINDINGS (continued)**

##### **Finding 2018-003 (continued)**

##### **Unavailable (Deferred) Revenue (continued)**

###### **Cause**

The City does not have a process to review outstanding balances at year-end in its unavailable revenue accounts.

###### **Effect of Condition**

By not reviewing and updating unavailable revenue balances at year-end, the City's financial statements may be materially misstated.

###### **Recommendation**

We recommend that the City consider additional steps in its year-end closing process to review all unavailable revenue balances to ensure material misstatements do not occur.

###### **Views of responsible officials and planned corrective actions**

The City identified an incorrect balance from 2002 and discussed having an adjusting journal entry included in the FY 17 adjusting entries from the City auditors to correct it. Final Adjusting entries from the previous City auditors were not provided to the City and the balance carried forward another year. The City reviews and adjusts other deferred and accrued revenue each year in June and will continue to do so.

#### **SECTION III - FEDERAL AWARDED FINDINGS AND QUESTIONED COSTS**

##### **Finding 2018-004**

##### **Capital Assets Reporting and Maintenance**

Program: Highway Planning and Construction

CFDA No. 20.205

Federal Agency: U.S. Department of Transportation

Award Year: June 30, 2018

Compliance Requirements: Reporting, Equipment and Real Property Management

## CITY OF NEEDLES, CALIFORNIA

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

#### SECTION III - FEDERAL AWARDED FINDINGS AND QUESTIONED COSTS (continued)

##### Finding 2018-004 (continued)

##### **Capital Assets Reporting and Maintenance (continued)**

##### Condition

Material Weakness - As discussed at Finding 2018-001, during the audit of the City, we requested the City to provide us a City-wide depreciation schedule that agreed to the general ledger. The City could support the expenditures reported in connection with the Federal award in the Schedule of Federal Expenditures, but the City does not maintain a depreciation schedule that that can be reconciled to the total Federal expenditures reported under the Federal award. This includes highway project real estate and equipment purchased with Federal funds.

##### Criteria

In accordance with §200.62 of the Uniform Guidance titled *Internal Control over Compliance Requirements for Federal awards*, "Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and
  - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

In accordance with the *Maintenance* requirements under FTA C 5010.1E (3), Real property must be appropriately maintained. A description of the improvements, expansions, retrofits, and maintenance of real property must be properly documented in the facility inventory along with parcel address or location, useful life, date placed in service, original acquisition cost and federal percentage of cost in order to accurately determine an equitable valuation of federal interest at the time of early disposition of the asset.

##### Cause

Although the City's policies and procedures require the City to prepare financial reports documenting land and equipment purchases during the year in a depreciation schedule or a similar document, the City does not follow these procedures and relies on the external auditors to prepare a depreciation to satisfy the land and equipment purchases.



## **CITY OF NEEDLES, CALIFORNIA**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018**

#### **SECTION III - FEDERAL AWARDED FINDINGS AND QUESTIONED COSTS (continued)**

##### **Capital Assets Reporting and Maintenance (continued)**

###### **Finding 2018-004 (continued)**

###### **Effect**

Without reliable capital asset record keeping in place, capital asset balances cannot be relied upon and the City's current process is not designed to provide reasonable assurance regarding the achievement of the financial reporting and accountability over land and equipment purchased with Federal awards. In addition, any future disposition of capital assets, specifically with Federal funds, may not be accounted in accordance with Federal laws and regulations.

###### **Context**

The total Federal awards of \$1,405,880 for the fiscal year was selected for compliance testing. None of which was recorded in a depreciation schedule prepared by the City. Our review was representative of the population of total Federal purchases for the year ended June 30, 2018.

###### **Recommendation**

We recommend that the City determine which parcels of land were purchased with Federal funds. Once the parcels have been identified, the City should complete inventory of its capital assets purchased with Federal awards. In addition, the City should track its own capital assets and maintain a complete depreciation schedule, rather than rely on the outside auditor to do so, and record all capital assets transactions in the general ledger.

###### **Views of Responsible Officials and Planned Corrective Actions**

The City has always relied on the outside City and NPUA auditors to maintain its listing of capital assets and depreciation schedule. The NPUA auditors provide adjusting entries which included depreciation and capital assets adjustments. We will need to post year end adjusting entries on the City side to update the beginning balances due to the transition year with the new firm and to be more proactive in fixed asset reporting.

#### **SECTION IV - STATUS OF PRIOR YEAR FINDINGS**

No findings in the prior year.



## City of Needles, California Request for Council Action

☒ CITY COUNCIL/NPUA ☐ Board of Public Utilities ☒ Regular ☐ Special

**Meeting Date** April 9, 2019

**Title:** Adjustment in wastewater system operator EUSI, LLC's remuneration by the change in the Consumer Price Index ("CPI") December 2016 to December 2018 as per Section 4.1 of the certain *Agreement for Wastewater System Operation* dated December 1, 2012.

**Background:** Section 4.1 in the Agreement states *The guaranteed annual contract value for the Basic Services for certified operation and maintenance services during the next two (2) years will be adjusted by the change in the applicable consumer price index (as published by the bureau of labor statistics for all urban consumers all items) over the term of the previous two-year contract period. EUSI will provide this type of a guaranteed annual contract value for Basic Services for certified operation and maintenance services adjusted by the change in the above consumer price index over the term of the previous two year contract period at the two (2) year anniversary of each of the remaining contract periods*

**Period Subject to Determination:** The percentage difference in the CPI at December 2016 and the CPI at December 2018. See attached Bureau of Labor Statistics All-Urban Consumers table for 2009 to 2019.

**Calculation of CPI:** The period covered should be December 2016 over December 2018.

December 2016	241.432
December 2018	251.233
Change $251.233/241.432 =$	1.0405 or an increase of 4.05%

**Calculation of Dollar Impact:**

Base Contract Monthly Amount:	\$25,220.26
Multiplier Percentage	<u>1.0405</u>

# 4



## City of Needles, California Request for Council Action

New Monthly Contract Amount: \$26,244.08

Less: Current Monthly Contract Amount: \$25,220.26

Monthly Increase: \$ 1,023.82

January to March 2017 Catch-Up X 3 mos.

Amount Due EUSI: \$ 3,071.46

The Board of Public Utilities approved the recommended action on April 2, 2019.

**Fiscal Impact:** An additional increase to the annual wastewater EUSI contract of \$12,285. Impact for FY18/19 is an increase of \$6,142.00

**Environmental Impact:** N/A

**Recommended Action:** Retroactively approve to January 1, 2019 the 4.05% increase in remuneration for EUSI, LLC, which increase is called out in Section 4.1 of the *Agreement for Wastewater System Operations*

**Submitted By:** Rainie Torrance, Senior Accountant

**City Management Review:** Rick

**Date:** 4/4/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 4



# Consumer Price Index Historical Tables for U.S. City Average

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)  
(not seasonally adjusted)

ALL ITEMS (1982-84=100)		U.S. City Average											
Consumer Price Index		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009		211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949
2010		216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179
2011		220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672
2012		226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601
2013		230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049
2014		233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812
2015		233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525
2016		236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432
2017		242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524
2018		247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233
2019		251.712	252.776										

[https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical\\_us\\_table.htm](https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm) (Date: 3-18-19)



EUSI, LLC  
4501 W. Tierra Buena Ln.  
Glendale, AZ 85306  
Phone 602-300-7946

March 19, 2019

Mr. Rick Daniels  
City Manager  
City of Needles  
817 3rd St.  
Needles, CA 92363

RE: EUSI, LLC CPI increase request for the contract wastewater operations

Mr. Daniels,

EUSI, LLC has been honored to serve the City of Needles with the operation of its wastewater facilities. It is our desire to continue to do so and provide a high level of service to the City as an extension of your staff to manage and steward the City's and citizens assets and resources.

There is a provision within our operational agreement with the City for an adjustment in contract value every two years based upon the consumer price index. Therefore, EUSI would like to formally request a contract value increase based upon Section 4.1 in the agreement which states: *The guaranteed annual contract value for the Basic Services for certified operation and maintenance services during the next two (2) years will be adjusted by the change in the applicable consumer price index (as published by the bureau of labor statistics for all urban consumers all items) over the term of the previous two-year contract period. EUSI will provide this type of a guaranteed annual contract value for Basic Services for certified operation and maintenance services adjusted by the change in the above consumer price index over the term of the previous two year contract period at the two (2) year anniversary of each of the remaining contract periods.*

Based upon how this has been calculated previously the increase would be figured from December 2016 which was 241.432 to December 2018 which is 251.233. Here is the link to the BLS for the current report [https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical\\_us\\_table.htm](https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm).

Calculated out this would be:  $251.233/241.432 = 1.0405$  or an increase of 4.05%.

New Monthly Contract Amount:	\$26,244.08
Current Monthly Contract Amount:	\$25,220.26
This is a difference of:	\$1,023.82/month

Please let me know if you have any questions regarding this request. You may reach me by email at [hendrickskris7@gmail.com](mailto:hendrickskris7@gmail.com) or by mobile phone at 602-300-7946

Sincerely,



Kris Hendricks, EUSI, LLC  
Managing Member





## City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ SARDA

☒ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Warrants

**Background:** n/a

**Fiscal Impact:** n/a

**Recommended Action:** **APPROVE**, the Warrants Register through April 9, 2019.

**Submitted By:** Sylvia Miledi, Director of Finance

**City Management Review:** Rick

**Date:** 4/4/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 5

CITY OF NEEDLES CITY COUNCIL			YR. TO DATE					
WARRANT SUMMARY TOTALS FOR APRIL 9, 2019			4/9/2019	18-19 BUDGET				
		DEPT. AMT.	FUND AMT.					
FUND 101	GENERAL FUND	\$8,439.20						
101.1015.412	CITY ATTORNEY			\$57,330.03	\$85,000.00			
101.1020.413	CITY MANAGER	\$1,839.25		\$86,055.51	\$156,991.00			
101.1025.415	FINANCE DEPT.	\$891.10		\$166,983.36	\$297,769.00			
101.1030.414	CITY CLERK/COUNCIL/MAYOR	\$246.30		\$49,788.10	\$65,388.00			
101.1035.416	PLANNING /ZONING	\$171.58		\$37,475.08	\$95,227.00			
101.1040.417	ENGINEERING			\$54,385.13	\$144,416.00			
101.1060.410	COMMUNITY PROMOTIONS			\$3,760.75	\$21,350.00			
101.1070.410	SENIOR CENTER	\$1,105.48		\$476,856.57	\$912,694.00			
101.2010.421	SHERIFF	\$202,161.00		\$2,073,423.29	\$2,497,833.00			
101.2015.422	FIRE							
101.2020.423	ANIMAL SHELTER/CONTROL	\$325.30		\$92,446.34	\$152,779.00			
101.2025.424	BUILDING & SAFETY	\$229.70		\$119,690.00	\$256,584.00			
101.2030.423	CODE ENFORCEMENT	\$210.30		\$2,394,160.94	\$3,169,635.00			
101.3010.431	PUBLIC WORKS	\$8,879.08		\$257,979.20	\$499,394.00			
101.4730.472	SANITATION	\$98.27		\$75,521.66	\$123,099.00			
101.5770.452	AQUATICS	\$1,658.06		\$68,581.36	\$149,719.00			
101.5772.452	PARKS	\$1,551.34		\$217,761.04	\$351,757.00			
101.5774.452	RECREATION	\$1,499.32		\$459,277.76	\$744,664.00			
GENERAL FUND	TOTAL ALL DEPARTMENTS		\$229,305.28	\$3,901,057.13	\$5,835,700.00			
FUND 205	CDBG		\$ 102.94	\$20,863.32	\$121,692.00			
FUND 206	CEMETERY		\$2,088.95	\$62,199.28	\$99,518.00			
FUND 209	NARCOTICS FORFEITURE				\$9,777.00			
FUND 210	SPECIAL GAS TAX			\$88,966.00	\$199,616.00			
FUND 212	AIR QUALITY (MDAQD)			\$16,606.95	\$16,607.00			
FUND 214	SANBAG NEW LOCAL MEAS I				\$1,000.00			
FUND 225	COPS-AB 3229 SUPPLEMENTAL			\$85,047.24	\$240,000.00			
FUND 233	JACK SMITH PK.MARINA		\$186.03	\$60,602.81	\$99,089.00			
FUND 235	INTERSTATE COMM/140 J ST.							
FUND 239	CA.CONSERV RECYLING GRANT			\$3,495.97	\$8,475.00			
FUND 240	EL GARCES INTERMODAL							
FUND 243	ACTIVE TRANSPORT PROGRAM			\$419,357.00	\$421,225.00			
FUND 270	REDEVELOPMENT AGENCY		\$1,447.50	\$257,249.17	\$309,015.00			
FUND 470	RDA CAP PROJ.LOW & MOD.				\$5,000.00			
FUND 501	NPUA		\$804.82	\$9,406,227.70	\$13,516,192.00			
FUND 502	WATER DEPARTMENT		\$15,803.77	\$927,611.59	\$1,460,434.00			
FUND 503	WASTEWATER DEPARTMENT		\$29,665.83	\$716,959.89	\$1,082,771.00			
FUND 505	SANITATION		\$74,267.76	\$781,959.58	\$1,175,000.00			
FUND 506	ALL AMERICAN CANAL PROJ.			\$683,436.86	\$764,872.00			
FUND 507	GOLF FUND			\$382,545.57	\$528,855.00			
FUND 507.5761.453	GOLF MAINTENANCE DEPARTMENT	\$2,743.97		\$363,074.78	\$528,855.00			
FUND 507.5762.454	GOLF PRO SHOP DEPARTMENT	\$1,651.49		\$505,174.56	\$738,646.00			
FUND 507	GOLF FUND TOTAL		\$4,395.46	\$305,849.06	\$737,580.00			
FUND 508	CUST.SVC/UT BUSINESS OFFICE		\$346.59	\$152,036.13	\$321,662.00			
FUND 509	MIS		\$7,475.75	\$50,577.10	\$132,312.00			
FUND 510	ADMIN. FACILITY		\$4,845.72	\$103,984.67	\$158,718.00			
FUND 511	FLEET MANAGEMENT		\$4,356.09	\$135,011.45	\$278,735.00			
FUND 512	VEHICLE REPLACEMENT			\$233,909.05	\$405,477.00			
FUND 520	SR DIAL A RIDE		\$42.34	\$46,153.44	\$211,332.00			
FUND 521	DIAL-A-RIDE MEDICAL TRANS.		\$17.74	\$21,051.17	\$32,383.00			
FUND 525	NEEDLES AREA TRANSIT (NAT)		\$8,645.85	\$390,248.43	\$538,043.00			
FUND 580	ELECTRIC		\$17,497.48	\$4,479,206.35	\$5,829,753.00			
FUND 581	NPUA CAPITAL ELECTRIC			\$133,360.00	\$69,304.00			
FUND 582	NPUA CAPITAL WATER			\$33,828.06	\$150,064.00			
FUND 583	NPUA CAPITAL WASTEWATER			-\$30,107.43	\$7,450.00			
FUND 585	HOSPITAL							
FUND 650	IMPACT FEES NORTH NEEDLES			\$4,310.00	\$26,873.00			
FUND 651	IMPACT FEES SOUTH AREAS			\$45,310.00	\$65,072.00			
TOTAL	ALL FUNDS & DEPARTMENTS		\$ 401,295.90	\$31,478,639.00	\$45,851,396.00			
I certify that the expenditures/purchases to be paid by the warrants on this list have complied with the provisions of the City Code Chapter 8, Article II, Purchasing; and further, the funds to cover these purchases/expenditures, as City Audited, are included within the City Council approved and amended FY 2018/2019 Budget.								
Rick Daniels, City Manager			Sylvia Miledi, Director of Finance			Date		
Kippy Poulson, City Treasurer						Date		



PROGRAM: GM348U  
CITY OF NEEDLES  
BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

CHECK NUMBER	VENDOR NUMBER	SEQ#	VENDOR NAME	CHECK DATE	CHECK AMOUNT	DISCOUNTS/ RETAINAGE TAKEN
7774	342	00	ABC FIRE EXTINGUISHER CO.	04/09/2019	2,243.34	.00
7775	1	00	ANDRADE, MARIE	04/09/2019	12.84	.00
7776	1	00	BARNARD PIPELINE, INC	04/09/2019	159.78	.00
7777	2629	00	BARNON PEST CONTROL	04/09/2019	170.00	.00
7778	3313	00	BLUE RIVER WATER CORP.	04/09/2019	81.00	.00
7779	87	00	BLUETARP CREDIT SERVICES	04/09/2019	19.98	.00
7780	3595	00	BOOT BARN	04/09/2019	119.06	.00
7781	3479	00	BSBW	04/09/2019	181.05	.00
7782	3392	00	BUG EMERGENCY INC.	04/09/2019	35.00	.00
7783	1607	00	C & D FEEDS	04/09/2019	236.84	.00
7784	2245	00	CALIFORNIA RURAL WATER ASSOC.	04/09/2019	777.00	.00
7785	1	00	CHASE, AMANDA M.	04/09/2019	118.38	.00
7786	3095	00	CINTAS	04/09/2019	VOID	.00
7787	3095	00	COLORADO RIVER PLUMBING INC.	04/09/2019	11,378.36	.00
7788	2590	00	COPIER SOURCE	04/09/2019	464.00	.00
7789	2957	00	CRAWFORD, JEFF	04/09/2019	230.40	.00
7790	1	00	CURTIS DEVINE	04/09/2019	8.16	.00
7791	1	00	DANA KEPNER COMPANY INC.	04/09/2019	54.83	.00
7792	2934	00	DANIEL'S SEPTIC PORTABLE TOILETS	04/09/2019	1,311.93	.00
7793	2875	00	DELL MARKETING L.P.	04/09/2019	850.00	.00
7794	2487	00	DESERT INDUSTRIAL SUPPLY INC.	04/09/2019	1,839.25	.00
7795	424	00	DIAMOND PURE WATER	04/09/2019	127.79	.00
7796	3580	00	DOI-BOR-REGION: LOWER COLORADO	04/09/2019	21.50	.00
7797	501	00	DONNA MCCORKLE	04/09/2019	11,904.38	.00
7798	1	00	EMPIRE SOUTHWEST	04/09/2019	19.40	.00
7799	2653	00	ERIN MANOR APTS/YEO	04/09/2019	2,458.92	.00
7800	1	00	EUSI LLC	04/09/2019	505.66	.00
7801	3462	00	EZLINKS GOLF LLC	04/09/2019	25,220.26	.00
7802	3717	00	FRONTIER	04/09/2019	295.00	.00
7803	1296	00	GALAXY CO.	04/09/2019	5,183.79	.00
7804	3568	00	GEMPLER'S INC.	04/09/2019	74.56	.00
7805	633	00	GOLDEN VALLEY CABLE & COMM INC.	04/09/2019	62.98	.00
7806	3796	00	HARDWARE EXPRESS INCORP.	04/09/2019	1,584.52	.00
7807	2612	00	HENDERSON CHEVROLET COMPANY	04/09/2019	222.57	.00
7808	3712	00	HINDERLITER, DE LAMAS & ASSOC.	04/09/2019	116.32	.00
7809	3553	00	JAVELINA TRADING COMPANY	04/09/2019	608.67	.00
7810	2390	00	JESSE PRAGOSO	04/09/2019	452.19	.00
7811	638	00	JORDAN PYLES	04/09/2019	78.00	.00
7812	1	00	KERN TURF SUPPLY INC.	04/09/2019	35.06	.00
7813	2334	00	MCCORMICK CONSTRUCTION CO.	04/09/2019	1,011.01	.00
7814	125	00	MICHAEL POE-EVANS	04/09/2019	5,788.35	.00
7815	3703	00	MOHAVE ENVIRONMENTAL LAB	04/09/2019	1,005.56	.00
7816	2189	00	BIG O TIRES & AUTO PARTS	04/09/2019	90.00	.00
7817	178	00	NEEDLES GLASS & MIRROR CO.	04/09/2019	179.62	.00
7818	199	00	NEEDLES SENIOR CITIZENS	04/09/2019	172.75	.00
7819	207	00	NEWS WEST PUBLISHING CO.	04/09/2019	107.49	.00
7820	218	00	NPVA	04/09/2019	1,711.75	.00
7821	1786	00	OUR TOWN MAGAZINE	04/09/2019	9,810.11	.00
7822	740	00	P & W GOLF SUPPLY LLC	04/09/2019	331.50	.00
7823	1034	00	QUILL CORP.	04/09/2019	150.35	.00
7824	15	00		04/09/2019	229.45	.00



CHECK NUMBER	VENDOR NUMBER	SEQ#	VENDOR NAME	CHECK DATE	CHECK AMOUNT	DISCOUNTS/RETAINAGE TAKEN
7825	818	00	R & R PRODUCTS INC.	04/09/2019	132.69	.00
7826	1	00	RANDI BENBOW	04/09/2019	19.39	.00
7827	644	00	RDO EQUIPMENT COMPANY	04/09/2019	345.02	.00
7828	309	00	REPUBLIC SERVICES #785	04/09/2019	73,372.82	.00
7829	2068	00	RICOH USA INC.	04/09/2019	990.07	.00
7830	1186	00	SAFETY-KLEEN CORP.	04/09/2019	35.00	.00
7831	1115	00	SAN BER. COUNTY SHERIFF'S DEPT	04/09/2019	202,161.00	.00
7832	2589	00	SAN BERNARDINO COUNTY	04/09/2019	4,630.67	.00
7833	3605	00	STATEWIDE TRAFFIC SAFETY & SIGNS	04/09/2019	376.18	.00
7834	3802	00	TRACY BECK	04/09/2019	418.14	.00
7835	3830	00	UNIFIRST CORPORATION	04/09/2019	471.06	.00
7836	318	00	UPS	04/09/2019	215.97	.00
7837	3571	00	URBAN FUTURES, INC.	04/09/2019	1,447.50	.00
7838	761	00	USA BLUE BOOK INC.	04/09/2019	2,782.96	.00
7839	1741	00	V & L LASER LLC	04/09/2019	1,510.90	.00
7840	3675	00	WESTERN CONSTRUCTION SPECIALISTS	04/09/2019	8,645.85	.00
7841	3528	00	WESTERN ENVIRONMENTAL TESTING LAB.	04/09/2019	164.80	.00
7842	1	00	1 ICE HOUSE ROAD	04/09/2019	6,388.17	.00
7843	3828	00	3D-NETWORKS L.L.C.	04/09/2019	7,337.00	.00
NUMBER OF CHECKS				70	GRAND TOTAL	401,295.90



PREPARED 03/28/2019, 8:51:20

ACCOUNTS PAYABLE CHECK REGISTER BY BANK NUMBER

PROGRAM: GM346L  
CITY OF NEEDLES  
BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

PAGE 2  
ACCOUNTING PERIOD 2019/10  
REPORT NUMBER 57

CHECK NO	VENDOR NO	VENDOR NAME	VOUCHER NO	P.O. NO	DATE	ACCOUNT	REMITTANCE AMOUNT (NET OF DISC/RETAIN)	CHECK TOTAL
7787	3095	CINTAS						
			006663		04/09/2019	507-5761-453.61-04	86.60	
			006664		04/09/2019	580-4750-473.61-04	32.70	
			006665		04/09/2019	101-3010-431.61-04	114.03	
			006666		04/09/2019	511-3020-432.61-04	114.03	
			006667		04/09/2019	101-5774-452.61-06	14.92	
			006668		04/09/2019	511-3020-432.59-55	41.58	
			006669		04/09/2019	101-3010-431.59-55	41.59	
			006670		04/09/2019	580-4750-473.61-04	149.00	
			006671		04/09/2019	502-4710-471.61-04	83.23	
			006672		04/09/2019	101-3010-431.61-04	65.06	
			006673		04/09/2019	511-3020-432.61-04	65.05	
			006674		04/09/2019	580-4750-473.61-04	149.00	
			006675		04/09/2019	503-4720-475.61-04	32.70	
			006676		04/09/2019	101-5774-452.61-06	14.92	
			006677		04/09/2019	101-5774-452.61-04	65.82	
			006678		04/09/2019	507-5761-453.61-04	103.45	
			006679		04/09/2019	502-4710-471.61-04	206.37	
			006680		04/09/2019	101-5772-452.61-04	65.84	
			006681		04/09/2019	507-5761-453.61-04	103.43	
			006682		04/09/2019	580-4750-473.61-04	149.00	
			006683		04/09/2019	101-3010-431.61-04	106.64	
			006684		04/09/2019	511-3020-432.61-04	106.64	
			006685		04/09/2019	101-5774-452.61-06	14.92	
			006686		04/09/2019	503-4720-475.61-04	201.45	
			006687		04/09/2019	101-5774-452.61-04	14.92	
			006688		04/09/2019	502-4710-471.61-04	83.23	
			006689		04/09/2019	101-3010-431.61-04	65.06	
			006690		04/09/2019	511-3020-432.61-04	65.05	
			006691		04/09/2019	580-4750-473.61-04	149.00	
			006692		04/09/2019	503-4720-475.61-04	32.70	
			006693		04/09/2019	101-5772-452.61-04	65.84	
			006694		04/09/2019	507-5761-453.61-04	103.43	
			006695		04/09/2019	502-4710-471.61-04	83.23	
			006696		04/09/2019	101-3010-431.61-04	30.30	
			006697		04/09/2019	511-3020-432.61-04	30.29	
			006698		04/09/2019	580-4750-473.61-04	149.00	
			006699		04/09/2019	503-4720-475.61-04	32.34	
			006700		04/09/2019	101-5772-452.61-04	53.52	
			006701		04/09/2019	507-5761-453.61-04	84.09	
			006702		04/09/2019	502-4710-471.61-04	83.23	
			006703		04/09/2019	580-4750-473.61-04	149.00	
			006704		04/09/2019	101-3010-431.61-04	30.30	
			006705		04/09/2019	511-3020-432.61-04	30.29	
			006706		04/09/2019	503-4720-475.61-04	32.34	
			006707		04/09/2019	101-5772-452.61-04	53.52	
			006708		04/09/2019	507-5761-453.61-04	84.09	
			006709		04/09/2019	580-4750-473.61-04	68.11	
			006710		04/09/2019	502-4710-471.61-04	1,986.37	
			006711		04/09/2019	101-3010-431.61-04	255.42	
			006780		04/09/2019	101-3010-431.61-04	116.01	



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7787	3095	CINTAS	006781 006782 006783 P11256		04/09/2019 04/09/2019 04/09/2019 04/09/2019	511-3020-432.61-04 101-5772-452.61-04 507-5761-453.61-04 502-4710-471.54-21	116.00 224.58 40.83 5,128.00 11,378.36	
7788	2590	COLORADO RIVER PLUMBING I	006615 006616 006617		04/09/2019 04/09/2019 04/09/2019	507-5762-454.43-08 101-5774-452.43-18 507-5762-454.43-08	90.00 98.00 276.00 464.00	
7789	2957	COPIER SOURCE	006611 006612 006613 006614		04/09/2019 04/09/2019 04/09/2019 04/09/2019	510-4410-405.43-16 510-4410-405.43-16 510-4410-405.43-16 510-4410-405.43-16	38.82 37.82 57.97 95.79 230.40	
7790	1	CRAWFORD, JEFF	UT		04/09/2019	501-0000-211.00-00	8.16	8.16
7791	1	CURTIS DEVINE	006621		04/09/2019	101-0000-204.20-00	54.83 54.83	54.83
7792	2934	DANA KEPNER COMPANY INC.	006747		04/09/2019	502-4710-471.60-55	1,311.93 1,311.93	1,311.93
7793	2875	DANIELL'S SEPTIC PORTABLE	006618 006652		04/09/2019 04/09/2019	101-1070-410.43-01 503-4720-475.43-14	425.00 425.00 850.00	850.00
7794	2487	DELL MARKETING L.P.	006720		04/09/2019	101-1020-413.61-02	1,839.25 1,839.25	1,839.25
7795	424	DESERT INDUSTRIAL SUPPLY	006619		04/09/2019	101-5772-452.43-18	127.79 127.79	127.79
7796	3580	DIAMOND PURE WATER	006653		04/09/2019	503-4720-475.43-02	21.50 21.50	21.50
7797	501	DOI-BOR-REGION: LOWER COL	006620		04/09/2019	580-4750-473.63-10	11,904.38 11,904.38	11,904.38
7798	1	DONNA MCCORKLE	006629		04/09/2019	101-0000-204.20-00	19.40 19.40	19.40
7799	2653	EMPIRE SOUTHWEST	006983		04/09/2019	511-3021-432.43-26	2,458.92 2,458.92	2,458.92
7800	1	ERIN MANOR APTS/YEO	UT		04/09/2019	501-0000-211.00-00	505.66 505.66	505.66

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7801	3462	EUSI LLC	006739		04/09/2019	503-4720-475.31-98	25,220.26 25,220.26 *	25,220.26
7802	3717	EZLINKS GOLF LLC	006738		04/09/2019	507-5762-454.53-00	295.00 295.00 *	295.00
7803	1296	FRONTIER	006721 006722 006723 006724 006725 006726 006727 006728 006729 006730 006731 006732 006733 006734 006735 006736 006737		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	101-1025-415.52-10 101-2020-423.52-10 101-5770-452.52-10 233-5772-452.52-10 101-5774-452.52-10 502-4710-471.52-10 503-4720-475.52-10 503-4720-475.52-10 507-5761-453.52-10 507-5762-454.52-10 510-4410-405.52-10 510-4410-405.52-10 510-4410-405.52-10 510-4410-405.52-10 510-4410-405.52-10 510-4410-405.52-10 580-4750-473.52-10	68.65 186.59 122.70 186.03 338.63 429.77 457.95 300.87 78.84 210.38 996.45 225.89 227.43 70.08 744.79 192.58 346.16 5,183.79	5,183.79 *
7804	3568	GALAXY CO.	006740		04/09/2019	101-5772-452.61-06	74.56 74.56 *	74.56
7805	633	GEMPLER'S INC.	006741 006964		04/09/2019 04/09/2019	507-5761-453.61-12 507-5761-453.61-12	44.99 17.99 62.98 *	62.98
7806	3796	GOLDEN VALLEY CABLE & COM	006622 006623 006624 006625 006626 006627 006742 006743 006744 006745 006963		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	101-2020-423.52-10 101-1030-414.61-01 509-4910-479.52-12 507-5762-454.43-08 503-4720-475.52-10 101-5774-452.52-10 507-5761-453.52-10 101-3010-431.52-10 580-4750-473.43-13 101-5772-452.52-10	75.00 100.00 138.75 75.00 85.00 85.00 100.00 100.00 377.30 448.47 1,584.52 *	1,584.52
7807	2612	HARDWARE EXPRESS INCORP.	006648 006649 006650 006746 006965 006966		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	511-3020-432.43-29 511-3020-432.43-29 511-3020-432.43-29 101-5772-452.43-18 502-4710-471.60-55 502-4710-471.60-55	.61 .92 29.98 3.26 11.62 105.62	

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7807	2612	HARDWARE EXPRESS INCORP.	006967 006968 006969 006970		04/09/2019 04/09/2019 04/09/2019 04/09/2019	502-4710-471.60-55 101-2020-423.43-29 206-5771-452.61-12 507-5761-453.43-04	33.82 26.26 6.92 3.56 222.57	222.57
7808	3712	HENDERSON CHEVROLET COMPA	006646 006647		04/09/2019 04/09/2019	511-3021-432.43-23 511-3021-432.43-23	69.71 46.61 116.32	116.32
7809	3593	HINDERLITER, DE LLAMAS &	006627		04/09/2019	101-1025-415.31-91	608.67	608.67
7810	2390	JAVELINA TRADING COMPANY	006654		04/09/2019	511-3020-432.43-57	452.19	452.19
7811	638	JESSE FRAGOSO	006971		04/09/2019	101-3010-431.31-40	78.00	78.00
7812	1	JORDAN PYLES	006633		04/09/2019	101-0000-204.20-00	35.06 35.06	35.06
7813	2334	KERN TURF SUPPLY INC.	006748 006749		04/09/2019 04/09/2019	507-5761-453.61-12 206-5771-452.61-12	690.60 320.41 1,011.01	1,011.01
7814	125	MCCORMICK CONSTRUCTION CO	006784 006973		04/09/2019 04/09/2019	101-3010-431.60-11 101-3010-431.60-11	2,925.77 2,862.58 5,788.35	5,788.35
7815	3703	MICHAEL POE-EVANS	006529		04/09/2019	580-4750-473.55-00	1,005.56 1,005.56	1,005.56
7816	2189	MOHAVE ENVIRONMENTAL LAB	006750 006751		04/09/2019 04/09/2019	503-4720-475.31-20 101-3010-431.31-20	15.00 75.00 90.00	90.00
7817	178	NAPA AUTO PARTS	006753 006754 006974 006975 006976 006977 006978		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	507-5761-453.43-04 580-4750-473.55-00 511-3021-432.43-26 507-5761-453.43-04 507-5761-453.43-04 507-5761-453.43-04 507-5761-453.43-04	10.76 7.38 6.68 5.24 27.15 57.89 64.52 179.62	179.62
7818	199	NEEDLES GLASS & MIRROR CO	006630		04/09/2019	101-5774-452.43-18	172.75 172.75	172.75
7819	207	NEEDLES SENIOR CITIZENS	006757		04/09/2019	101-1070-410.52-10	53.75	



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7819	207	NEEDLES SENIOR CITIZENS	006758 006759		04/09/2019 04/09/2019	520-4740-462.52-12 521-4740-462.52-12	36.00 17.74 107.49	107.49
7820	218	NEWS WEST PUBLISHING CO.	006631 006755 006756 006979 006980		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	101-1025-415.53-00 101-0000-204.78-00 505-4730-472.90-00 101-1035-416.59-10 205-6511-494.72-10	52.78 489.51 894.94 171.58 102.94 1,711.75	1,711.75
7821	1786	NPUA	006813 006814 006815 006816 006817 006818 006819 006820 006821 006822 006823 006824 006825 006826 006827 006828 006829 006830		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	507-5762-454.41-10 502-4710-471.41-10 502-4710-471.41-20 502-4710-471.41-10 502-4710-471.41-10 502-4710-471.41-10 101-5770-452.41-10 101-5770-452.41-20 101-5774-452.41-30 101-5774-452.41-10 101-5774-452.41-10 101-5774-452.41-20 101-1070-410.41-10 101-1070-410.41-20 101-1070-410.41-30 580-4750-473.43-13 206-5771-452.41-10 206-5771-452.41-20 206-5771-452.41-30	105.76 54.10 50.10 41.49 300.42 4,801.96 1,172.37 228.37 75.20 525.61 72.85 58.49 352.12 202.11 72.50 80.16 32.26 1,561.84 72.50 9,810.11	9,810.11
7822	740	OUR TOWN MAGAZINE	006760		04/09/2019	507-5762-454.53-00	331.50	331.50
7823	1034	P & W GOLF SUPPLY LLC	006632		04/09/2019	507-5762-454.43-04	150.35	150.35
7824	15	QUILL CORP.	006655 006761 006762		04/09/2019 04/09/2019 04/09/2019	101-1030-414.61-31 510-4410-405.61-01 510-4410-405.61-01	17.39 198.60 13.46 229.45	229.45
7825	818	R & R PRODUCTS INC.	006765		04/09/2019	507-5761-453.61-12	132.69	132.69
7826	1	RANDI BENBOW	006605		04/09/2019	101-0000-204.20-00	19.39	19.39
7827	644	RDO EQUIPMENT COMPANY	006766		04/09/2019	507-5761-453.43-04	345.02 345.02	345.02

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7828	309	REPUBLIC SERVICES #78	006634		04/09/2019	505-4730-472.31-87	73,372.82 73,372.82	73,372.82
7829	2068	RICOH USA INC.	006763 006764		04/09/2019 04/09/2019	510-4410-405.70-02 510-4410-405.70-02	829.68 160.39 990.07	990.07
7830	1186	SAFETY-KLEEN CORP.	006651		04/09/2019	511-3020-432.59-55	35.00 35.00	35.00
7831	1115	SAN BER. COUNTY SHERIFF'S	006767		04/09/2019	101-2010-421.31-80	202,161.00 202,161.00	202,161.00
7832	2589	SAN BERNARDINO COUNTY	006768 006769 006770 006771 006772 006773 006774 006775 006776 006777 006778 006779		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	101-2020-423.62-00 101-2025-424.62-00 101-2030-423.62-00 101-3010-431.62-00 101-4730-472.62-00 101-5772-452.62-00 206-5771-452.62-00 502-4710-471.62-00 503-4720-475.62-00 507-5761-453.62-00 508-4810-478.62-00 580-4750-473.62-00	37.45 104.38 210.30 1,819.22 98.27 292.57 95.02 919.89 214.90 382.67 63.86 392.14 4,630.67	4,630.67
7833	3605	STATEWIDE TRAFFIC SAFETY	006981		04/09/2019	101-3010-431.61-05	376.18 376.18	376.18
7834	3802	TRACY BECK	006956 006957 006958 006959 006960 006961 006962		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	101-1030-414.61-31 101-5770-452.55-00 502-4710-471.55-00 502-4710-471.69-22 510-4410-405.61-01 520-4740-462.53-00 580-4750-473.52-10	128.91 59.42 106.89 54.89 11.69 6.34 50.00 418.14	418.14
7835	3830	UNIFIRST CORPORATION	006637 006798 006799 006800 006801 006802 006803 006804 006805 006806 006807		04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019 04/09/2019	101-5774-452.61-06 507-5761-453.61-04 101-5772-452.61-04 507-5762-454.60-50 507-5761-453.61-04 101-5772-452.61-04 101-5774-452.61-06 502-4710-471.61-04 508-4810-478.61-04 101-3010-431.61-04 511-3020-432.61-04	7.00 31.71 24.67 7.00 31.71 24.67 7.00 26.52 9.77 36.67 36.67	418.14



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7835	3830	UNIFIRST CORPORATION	006808		04/09/2019	101-3010-431.61-04	36.67	
			006809		04/09/2019	511-3020-432.61-04	36.67	
			006810		04/09/2019	580-4750-473.61-04	97.95	
			006811		04/09/2019	507-5761-453.61-04	31.71	
			006812		04/09/2019	101-5772-452.61-04	24.67	
							471.06	471.06
7836	318	UPS	006638		04/09/2019	580-4750-473.52-20	131.25	
			006639		04/09/2019	503-4720-475.52-20	46.05	
			006640		04/09/2019	502-4710-471.52-20	38.67	
							215.97	215.97
7837	3571	URBAN FUTURES, INC.	006796		04/09/2019	270-4631-463.31-50	1,447.50	
							1,447.50	1,447.50
7838	761	USA BLUE BOOK INC.	006644		04/09/2019	503-4720-475.60-17	75.45	
			006645		04/09/2019	503-4720-475.43-02	2,117.00	
			006794		04/09/2019	502-4710-471.43-57	402.17	
			006795		04/09/2019	502-4710-471.43-57	188.34	
							2,782.96	2,782.96
7839	1741	V & L LASER LLC	006641		04/09/2019	101-1025-415.61-02	161.00	
			006797		04/09/2019	508-4810-478.61-02	153.90	
			006984		04/09/2019	101-0000-204.84-00	119.60	
			006985		04/09/2019	101-0000-204.82-00	119.60	
			006986		04/09/2019	101-0000-204.74-00	119.60	
			006987		04/09/2019	101-0000-204.83-00	119.60	
			006988		04/09/2019	101-0000-204.93-00	119.60	
			006989		04/09/2019	101-0000-204.78-00	119.60	
			006990		04/09/2019	101-0000-204.81-00	119.60	
			006991		04/09/2019	101-0000-204.70-00	119.60	
			006992		04/09/2019	101-0000-204.96-00	119.60	
			006993		04/09/2019	101-0000-204.95-00	119.60	
							1,510.90	1,510.90
7840	3675	WESTERN CONSTRUCTION SPEC	PT1251		019018 04/09/2019	525-4770-461.72-16	8,645.85	
							8,645.85	8,645.85
7841	3528	WESTERN ENVIRONMENTAL TES	006642		04/09/2019	503-4720-475.60-17	21.80	
			006643		04/09/2019	503-4720-475.60-17	143.00	
							164.80	164.80
7842	1	1 ICE HOUSE ROAD	006628		04/09/2019	101-0000-204.20-00	6,388.17	
							6,388.17	6,388.17
7843	3828	3D-NETWORKS LLC	006635		04/09/2019	509-4910-479.31-90	1,535.00	
			006636		04/09/2019	509-4910-479.31-90	1,150.00	
			006785		04/09/2019	509-4910-479.31-90	550.00	
			006786		04/09/2019	509-4910-479.31-90	932.50	
			006787		04/09/2019	509-4910-479.31-90	779.50	



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7843	3828	3D-NETWORKS LLC	006982		04/09/2019	509-4910-479.31-90	2,390.00 7,337.00 *	7,337.00
BANK/CHECK TOTAL							401,295.90	401,295.90
ALL BANKS/CHECKS TOTAL							401,295.90	401,295.90

CITY OF NEEDLES CITY COUNCIL				YR. TO DATE					
WARRANT SUMMARY TOTALS FOR MARCH 29, 2019				3/29/2019	18-19 BUDGET				
		DEPT. AMT.	FUND AMT.						
FUND 101	GENERAL FUND	\$3,148.63							
101.1015.412	CITY ATTORNEY			\$51,421.57	\$85,000.00				
101.1020.413	CITY MANAGER	\$76.76		\$86,124.03	\$156,991.00				
101.1025.415	FINANCE DEPT.	\$149.53		\$167,450.21	\$297,769.00				
101.1030.414	CITY CLERK/COUNCIL/MAYOR	\$12.50		\$44,147.12	\$65,388.00				
101.1035.416	PLANNING /ZONING	\$167.80		\$41,003.96	\$95,227.00				
101.1040.417	ENGINEERING	\$186.11		\$51,929.87	\$144,416.00				
101.1060.410	COMMUNITY PROMOTIONS			\$2,776.75	\$21,350.00				
101.1070.410	SENIOR CENTER			\$464,773.04	\$912,694.00				
101.2010.421	SHERIFF			\$1,871,262.29	\$2,497,833.00				
101.2015.422	FIRE								
101.2020.423	ANIMAL SHELTER/CONTROL	\$61.93		\$90,510.61	\$152,779.00				
101.2025.424	BUILDING & SAFETY	\$306.98		\$119,860.14	\$256,584.00				
101.2030.423	CODE ENFORCEMENT	\$318.93		\$2,191,185.40	\$3,169,635.00				
101.3010.431	PUBLIC WORKS	\$96.53		\$243,255.53	\$499,394.00				
101.4730.472	SANITATION	\$301.79		\$74,438.46	\$123,099.00				
101.5770.452	AQUATICS			\$66,662.30	\$149,719.00				
101.5772.452	PARKS	\$112.92		\$207,464.20	\$351,757.00				
101.5774.452	RECREATION	\$973.20		\$436,969.06	\$744,664.00				
GENERAL FUND	TOTAL ALL DEPARTMENTS		\$5,913.61	\$3,610,959.49	\$5,732,254.00				
FUND 205	CDBG			\$577.88	\$121,589.00				
FUND 206	CEMETERY		\$24.92	\$56,700.77	\$99,518.00				
FUND 209	NARCOTICS FORFEITURE				\$9,777.00				
FUND 210	SPECIAL GAS TAX			\$88,966.00	\$199,616.00				
FUND 212	AIR QUALITY (MDAQD)			\$16,606.95	\$16,607.00				
FUND 214	SANBAG NEW LOCAL MEAS I				\$1,000.00				
FUND 225	COPS-AB 3229 SUPPLEMENTAL			\$85,047.24	\$169,600.00				
FUND 233	JACK SMITH PK.MARINA		\$72.03	\$58,909.09	\$99,089.00				
FUND 235	INTERSTATE COMM/40 J ST.								
FUND 239	CA.CONSERV RECYCLING GRANT			\$2,152.86	\$8,475.00				
FUND 240	EL GARCES INTERMODAL								
FUND 243	ACTIVE TRANSPORT PROGRAM			\$419,357.00	\$421,225.00				
FUND 270	REDEVELOPMENT AGENCY		\$90.24	\$235,608.56	\$309,015.00				
FUND 470	RDA CAP PROJ.LOW & MOD.				\$5,000.00				
FUND 501	NPUA			\$8,802,021.13	\$13,516,192.00				
FUND 502	WATER DEPARTMENT		\$499.38	\$871,898.13	\$1,460,434.00				
FUND 503	WASTEWATER DEPARTMENT		\$88.76	\$670,303.40	\$1,082,771.00				
FUND 505	SANITATION			\$707,691.82	\$1,175,000.00				
FUND 506	ALL AMERICAN CANAL PROJ.		\$20.91	\$681,363.14	\$764,872.00				
FUND 507	GOLF FUND		\$482.34	\$323,417.28	\$527,942.00				
FUND 507.5761.453	GOLF MAINTENANCE DEPARTMENT			\$363,074.78	\$528,855.00				
FUND 507.5762.454	GOLF PRO SHOP DEPARTMENT			\$478,297.12	\$738,646.00				
FUND 507	GOLF FUND TOTAL			\$305,849.06	\$737,580.00				
FUND 508	CUST.SVC/UT BUSINESS OFFICE		\$431.75	\$149,008.61	\$321,662.00				
FUND 509	MIS			\$41,877.41	\$132,312.00				
FUND 510	ADMIN. FACILITY			\$98,522.08	\$158,718.00				
FUND 511	FLEET MANAGEMENT		\$636.34	\$126,875.56	\$278,735.00				
FUND 512	VEHICLE REPLACEMENT			\$233,909.05	\$369,181.00				
FUND 520	SR DIAL A RIDE			\$41,314.86	\$211,332.00				
FUND 521	DIAL-A-RIDE MEDICAL TRANS.			\$18,488.14	\$32,383.00				
FUND 525	NEEDLES AREA TRANSIT (NAT)			\$355,649.31	\$538,043.00				
FUND 580	ELECTRIC		\$2,044.14	\$4,358,269.94	\$5,829,753.00				
FUND 581	NPUA CAPITAL ELECTRIC			\$133,360.00	\$69,304.00				
FUND 582	NPUA CAPITAL WATER			\$33,828.06	\$150,064.00				
FUND 583	NPUA CAPITAL WASTEWATER			\$-26,562.16	\$7,450.00				
FUND 585	HOSPITAL								
FUND 650	IMPACT FEES NORTH NEEDLES			\$4,310.00	\$26,873.00				
FUND 651	IMPACT FEES SOUTH AREAS			\$4,310.00	\$65,072.00				
TOTAL	ALL FUNDS & DEPARTMENTS		\$ 10,304.42	\$29,563,197.10	\$45,640,238.00				
I certify that the expenditures/purchases to be paid by the warrants on this list have complied with the provisions of the City Code Chapter 8, Article II, Purchasing; and further, the funds to cover these purchases/expenditures, as City Audited, are included within the City Council approved and amended FY 2018/2019 Budget.									
Rick Daniels, City Manager		Date		Sylvia Miledi, Director of Finance		Date			
Kippy Poulson, City Treasurer		Date							



PREPARED 3/27/2019, 8:59:44

ACCOUNTS PAYABLE PRELIMINARY CHECK REGISTER

PAGE 1  
DISBURSEMENT PERIOD 09/2019

PROGRAM: GM348U  
CITY OF NEEDLES  
BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

CHECK NUMBER	VENDOR NUMBER	SEQ#	VENDOR NAME	CHECK DATE	CHECK AMOUNT	DISCOUNTS/RETAINAGE TAKEN
7757	3286	00	COLONIAL LIFE	03/29/2019	2,030.61	.00
7758	3399	00	COURT-ORDERED DEBT COLLECTIONS	03/29/2019	50.24	.00
7759	3634	00	EMPOWER	03/29/2019	299.59	.00
7760	1305	00	GREAT WEST LIFE	03/29/2019	2,165.00	.00
7761	2879	00	JENNIFER VALENZUELA	03/29/2019	365.64	.00
7762	3458	00	MUTUAL OF OMAHA	03/29/2019	37.50	.00
7763	2813	00	NUEA	03/29/2019	2,064.82	.00
7764	3767	00	MARTINEZ, PATRICK	03/29/2019	568.32	.00
7765	3654	00	RAINIE TORRANCE	03/29/2019	485.59	.00
7766	3834	00	REINA ALCAZAR	03/29/2019	288.00	.00
7767	2148	00	S.B.CO. DEPT. OF PUBLIC HEALTH	03/29/2019	497.00	.00
7768	1199	00	SBPEA TEAMSTERS LOCAL 1932	03/29/2019	681.07	.00
7769	2505	00	CAMPBELL, SHERYL	03/29/2019	33.00	.00
7770	1217	00	VISION SERVICE PLAN	03/29/2019	738.54	.00
NUMBER OF CHECKS				14	GRAND TOTAL	10,304.92



PREPARED 03/27/2019, 9:04:59

ACCOUNTS PAYABLE CHECK REGISTER BY BANK NUMBER

PAGE 1  
ACCOUNTING PERIOD 2019/09  
REPORT NUMBER 55

PROGRAM: GM346L  
CITY OF NEEDLES  
BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

CHECK NO	VENDOR NO	VENDOR NAME	VOUCHER NO	P.O. NO	DATE	ACCOUNT	REMITTANCE AMOUNT (NET OF DISC/RETAIN)	CHECK TOTAL
7757	3286	COLONIAL LIFE	006903		03/29/2019	101-0000-209.03-01	145.89	
			006904		03/29/2019	101-0000-209.03-01	259.38	
			006905		03/29/2019	101-0000-209.03-01	83.34	
			006906		03/29/2019	101-0000-209.03-01	121.86	
			006907		03/29/2019	101-0000-209.03-01	239.07	
			006908		03/29/2019	101-0000-209.03-01	113.07	
			006909		03/29/2019	101-0000-209.03-01	336.63	
			006910		03/29/2019	101-0000-209.03-01	140.67	
			006911		03/29/2019	101-0000-209.03-01	176.61	
			006912		03/29/2019	502-0000-209.03-01	24.93	
			006913		03/29/2019	502-0000-209.03-01	52.77	
			006914		03/29/2019	502-0000-209.03-01	49.86	
			006915		03/29/2019	508-0000-209.03-01	55.56	
			006916		03/29/2019	508-0000-209.03-01	39.12	
			006917		03/29/2019	508-0000-209.03-01	38.76	
			006918		03/29/2019	580-0000-209.03-01	24.93	
			006919		03/29/2019	580-0000-209.03-01	40.50	
			006920		03/29/2019	580-0000-209.03-01	38.76	
			006921		03/29/2019	580-0000-209.03-01	2,030.61	2,030.61
7758	3399	COURT-ORDERED DEBT COLLEC	006886		03/29/2019	101-0000-209.01-00	50.24	50.24
							50.24	
7759	3634	EMPOWER	006887		03/29/2019	101-0000-209.01-00	9.94	
			006888		03/29/2019	101-0000-209.01-00	64.82	
			006889		03/29/2019	580-0000-209.01-00	170.90	
			006890		03/29/2019	580-0000-209.01-00	53.93	
							299.59	299.59
7760	1305	GREAT WEST LIFE	006897		03/29/2019	101-0000-209.03-01	1,080.00	
			006898		03/29/2019	502-0000-209.03-01	25.00	
			006899		03/29/2019	507-0000-209.03-01	90.00	
			006900		03/29/2019	508-0000-209.03-01	100.00	
			006901		03/29/2019	511-0000-209.03-01	500.00	
			006902		03/29/2019	580-0000-209.03-01	370.00	
							2,165.00	2,165.00
7761	2879	JENNIFER VALENZUELA	006788		03/29/2019	101-5774-452.65-10	45.25	
			006789		03/29/2019	101-5774-452.43-18	64.57	
			006790		03/29/2019	101-5774-452.60-24	61.74	
			006791		03/29/2019	101-5774-452.62-00	60.00	
			006792		03/29/2019	101-5774-452.60-31	134.08	
							365.64	365.64
7762	3458	MUTUAL OF OMAHA	006922		03/29/2019	233-5772-452.24-10	37.50	
							37.50	37.50
7763	2813	NUEA	006838		03/29/2019	101-0000-209.03-01	70.00	
			006839		03/29/2019	507-0000-209.03-01	10.00	

PREPARED 03/27/2019, 9:04:59

ACCOUNTS PAYABLE CHECK REGISTER BY BANK NUMBER

PROGRAM: GM346L  
CITY OF NEEDLES  
BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

PAGE 2  
ACCOUNTING PERIOD 2019/09  
REPORT NUMBER 55

CHECK NO	VENDOR NO	VENDOR NAME	VOUCHER NO	P.O. NO	DATE	ACCOUNT	REMITTANCE AMOUNT (NET OF DISC/RETAIN)	CHECK TOTAL
7763	2813	NUEA	006840		03/29/2019	508-0000-209.03-01	10.00	
			006841		03/29/2019	101-1020-413.24-10	61.26	
			006842		03/29/2019	101-1025-415.24-10	105.12	
			006843		03/29/2019	101-1030-414.24-10	10.60	
			006844		03/29/2019	101-1035-416.24-10	17.96	
			006845		03/29/2019	101-1040-417.24-10	29.19	
			006846		03/29/2019	101-2020-423.24-10	51.04	
			006847		03/29/2019	101-2025-424.24-10	140.79	
			006848		03/29/2019	101-2030-423.24-10	124.97	
			006849		03/29/2019	101-3010-431.24-10	54.78	
			006850		03/29/2019	101-4730-472.24-10	9.54	
			006851		03/29/2019	101-5772-452.24-10	75.31	
			006852		03/29/2019	101-5774-452.24-10	73.39	
			006853		03/29/2019	206-5771-452.24-10	17.05	
			006854		03/29/2019	270-4631-463.24-10	78.10	
			006855		03/29/2019	502-4710-471.24-10	194.29	
			006856		03/29/2019	503-4720-475.24-10	69.17	
			006857		03/29/2019	506-4713-477.24-10	16.55	
			006858		03/29/2019	507-5761-453.24-10	172.12	
			006859		03/29/2019	507-5762-454.24-10	61.41	
			006860		03/29/2019	508-4810-478.24-10	84.48	
			006861		03/29/2019	511-3020-432.24-10	74.14	
			006862		03/29/2019	580-4750-473.24-10	453.56	
							2,064.82	2,064.82
7764	3767	PATRICK MARTINEZ	006924		03/29/2019	101-2030-423.55-00	142.08	
			006925		03/29/2019	101-2025-424.55-00	142.08	
			006926		03/29/2019	101-1040-417.55-00	142.08	
			006927		03/29/2019	101-1035-416.55-00	142.08	
							568.32	568.32
7765	3654	RAINIE TORRANCE	006793		03/29/2019	580-4750-473.55-00	485.59	485.59
7766	3834	REINA ALCAZAR	006752		03/29/2019	101-4730-472.10-10	288.00	288.00
7767	2148	S.B.CO. DEPT.OF PUBLIC HE	006609		03/29/2019	101-5774-452.57-01	497.00	497.00
7768	1199	SBPEA TEAMSTERS LOCAL 193	006831		03/29/2019	101-0000-209.03-01	240.11	
			006832		03/29/2019	233-0000-209.03-01	15.90	
			006833		03/29/2019	502-0000-209.03-01	83.08	
			006834		03/29/2019	507-0000-209.03-01	78.48	
			006835		03/29/2019	508-0000-209.03-01	57.02	
			006836		03/29/2019	511-0000-209.03-01	32.88	
			006837		03/29/2019	580-0000-209.03-01	173.60	
							681.07	681.07
7769	2505	SHERYL CAMPBELL	006891		03/29/2019	101-0000-209.03-01	17.00	

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ACCOUNTS PAYABLE CHECK REGISTER BY BANK NUMBER

PAGE 3  
ACCOUNTING PERIOD 2019/09  
REPORT NUMBER 55

PROGRAM: GM346L  
CITY OF NEEDLES  
BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

CHECK NO	VENDOR NO	VENDOR NAME	VOUCHER NO	P.O. NO	DATE	ACCOUNT	REMITTANCE AMOUNT (NET OF DISC/RETAIN)	CHECK TOTAL
7769	2505	SHERYL CAMPBELL	006892		03/29/2019	502-0000-209.03-01	4.00	
			006893		03/29/2019	507-0000-209.03-01	2.00	
			006894		03/29/2019	508-0000-209.03-01	4.00	
			006895		03/29/2019	511-0000-209.03-01	1.00	
			006896		03/29/2019	580-0000-209.03-01	5.00	
							33.00	33.00
							*	
7770	1217	VISION SERVICE PLAN	006863		03/29/2019	101-1020-413.24-10	15.50	
			006864		03/29/2019	101-1025-415.24-10	33.52	
			006865		03/29/2019	101-1030-414.24-10	1.90	
			006866		03/29/2019	101-1035-416.24-10	7.76	
			006867		03/29/2019	101-1040-417.24-10	14.84	
			006868		03/29/2019	101-2020-423.24-10	10.89	
			006869		03/29/2019	101-2025-424.24-10	24.11	
			006870		03/29/2019	101-2030-423.24-10	51.88	
			006871		03/29/2019	101-3010-431.24-10	41.75	
			006872		03/29/2019	101-4730-472.24-10	4.25	
			006873		03/29/2019	101-5772-452.24-10	37.61	
			006874		03/29/2019	101-5774-452.24-10	37.17	
			006875		03/29/2019	206-5771-452.24-10	7.87	
			006876		03/29/2019	270-4631-463.24-10	12.64	
			006877		03/29/2019	502-4710-471.24-10	65.45	
			006878		03/29/2019	503-4720-475.24-10	19.59	
			006879		03/29/2019	506-4713-477.24-10	4.36	
			006880		03/29/2019	507-5761-453.24-10	52.53	
			006881		03/29/2019	507-5762-454.24-10	15.80	
			006882		03/29/2019	508-4810-478.24-10	32.67	
			006883		03/29/2019	511-3020-432.24-10	28.32	
			006884		03/29/2019	580-4750-473.24-10	188.61	
			006885		03/29/2019	101-1025-415.24-10	10.89	
			006923		03/29/2019	233-5772-452.24-10	18.63	
							738.54	738.54
							*	

BANK/CHECK TOTAL

10,304.92

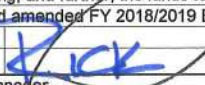
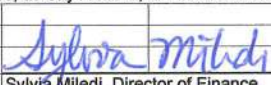

10,304.92

ALL BANKS/CHECKS TOTAL

10,304.92

10,304.92



CITY OF NEEDLES CITY COUNCIL									
WARRANT SUMMARY TOTALS FOR MARCH 29, 2019				YR. TO DATE					
		DEPT. AMT.	FUND AMT.	3/29/2019	18-19 BUDGET				
FUND 101	GENERAL FUND	\$970.00							
101.1015.412	CITY ATTORNEY			\$51,421.57	\$85,000.00				
101.1020.413	CITY MANAGER	\$61.26		\$86,124.03	\$156,991.00				
101.1025.415	FINANCE DEPT.	\$105.12		\$167,450.21	\$297,769.00				
101.1030.414	CITY CLERK/COUNCIL/MAYOR	\$10.60		\$44,147.12	\$65,388.00				
101.1035.416	PLANNING /ZONING	\$17.96		\$41,003.96	\$95,227.00				
101.1040.417	ENGINEERING	\$29.19		\$51,929.87	\$144,416.00				
101.1060.410	COMMUNITY PROMOTIONS			\$2,776.75	\$21,350.00				
101.1070.410	SENIOR CENTER			\$464,773.04	\$912,694.00				
101.2010.421	SHERIFF			\$1,871,262.29	\$2,497,833.00				
101.2015.422	FIRE								
101.2020.423	ANIMAL SHELTER/CONTROL	\$51.04		\$90,510.61	\$152,779.00				
101.2025.424	BUILDING & SAFETY	\$140.79		\$119,860.14	\$256,584.00				
101.2030.423	CODE ENFORCEMENT	\$124.97		\$2,191,185.40	\$3,169,635.00				
101.3010.431	PUBLIC WORKS	\$54.78		\$243,255.53	\$499,394.00				
101.4730.472	SANITATION	\$9.54		\$74,438.46	\$123,099.00				
101.5770.452	AQUATICS			\$66,662.30	\$149,719.00				
101.5772.452	PARKS	\$75.31		\$207,464.20	\$351,757.00				
101.5774.452	RECREATION	\$73.39		\$436,969.06	\$744,664.00				
GENERAL FUND	TOTAL ALL DEPARTMENTS		\$1,723.95	\$3,610,959.49	\$5,732,254.00				
FUND 205	CDBG		\$ 54.55	\$577.88	\$121,589.00				
FUND 206	CEMETERY			\$56,700.77	\$99,518.00				
FUND 209	NARCOTICS FORFEITURE				\$9,777.00				
FUND 210	SPECIAL GAS TAX			\$88,966.00	\$199,616.00				
FUND 212	AIR QUALITY (MDAQD)			\$16,606.95	\$16,607.00				
FUND 214	SANBAG NEW LOCAL MEAS I				\$1,000.00				
FUND 225	COPS-AB 3229 SUPPLEMENTAL			\$85,047.24	\$169,600.00				
FUND 233	JACK SMITH PK.MARINA			\$58,909.09	\$99,089.00				
FUND 235	INTERSTATE COMM/40 J ST.								
FUND 239	CA.CONSERV RECYLING GRANT			\$2,152.86	\$8,475.00				
FUND 240	EL GARCES INTERMODAL								
FUND 243	ACTIVE TRANSPORT PROGRAM			\$419,357.00	\$421,225.00				
FUND 270	REDEVELOPMENT AGENCY		\$78.10	\$235,608.56	\$309,015.00				
FUND 470	RDA CAP PROJ.LOW & MOD.				\$5,000.00				
FUND 501	NPUA			\$8,802,021.13	\$13,516,192.00				
FUND 502	WATER DEPARTMENT		\$194.29	\$871,898.13	\$1,460,434.00				
FUND 503	WASTEWATER DEPARTMENT		\$69.17	\$670,303.40	\$1,082,771.00				
FUND 505	SANITATION			\$707,691.82	\$1,175,000.00				
FUND 506	ALL AMERICAN CANAL PROJ.		\$16.55	\$681,363.14	\$764,872.00				
FUND 507	GOLF FUND		\$243.53	\$323,417.28	\$527,942.00				
FUND 507.5761.453	GOLF MAINTENANCE DEPARTMENT			\$363,074.78	\$528,855.00				
FUND 507.5762.454	GOLF PRO SHOP DEPARTMENT			\$478,297.12	\$738,646.00				
FUND 507	GOLF FUND TOTAL			\$305,849.06	\$737,580.00				
FUND 508	CUST.SVC/UT BUSINESS OFFICE		\$94.48	\$149,008.61	\$321,662.00				
FUND 509	MIS			\$41,877.41	\$132,312.00				
FUND 510	ADMIN. FACILITY			\$98,522.08	\$158,718.00				
FUND 511	FLEET MANAGEMENT		\$74.14	\$126,875.56	\$278,735.00				
FUND 512	VEHICLE REPLACEMENT			\$233,909.05	\$369,181.00				
FUND 520	SR DIAL A RIDE			\$41,314.86	\$211,332.00				
FUND 521	DIAL-A-RIDE MEDICAL TRANS.			\$18,488.14	\$32,383.00				
FUND 525	NEEDLES AREA TRANSIT (NAT)			\$355,649.31	\$538,043.00				
FUND 580	ELECTRIC		\$453.56	\$4,358,269.94	\$5,829,753.00				
FUND 581	NPUA CAPITAL ELECTRIC			\$133,360.00	\$69,304.00				
FUND 582	NPUA CAPITAL WATER			\$33,828.06	\$150,064.00				
FUND 583	NPUA CAPITAL WASTEWATER			-\$26,562.16	\$7,450.00				
FUND 585	HOSPITAL								
FUND 650	IMPACT FEES NORTH NEEDLES			\$4,310.00	\$26,873.00				
FUND 651	IMPACT FEES SOUTH AREAS			\$4,310.00	\$65,072.00				
TOTAL	ALL FUNDS & DEPARTMENTS		\$ 3,002.32	\$29,563,197.10	\$45,640,238.00				
I certify that the expenditures/purchases to be paid by the warrants on this list have complied with the provisions of the City Code Chapter 8, Article II, Purchasing; and further, the funds to cover these purchases/expenditures, as City Audited, are included within the City Council approved and amended FY 2018/2019 Budget.									
		4/4/19			4/4/19				
Rick Daniels, City Manager		Date	Sylvia Miledi, Director of Finance		Date				
		4/1/19							
Kippy Paulson, City Treasurer		Date							

BANK 04 WELLS FARGO BANK - CITY GENERAL CHECKING

CHECK NUMBER	VENDOR NUMBER	SEQ#	VENDOR NAME	CHECK DATE	CHECK AMOUNT	DISCOUNTS/RETAINAGE TAKEN
7771	3458	00	MUTUAL OF OMAHA	03/29/2019	2,012.32	.00
7772	2813	00	NUEA	03/29/2019	90.00	.00
7773	1	00	TWENTY-NINE PALMS RECREATION DEPT.	03/29/2019	900.00	.00
NUMBER OF CHECKS				3	GRAND TOTAL	3,002.32





MINUTES OF THE REGULAR MEETING  
OF THE CITY COUNCIL  
NEEDLES, CALIFORNIA

Tuesday, June 26, 2018

The 5:00 p.m. portion of the City Council meeting was recessed by the Deputy City Clerk to 5:30 p.m.

**Call to Order**

In the absence of Mayor Paget and Vice Mayor Williams, the meeting was called to order by Deputy City Clerk Sallis at 5:34 p.m. in the Council Chambers at 1111 Bailey.

**Roll Call**

Present: Council Members Shawn Gudmundson, Louise Evans, Clayton Hazlewood, Tona Belt and Tom Darcy. Also present City Manager Rick Daniels, City Attorney John Pinkney and Deputy City Clerk Cheryl Sallis

**Selection of Presiding Officer**

Councilmember Hazlewood moved, seconded by Councilmember Darcy, to appoint Councilmember Evans as Presiding Officer. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: Councilmember Evans  
Absent: Mayor Paget and Vice Mayor Williams

**Excused Absence**

Councilmember Gudmundson moved, seconded by Councilmember Darcy, to grant an excused absence to Mayor Paget and Vice Mayor Williams. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None  
Absent: Mayor Paget and Vice Mayor Williams

**Public Appearance – None**

**Meeting Recessed for Executive Session Item**

Presiding Officer Evans recessed the meeting for the purpose of Executive Session at 5:36 p.m.

- a) Conference with Labor Negotiator pursuant to California Government Code §54957.6 – Personnel – Agency Representative City Manager Rick Daniels – Employee Organizations: Needles Unclassified Employees Association (NUEA) and San Bernardino Public Employees Association (SBPEA) Teamsters Local 1932

**Meeting Reconvened**

Presiding Officer Evans reconvened the meeting at 6:00 p.m. with all persons heretofore mentioned present.

**Report Out of Executive Session by City Attorney**

City Attorney Pinkney reported the following action was taken during the executive session:

**Teamsters, Local 1932 MOU:** Councilmember Hazlewood moved, seconded by Councilmember Gudmundson, to approve the Memorandum of Understanding between the City of Needles and the Teamsters, Local 1932, for the General (Classified) Employees Unit, July 1, 2018 through June 30, 2019. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None

Absent: Mayor Paget and Vice Mayor Williams

**Needles Unclassified Employees Association MOU:** Councilmember Gudmundson moved, seconded by Councilmember Darcy, to approve the Memorandum of Understanding between the City of Needles and the Needles Unclassified Employees Association for the Unclassified (Management & Confidential) Employees Unit, July 1, 2018 through June 30, 2019. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy

Noes: None

Absent: Mayor Paget and Vice Mayor Williams

### **Roll Call**

Present: Presiding Officer Louise Evans, Council Members Shawn Gudmundson, Clayton Hazlewood, Tona Belt and Tom Darcy. Also present City Manager Rick Daniels, City Attorney John Pinkney and Deputy City Clerk Cheryl Sallis

**Invocation** Given by Presiding Officer Evans

**Pledge of Allegiance** Led by Councilmember Hazlewood

### **Approval of Agenda**

Councilmember Gudmundson moved, seconded by Councilmember Darcy, to approve the agenda as submitted. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy

Noes: None

Absent: Mayor Paget and Vice Mayor Williams

**Conflict of Interest** - None

**Correspondence** - None

**Introductions** - None

### **Public Appearance**

Jan Jernigan spoke on her concern with the residential building fees in Needles as it pertains to her and others in the community. The fees need to be competitive to encourage growth and reported fee statistics from other area communities. She questions the school impact fees and will be addressing those with the school board at their next meeting. She asked the Council to address this issue for a year and see what happens. City Manager Daniels reported that development impact fees will be on the next agenda.

### **1) Waived the reading and approved for introduction Ordinance No. 606-AC amending sections of Chapter 12A of the Needles Municipal Code; and amending Section 96.01 of the Needles Zoning Code related to adult-use marijuana businesses**

A public hearing was noticed to consider all evidence and testimony for or against a proposed zoning ordinance amendment related to allowing adult-use marijuana businesses / sales within the city

Legal notice as provided to the City Clerk's Office by staff had been published and posted.

City Attorney Pinkney explained that the City Council requested his office prepare an amended ordinance as the existing ordinance only allows medical-type businesses. Per direction, an ordinance is before the Council to remove the medical restrictions for all marijuana businesses, as well as amending the zoning code to remove the "medical" language, and regulations related thereto; rename "cooperative/collective" to "retail marijuana businesses"; combine the distribution/transportation licenses into one license type; and remove "transportation facilities" licenses from the regulatory ordinance and the permissible use table. He



believes the proposed document is consistent with the Council direction to allow adult use and reviewed the language changes in the ordinance.

Presiding Officer Evans declared the public hearing opened at 6:31 p.m.

Barbara Beard questioned the amended notice requirements and if it included inspections by code enforcement. City Attorney Pinkney briefly explained and City Manager Daniels clarified that 24 hours notice is required prior to inspection.

Pastor Craig Freitag spoke on what his church offers which is really good, heals and provides pleasure. Many of his customers (parishioners) were present in the audience to give testimony of their offerings. He asked for a no vote on the ordinance allowing adult use.

Sheryl Lewell, parents own THC – The Healing Center, told of her father's passing and the raid on their dispensary. If local businesses are not able to provide products, customers go to Laughlin and both the businesses and city lose money. She asked the Council to think about what they are doing and work together.

Andrea Wade, nurse practitioner/nurse for 27 years, explained she has seen it all working with the county. She felt the low income was most at risk and expressed concern with people getting jobs. She called local businesses with over 30 employees and all require drug testing. Not only adults will be using but kids as well. She's not against medical use but recreational use is just to get high. She encouraged the Council to do what's right, make a moral decision, and vote no.

Thomas Belt encouraged a no vote to recreational use. He is also a medical provider and spoke on studies that have been done on the negative effects of recreational use and the long term consequences.

Barbara Freeburg, worked 33 years for the school district, explained she's seen firsthand that kids smoke their parent's marijuana. Spoke on the events that the church provides for the kids and wants people to experience what the church provides. Asked for a no vote.

Robert Kaplan spoke on some businesses that do not grow a healthy product and all needing to follow the law. If the Council doesn't allow recreational use, the city won't get the tax or growth.

Nancy Cook explained she has a family member who smoked marijuana all his high school years and now says those years are a blur which is not a good thing. She asked for a no vote.

Blanca Campos explained she does not see the benefit of marijuana in adult lives but only devastation. Asked for a no vote.

Ashley Inakay encouraged a no vote and told her story of growing up in a house with a parent that used.

With no further comments, Presiding Officer Evans declared the public hearing closed at 6:41 p.m. and opened for Council discussion/deliberation.

Councilmember Gudmundson responded to some of the comments made during the public hearing and spoke on issues taking place at the federal level to allow states to regulate themselves.

Councilmember Hazlewood spoke on people making the right decisions and being involved with their children.

Councilmember Belt explained she's been on the fence on this issue and it's a tough decision. She's done research and marijuana, alcohol, pain medications, etc. are all going up in use; however she needs to look at this both ways – individually and as a councilmember for the benefit of the city.



Councilmember Hazlewood moved, seconded by Councilmember Gudmundson, to waive the reading and approve for introduction Ordinance No. 606-AC amending sections of Chapter 12A of the Needles Municipal Code; and amending Section 96.01 of the Needles Zoning Code related to adult-use marijuana businesses. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None  
Absent: Mayor Paget and Vice Mayor Williams

#### **Consent Calendar**

Councilmember Gudmundson moved, seconded by Councilmember Darcy, to approve the consent calendar items 2 through 7 as recommended.

- 2) Approved the warrants register through June 26, 2018
- 3) Accepted the bid from Western Construction Specialist in the amount of \$398,861 for work included as part of the Active Transportation Program (ATP) Curb, Gutter and Sidewalk Project on sections of Bailey Ave., Lily Hill Dr., Cibola St., L St., Highland Ave., Park Ave., Washington St., and E. Broadway Ave. with an estimated total project cost of \$484,168 using ATP grant funds, SBCTA and TDA Article 3 Funding and a \$5,000 private donation from Dr. Matthew and Linda Kidd and authorized staff to issue a Notice of Award and Notice to Proceed
- 4) Waived the reading and adopted Resolution No. 2018-37 accepting a Utility Easement within the fenced area of the Lillyhill Water Booster Station on the southeast corner of Lillyhill Drive and Clary Drive (APN 0185-233-55) from Frontier Communications and directed staff to file the easement and agreement with the San Bernardino County Recorder's Office
- 5) Waived the reading and adopted Resolution No. 2018-36 authorizing filing of an application for federal funding under FTA Section 5311(49 U.S.C. Section 5311), the federal program providing assistance to rural transit programs, with the California Department of Transportation
- 6) Approved filing of a claim for Local Transportation Fund (LTF), State Transit Assistance (STA) Fund and Measure I Operations and Elderly and Handicapped for Fiscal Year 2018-2019
- 7) Authorized the Mayor to sign a letter in opposition to Assembly Bill 2495 which will limit cost recovery for the City of Needles Code Enforcement activities

Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None  
Absent: Mayor Paget and Vice Mayor Williams

#### **End of Consent**

- 8) **Approved for Introduction Ordinance No. 605-AC amending Ordinance No. 481-AC, 531-AC and 601-AC all of which relate to an exclusive franchise agreement with Republic Services (Allied Waste Transportation, Inc.) for the collection and handling of solid waste**

Councilmember Darcy moved, seconded by Councilmember Hazlewood, to waive the reading and approved for introduction Ordinance No. 605-AC amending Ordinance No. 481-AC, 531-AC and 601-AC all of which relate to an exclusive franchise agreement with Republic Services (Allied Waste Transportation, Inc.) for the collection and handling of solid waste.

Presiding Officer Evans expressed concern on the term of the agreement being through 2028 and asked if a shorter time could be considered. Rainie Torrance responded that the term is only through January 2, 2019.

Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None  
Absent: Mayor Paget and Vice Mayor Williams

**9) Authorized attendance to the ICSC Western Conference and Deal Making Event at the Los Angeles Convention Center, October 8-10, 2018 and authorize using funds from the city council travel per diem account**

Councilmember Gudmundson moved, seconded by Councilmember Darcy, to authorize anyone interested on the City Council and staff to attend the ICSC Western Conference and Deal Making Event at the Los Angeles Convention Center, October 8-10, 2018 and authorize using funds from the city council travel per diem account (Mayor and Council Members).

Councilmember Hazlewood felt it's good to make connections at these events but need to grow the community first as all businesses operate off numbers so need to grow those numbers.

Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None  
Absent: Mayor Paget and Vice Mayor Williams

**10) Approved to Co-sponsor the Holiday Fun Fair in December 2018**

Councilmember Darcy moved, seconded by Councilmember Hazlewood, to authorize co-sponsoring of the Holiday Fun Fair event in December and reimbursements up to \$1,000.

After a brief discussion, Councilmember Darcy withdrew his motion and Councilmember Hazlewood withdrew his second.

Councilmember Hazlewood moved, seconded by Councilmember Darcy, to authorize co-sponsoring of the Holiday Fun Fair event in December at an amount double what was approved last year. Motion carried by the following roll call vote:

Ayes: Council Members Gudmundson, Hazlewood, Belt and Darcy  
Noes: None  
Absent: Mayor Paget and Vice Mayor Williams

**City Attorney's Report - None**

**City Manager's Report**

City Manager Daniels made the Council aware that an air conditioning unit, one of three, has gone out at the recreation center and he's taking urgent action to replace the unit using the same company that's been servicing it. He will be moving forward with replacement at a cost of \$5,000.

**Council Requests**

Councilmember Hazlewood explained he's not sure if the grounds crew has been told to cut back on watering of the lawn area on the city's side of the complex but he's directing that the city's fields and facilities be maintained green so that the city can lead by example.

Councilmember Hazlewood left the meeting at 7:03 p.m., therefore a quorum no longer existed and the meeting was adjourned.

ATTEST: \_\_\_\_\_  
Presiding Officer Louise Evans

\_\_\_\_\_  
Deputy City Clerk Cheryl K. Sallis



# Request for Council Action

## City of Needles, California

☒ CITY COUNCIL ☐ UTILITY BOARD

☒ Regular ☐ Special

**Meeting Date:** April 9<sup>th</sup>, 2019

**Title:** Accept Change Order #1 to Redmond Construction for the additional work needed on the unforeseen issues during the removal and replacement of the existing sound material and accept the alternate bid for demolition of existing floor in preparation of the new floor installation in Phase III.

**Background:** While removing the insulation material and patching holes on the ceiling it was determined that some frame work was not installed during original construction. Once the contractor removed the insulation material it was identified that there were imperfections and it was recommended that the ceiling be textured. Additional framing was also required to install drywall in the selected locations.

The sound proof product delivered was not as expected. The products white texture would become dirty very quickly with the volume of users. Staff reached out to the manufacturer and selected a product with more durability for the use of the gymnasium. The City avoided having to pay a restocking fee but was charged for return delivery and the shipping of the new product which is a difference of \$1,979. The additional costs for Phase I are \$13,476.00

The change order also includes the alternate bid for the demolition of the existing floor for Phase III. The alternate bid submitted by Geary Floors Inc. was \$24,200 but Redmond Construction has submitted a lower bid for \$21,100 to demolish the existing floor. The total for Change Order #1 including the additional amount for Phase III demolition is \$34,576.

**Fiscal Impact:** Phase I and Change Order #1 are funded by C.D.B.G funds. The County has agreed to the City's request of advancing the City's anticipated C.D.B.G. allocation for the next four (4) years for a total of \$168,389. The remaining balance of C.D.B.G funds after this change order is \$20,882.00.

\$72,464.00	Phase I Original Bid
\$13,476.00	Change Order #1 – Phase I
\$21,100.00	Floor Demolition – By Redmond Construction
<b>\$107,040.00</b>	<b>REDMOND CHANGE ORDER #1 TOTAL</b>

**Recommendation:** Accept Change Order #1 in the amount of \$34,576 for the repairs needed to the ceiling, returning and re-ordering sound material and the demolition of the existing gymnasium floor as part of Phase III.

**Submitted By:** Tammy Ellmore, Engineering Tech II

**City Management Review:** Rick

**Date:** 4/4/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

AGENDA ITEM: 7

**16 – CHANGE ORDER**Project: CDBG Needles Gymnasium – Phase 1 Sound Order No: 1Owner: City of NeedlesContractor: REDMOND CONSTRUCTION INC**The Following Changes are made to the Contract:**

While removing the insulation material and patching holes on the ceiling it was determined that some frame work was not installed during original construction. Once the contractor removed the insulation material it was identified that there were imperfections and it was recommended that the ceiling be textured. Additional framing was also required to install drywall in the selected locations.

The sound proof product delivered was not as expected. The products white texture would become dirty very quickly with the volume of users. Staff reached out to the manufacturer and selected a product with more durability for the use of the gymnasium. The City avoided having to pay a restocking fee but was charged for return delivery and the shipping of the new product which is a difference of \$1,979.

The change order also includes the alternate bid for the demolition of the existing floor for Phase III. The alternate bid submitted by Geary Floors Inc. was \$24,200 but Redmond Construction has submitted a lower bid for \$21,100 to demolish the existing floor. The total for Change Order #1 is \$34,576.

**Justification:****Remaining CDBG Funds**

Original Contract Price (Starting Bid Amount)	\$	<u>72,464.00</u>
Previous Change Order(s) Amount	\$	<u>0.00</u>
Original Contract Price plus previous Change Order(s) (sub-total lines 1 & 2)	\$	<u>72,464.00</u>
Contract Price due to this Change Order (This Change Order being presented)	\$	<u>34,576.00</u>
New Contract Price including this Change Order	\$	<u>107,040.00</u>

**Change in Contract Time**

Contract Time will be (Increased)	Adjusted Date for Completion of all Work	Calendar Days
-	-	-

**APPROVALS REQUIRED**

Requested by: Jimmy Ellmore

Date: 4/4/2019

Contractor  
Acceptance: \_\_\_\_\_  
*Signature*

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

\_\_\_\_\_  
*Title*

Approved by: \_\_\_\_\_

Date: 04/09/2019  
CC meeting

Title: City Manager  
*Title*



**Request for Council Action**  
**City of Needles, California**

☒ CITY COUNCIL    ☐ UTILITY BOARD

☒ Regular    ☐ Special

**Meeting Date:** April 9<sup>th</sup>, 2019

**Title:** Accept the Bid of GEARY FLOORS INC. in the amount of \$84,047.76 for the C.D.B.G. Recreation Center – Phase III Gymnasium Floor Replacement.

**Background:** The C.D.B.G. Recreation Center project was advertised in three phases. Phase III includes the floor replacement which was advertised on 02/20/2019; an invitation to bid was published in the Needles Desert Star, with a bid opening of 03/13/2019. We received in response to the advertisement (1) bid:

GEARY FLOORS INC. El Cajon, CA                      \$ 84,047.76

**Fiscal Impact:** Phase I – Sound Boards, Phase II – Lights and a portion of Phase III – Floor (\$20,882.00) are being funded by C.D.B.G. The County has agreed to the City's request of advancing the City's anticipated C.D.B.G. allocation for the next four (4) years for a total of \$168,389. The total project costs for each Phase is:

<b>\$168,389</b>	<b>+</b>	<b>Beginning Balance CDBG Funds</b>
\$72,464	-	Phase I Gym Sound Proofing
\$13,476	-	Change Order #1 – Phase I
\$40,467	-	Phase II Gym Lights
\$21,100	-	Floor Demolition (Redmond Construction)
<b>\$20,882</b>	<b>=</b>	<b>Sub-Total</b>
\$84,047.76	-	Phase III Gym Floor
<b>- 63,165.76</b>	<b>=</b>	<b>Balance Forward</b>
\$25,890.44	+	Use of Sale of City Owned Funds
\$37,274.32	+	Use of General Fund Reserves
<b>\$ 0.00</b>	<b>=</b>	<b>Completion</b>

The remaining project cost of \$63,165.76 is to be split between the Sale of City Property (\$25,890.44) and the General Fund Reserves (\$37,274.32).

**Recommendation:** Accept the bid of GEARY FLOOR INC in the amount of \$84,047.76 for the installation of a new Gymnasium Floor at the Needles Recreation Center. Authorize staff to use remaining funds from CDBG, the Sale of City Owned property \$25,890.44 and the use of General Fund Reserves in the amount of \$37,274.32. Issue a Notice of Award and Notice to Proceed for Phase III – Gymnasium Floor.

**Submitted By:** Tammy Ellmore, Engineering Tech II

**City Management Review:** 

**Date:** 4/4/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

AGENDA ITEM: 8

# City of Needles SEALED BID OPENING

**CDBG Needles Rec Center Rehabilitation – Phase III Gymnasium Floor  
March 13, 2019**

BIDDER	DECLARATION	ADDENDUMS	BID BOND	DIR Registered	TOTAL BID
--------	-------------	-----------	----------	----------------	-----------

<b>1</b>	GEARY FLOORS INC – El Cajon, CA	X	X	X	X	\$ 84,047.76
<b>2</b>						\$
<b>3</b>	Alternate Bid					\$ 24,200.00
<b>4</b>						\$
<b>5</b>						\$
<b>6</b>						\$
<b>7</b>						\$
<b>8</b>						\$
<b>9</b>						\$
<b>10</b>						\$

Present at Opening:

Tammy Ellmore

\_\_\_\_\_  
\_\_\_\_\_  
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Recorded by:

Dale Jones



# City of Needles, California

## Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Release of the Temporary Certificate of Occupancy Agreement with Flower Refinery Inc. for the Occupancy of Building 1 located at 2701 Columbus Drive, Also known as APN# 0660-081-30.

**Background:** On April 25, 2017, the City Council approved Resolution 2017-34 for a Conditional Use Permit No. 04-05-2017-3 PC, approving a marijuana cultivation facility.

On October 9, 2018 the City of Needles entered into an agreement with Flower Refinery Inc. to issue a Temporary Certificate of Occupancy for building 1 to allow an earlier start of operation. Flower Refinery Inc. proposed to provide financial assurance for the remaining two (2) Conditions of Approval #51 (asphalt or concrete driving way and parking surfaces) and #57 (re-stripe and apply a protective sealant to existing pavement surfaces) in the amount totaling (\$24,000).

As of April 4, 2019, City Staff has reviewed the site and each of the two (2) remaining Conditions of Approval have been completed. The City will give back to Flower Refinery Inc. their financial assurance in the amount of twenty-four thousand dollars (\$24,000). The costs are described in the Agreement (Exhibit "A" and "D"), on the property identified in Exhibit "A" attached hereto and incorporated herein by this reference.

**Fiscal Impact:** N/A

**Environmental Impact:** This project is categorically exempt under the California Environmental Quality Act, CEQA Guidelines, Section 15301(a), (Existing Facilities, interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances).

**Recommended Action:** Approve the Release of the Temporary Certificate of Occupancy Agreement with Flower Refinery Inc. for the Occupancy of Building 1 located at 2701 Columbus Drive, Also known as APN# 0660-081-30

**Submitted By:** Patrick Martinez, Director of Development Services

**City Management Review:** Rick

**Date:** 4/4/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 9



**CITY OF NEEDLES  
AGREEMENT  
(Needles Flower Refinery, Inc.)**

This Agreement ("Agreement") is entered into this 9th day of October 2018, by and between the City of Needles, California, a charter city (hereinafter "City"), and Needles Flower Refinery, Inc., a California corporation, (hereinafter referred to as "Owner").

**I. RECITALS**

The parties hereto have entered into this Agreement based upon and in reliance on the following facts:

**A. WHEREAS**, Owner is the owner of the following property located in the City of Needles and referred to as the "Property":

1. Building 1  
APN# 0660-081-30  
2701 Columbus Drive, Needles, California  
Described in **Exhibit "A"** attached hereto and incorporated herein by this reference.

**B. WHEREAS**, commencing on April 25, 2017, the City Council approved Resolution 2017-34 also known as Conditional Use Permit No. 04-05-2017-3 PC, approving a medical marijuana cultivation facility at the Property subject to Conditions of Approval described in **Exhibit "B"** attached hereto and incorporated herein by this reference.

**C. WHEREAS**, Owner signed acknowledged and fully understood the Conditions of Approval for the Conditional Use Permit No. 04-05-2017-3 PC in an Affidavit Acknowledging Acceptance of Conditions of Approval for Conditional Use Permit described in **Exhibit "C"** attached hereto and incorporated herein by this reference.

**D. WHEREAS**, the property as of October 9, 2018, has four (4) Conditions of Approval which are not life or safety conditions that still need to be completed.

**E. WHEREAS**, two (2) of the four (4) outstanding Conditions of Approval will be completed by Owner prior to receiving a temporary Certificate of Occupancy under this Agreement being Conditions of Approval #58 (correct sidewalk abutting the project along Columbus Drive) and #60 (landscaping will be installed per the approved Landscape Plan dated March 2017);

**F. WHEREAS**, a true and correct copy of the two (2) conditions remaining after completion of those in Recital "E" ("Work") is attached hereto as **Exhibit "D"** and incorporated herein by this reference;

**G. WHEREAS,** Owner has requested a conditional and temporary Certificate of Occupancy for the Property to certify the Property is compliance and is suitable for occupancy.

**H. WHEREAS,** City Staff has reviewed with the Owner/applicant each of the two (2) Conditions of Approval and is prepared to issue a six (6) month temporary Certificate of Occupancy to the Owner for the Property in accordance with this Agreement.

**I. WHEREAS,** City has agreed to provide Owner time during the term of the temporary Certificate of Occupancy to correct all conditions described in **Exhibit "D"** attached hereto and incorporated herein by this reference and as further set forth in this Agreement.

**J. WHEREAS,** Owner has agreed to the estimated costs to correct all conditions described in **Exhibit "D"** attached hereto and incorporated herein by this reference, by the time set forth herein pursuant to the terms set forth in this Agreement.

## II. SETTLEMENT TERMS

Now, therefore, for valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows.

1. Recitals. The recitals set forth above are incorporated into this Agreement for all purposes.

2. Owner's Obligations to Abate Conditions on the Property.

a. As a condition precedent to the issuance of the six month temporary Certificate of Occupancy, Owner shall complete Conditions of Approval #58 (correct sidewalk abutting the project along Columbus Drive) and #60 (landscaping will be installed per the approved Landscape Plan dated March 2017).

b. Owner shall provide financial assurance in the amount of Twenty Four Thousand Dollars (\$24,000.00), in a form that is acceptable to City in City's sole and absolute discretion, before issuance of the six (6) month temporary Certificate of Occupancy, to assure that the Work is timely completed. The City will deposit the financial assurance funds into a dedicated fund, solely and exclusively for the assurance of completion of the Conditions of Approval and will provide the applicant with a monthly balance report. As each of the two (2) Conditions of Approval are completed to the satisfaction of the City the Owner will be refunded within 30 days of such satisfactory completion according to the costs that are described in **Exhibit "D"** attached hereto and incorporated herein by this reference.

c. Owner shall complete the Work, as approved by City no later than **April 9, 2019** unless the deadline for completion of the Work is extended in writing by City in City's sole and absolute discretion. In the event the Owner does not complete the Work the City may, but shall not be required to, use the funds, or any portion of the funds, to address any issues involving compliance with the CUP, Needles Municipal or to complete the Work, or any part thereof, and the Temporary Certificate of Occupancy will revoked and operations must cease. Upon



completion of all of the Conditions of Approval as certified by the City within the term of the six month Certificate of Occupancy a permanent Certificate of Occupancy will be issued.

3. City's Remedies for Default of Owner. In the event that Owner fails to fulfill the obligations set forth in Paragraph 2 above, City may immediately terminate this Agreement and seek any and all available remedies in law and/or equity regarding the Property, including but not limited to seeking an Abatement Warrant from the Court.

4. Compliance with Laws. Owner agrees to comply with all governmental laws and regulations, including City zoning, building, business licensing and tax laws pertaining to the Property and to any business operated thereon.

5. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be effective upon delivery by hand or email or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to CITY or Owner at the addresses below. Notice of change of address shall be effective only when accomplished in accordance with this Section.

CITY's Notice Address:

City of Needles  
817 Third Street  
Needles, CA 92363  
Attn: Director of Development Services  
ndlsdds@frontier.com

OWNER's Notice Address:

DAVID WAYNE NICOTHODES  
7365 CARNELIAN ST #233  
RANCHO CUCAMONGA CA 91730

7. Consideration. Each of the parties hereto acknowledges and admits to the sufficiency of the consideration provided in exchange for the releases and other covenants contained in this Agreement.

8. No Assignment. Owner shall not assign any rights or obligations under this Agreement except with the prior written approval by the City.

9. Counterparts. This Agreement may be executed in several counterparts and by fax copies and, as so executed, will constitute one agreement, binding on the parties to this Agreement, notwithstanding that such parties are not signatories to the original or the same counterparts.



10. Warranties of Comprehension, Consent and Authority. Each person executing this Agreement warrants that he or she comprehends the terms of this Agreement, and further warrants that he or she is executing this Agreement freely on the advice of legal counsel and that, if signing on behalf of an entity, he or she has the right and authority to execute the Agreement on that entity's behalf.

11. Waiver. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

12. Severability. If any court of competent jurisdiction holds any provision of this Agreement to be invalid, unenforceable, or void, the remainder of this Agreement shall remain in full force and effect.

13. Governing Law. This Agreement is entered into and to be performed in San Bernardino County and shall be governed by and construed in accordance with the laws of the State of California and the Parties agree that venue shall be in San Bernardino County, California.

14. Interpretation. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit or against the party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement. This Agreement may be altered, amended or modified only by an instrument in writing; executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest, or assert that this Agreement was modified, canceled superseded or changed by any oral Agreement, course of conduct, waiver or estoppel. The recitals to this Agreement are deemed incorporated in this Agreement and made a part hereof by this reference.

15. Mistake. The parties fully understand and declare that if the facts under which this Agreement is executed are found hereafter to be different from the facts now believed by them to be true they assume the risk of such possible differences in facts and hereby agree that this Agreement shall be, and will remain, effective, notwithstanding such differences in facts.

16. Headings. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties hereto. Section headings of this Agreement are solely for the convenience of reference and shall not govern the interpretation of any of the provisions of this Agreement.

[Remainder of page intentional left blank.]

IN WITNESS WHEREOF, the undersigned hereby warrant that they are legally authorized and entitled to settle and to release every claim herein released and to agree to the above:

**CITY**

DATED: \_\_\_\_\_

CITY OF NEEDLES

By: \_\_\_\_\_  
Dr. Edward Paget, Mayor

**ATTEST:**

\_\_\_\_\_  
Dale Jones, City Clerk

**APPROVED AS TO FORM:**

SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

\_\_\_\_\_  
John O. Pinkney, City Attorney

DATED: \_\_\_\_\_

**OWNER**

Needles Flower Refinery, Inc.

By: \_\_\_\_\_

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

DATED: \_\_\_\_\_



Remaining Cond. Complete Prior CofO

#58 Repair abutting sidewalk

#51 Parking Surface

#57 Re-stripe protective sealant

Conditions Require Financial Assurance



## #57 Re-stripe protective sealant





**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
NEEDLES APPROVING A CONDITIONAL USE PERMIT FOR  
A MEDICAL MARIJUANA CULTIVATION FACILITY LOCATED  
WITHIN THE PARCEL KNOWN AS APN 0660-081-30; AND ADOPTION  
OF A MITIGATED NEGATIVE DECLARATION AND MITIGATION  
MONITORING AND REPORTING PROGRAM.**

**WHEREAS**, on January 10, 2017 City Council Ordinance No. 588 was approved allowing medical marijuana cultivation facilities in zones C1, C2, C3, M1 and M2, with a Conditional Use Permit and Regulatory Permit; and

**WHEREAS**, Applicant, Sharon Brown, representative for Flower Refinery Inc., recently filed an application requesting a Conditional Use Permit for a medical marijuana cultivation facility, proposed to be located within the subject parcel known as APN 0660-081-30; and

**WHEREAS**, the parcel being considered for medical marijuana cultivation is currently zoned C-2 "General Commercial" for APN 0660-081-30; and

**WHEREAS**, Section 96.01 of the Needles City Code allows these types of projects to occur in the General Commercial (C-2) zone, subject to the approval of a Conditional Use Permit; and

**WHEREAS**, a public hearing notice for the Needles Planning Commission meeting was published in the Needles Desert Star on March 15, 2017, 21 days prior to said meeting, and notices were sent to property owners within a 300-foot radius of the subject property specifying the date, time and location of the public hearing; and

**WHEREAS**, on April 5, 2017, the Needles Planning Commission held a duly noticed and advertised public hearing to receive oral and written testimony relative to RESOLUTION 04-05-2017-3 PC; and

**WHEREAS**, on April 5, 2017, the Needles Planning Commission approved RESOLUTION 04-05-2017-3 PC recommending City Council approval of a Conditional Use Permit; and,

**WHEREAS**, a public hearing notice for the Needles City Council meeting was published in the Needles Desert Star on April 15, 10 days prior to said meeting, and notices were sent to property owners within a 300-foot radius of the subject property specifying the date, time and location of the public hearing for a Conditional Use Permit; and

**WHEREAS**, the matter was scheduled for a public hearing on April 25, 2017 City Council meeting; and

**WHEREAS**, on April 25, 2017, the Needles City Council held a duly noticed and advertised public hearing to receive oral and written testimony for a Conditional Use Permit; and,

**WHEREAS**, Section 94.07(d) of the Needles City Code describes the findings required to approve a Conditional Use Permit; and

**WHEREAS**, the Needles City Council has sufficiently considered all testimony and any documentary evidence presented to them in order to make the following determination.

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

**SECTION 1.** Pursuant to the California Environmental Quality Act (CEQA), the attached Initial Study was prepared to analyze the potential environmental effects of the project. An Initial Study was required for the following reasons: 1) the project site was not considered to be infill due to its location; 2) the previous use of the site was as overflow parking for the adjacent restaurant; 3) a portion of the site is relatively undisturbed and was therefore subject to an analysis of biological and cultural resources. Based on the findings contained in that Initial Study, City Staff determined that, with the implementation of mitigation measures, there would be no substantial evidence that the project would have a significant effect on the environment.

Based on that determination, the Initial Study and Notice of Intent to Adopt a Mitigated Negative Declaration was prepared and posted on the City's website and circulated to responsible agencies for a 20-day public review and comment period starting on February 22, 2017. A Mitigation Monitoring Program (MMP) has also been prepared to ensure implementation of the mitigation measures for the project (Condition 22). The public review period for comments on the proposed adoption of the MND closed on March 13, 2017. Minor comments were received from the Twenty-nine Palms Band of Mission Indians and from the San Bernardino County Department of Public Works (Attached with this Staff Report).

**SECTION 2** The City Council HEREBY FINDS AND DETERMINES, with reports and findings, that facts do exist to approve a Conditional Use Permit, according to the criteria specified in Section 94.07(d) of the Needles City Code:

- A. That the requested permit is within its jurisdiction according to the table of permissible uses.*

**FINDING:** The project site is located in a General Commercial (C-2) zone, which under Ordinance No. 588 AC, permits medical marijuana cultivation operations to occur within the facility through approval of a Conditional Use Permit and a Regulatory Permit.

- B. The Application is Complete*



**FINDING:** The applicant has submitted a complete application and has provided the required Site, Floor, Elevation, Rendering and Landscape Plans for the proposed development for two (2) 12,076 square foot buildings totaling 24,152 square feet for the purpose of medical marijuana cultivation, which have been incorporated into this Staff Report (Attachments B through F).

C. *The development is in general conformity with the Needles General Plan.*

**FINDING:** The proposed project, cultivation of medical marijuana, is consistent with uses identified in the General Plan Commercial Highway (CH) designation through the adoption of Ordinance No. 588 AC, which allows for cultivation facilities to operate within the General Commercial (C-2) designated zone, thereby providing consistency with the General Plan.

D. *The development is in harmony with the area in which it is located.*

**FINDING:** The project site is located on a vacant, undeveloped 1.43 acre parcel that is proposed for development of two (2) 12,076 square foot buildings totaling 24,152 square feet for the purpose of medical marijuana cultivation. The conditions of approval require that only cultivation may be performed inside each building. No manufacturing of products or sales will be permitted to occur on-site. Traffic generated by the proposed project is expected to be minimal with less than 100 trips per day over a 24-hour period. Vehicle trips would be generated by employees as well as material supply delivery and product shipment. In addition, there are no sensitive receptors (residents, hospitals, schools) located nearby that would be impacted as a result of project operations. Therefore, this type of project is consistent with the uses occurring in the vicinity of the project site.

E. *The development will not materially endanger the public health or safety.*

**FINDING:** The project site is located in a commercially developed area of the City. Conditions of approval have been placed on the project to ensure appropriate lighting, security systems, and ventilation systems are in place for health and safety purposes.

F. *The development will not substantially injure the value of adjoining or abutting properties.*

**FINDING:** The project site is zoned General Commercial (C-2). The area to the north across the I-40 freeway is zoned Highway Commercial (C-3) to the south and east zoned General Commercial (C-2), and to the west zoned Open Space (O). As shown from current site photographs (Attachment G) and compared with the project's Elevations (Attachment C-1) and conceptual rendering (Attachment E), the proposed exterior colors and third dimensional variation applied to the design of the buildings (e.g., façade eaves, planar projections, parapets and sloped roofing) will replace an otherwise vacant lot with two buildings in providing aesthetic integrity to



the area, thereby not substantially injuring the value of adjoining or abutting properties.

*G. That the project overall is consistent with the preceding findings.*

**FINDING:** The overall project with Conditions of Approval as stated herein provides consistency with the preceding findings.

**SECTION 3.** The City Council HEREBY FINDS AND DETERMINES that facts do exist to approve **RESOLUTION 2017-34**.

**SECTION 4.** The City Council HEREBY APPROVES Resolution **2017-34** recommending approval of a medical marijuana cultivation facility located within the parcel known as APN 0660-081-30, and adoption of a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program with the following conditions:

1. Conditional Use Permit ("CUP") No. 04-05-2017-3 PC conditionally authorizes one Marijuana Cultivation Facility within two (2) 12,076 square foot buildings totaling 24,152 square feet and located on the west side of Columbus Drive, approximately 600 feet south of the Interstate 40 freeway also known as APN 0660-081-30. This CUP does not authorize the use of a Cooperative/Collective, Manufacturing, or Testing Laboratory at this site within the buildings. These Conditions of Approval shall apply to the cultivation of marijuana and the establishment of the Cultivation Facility only, whether it is classified as medical or, in the event it is legalized or otherwise provided immunity from prosecution within the State or by the Federal Government, recreational.
2. The Applicant/Owner/Operator, and his/her/its successor(s) in interest ("Applicant") shall comply with all conditions of this CUP, including the Needles Municipal Code ("Municipal Code") and Chapter 12A thereof, the City Zoning Code, including Article IV and Section 94 thereof, and all applicable laws, policies, rules and regulations of the City, County, and State; and shall comply with any requirements associated with this approval or with the issuance of any Cultivation Facility License as required by Chapter 12A of the Municipal Code.
3. This CUP is issued in accordance with the provisions of the Municipal Code, and all development subject to the CUP shall occur strictly in accordance with the CUP plans and applications approved by the City. Failure to implement and maintain all provisions of these conditions of CUP approval shall be deemed grounds for revocation.
4. The CUP is issued contingent upon the Applicant's compliance with the provisions of Municipal Code Chapter 12A, and the issuance of all applicable permits and licenses in connection therewith, including, without limitation, a Marijuana Cultivation License, prior to the issuance of a Certificate of Occupancy pursuant to this CUP.
5. The approval for CUP No. 04-05-2017-3 PC is subject to the six (6) month expiration provisions of Section 94.13(a) of the City's Zoning Code, and will expire on **10-05-17**.



6. The permit issuing authority may extend for a period of up to six (6) months, the date when the permit would otherwise expire pursuant to 94.13(a) if it concludes that: (1) the permit has not yet expired; (2) the permit recipient has proceeded with due diligence and in good faith; and (3) conditions have not changed so substantially as to warrant a new application.
7. The Developer shall indemnify, protect, hold harmless and defend, with counsel selected by the City, the City and any agency or instrumentality thereof, and/or any of its officers, employees and agents from any and all claims, actions, or proceedings against the City to attack, set aside, void, annul and/or seek monetary damages resulting from an approval of the City; or any agency or instrumentality thereof, advisory commission; appeal board or legislative body including actions approved by the voters of the City, concerning Developer's project. The City shall promptly notify the Developer of any claim, action; or proceeding to which this condition is applicable and shall reasonably cooperate in the defense of the action. The City reserves its right to take any and all action the City deems to be in the best interest of the City and its citizens in regard to such defense. As a condition of this approval, the Developer or its authorized representative shall:
  - (a) Execute an agreement to defend (with legal counsel of the City's choice), indemnify and hold the City harmless from any and all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation(s) of federal law associated with the permitting, licensing, approval, and/or operation of the Cultivation Facility; and
  - (b) Maintain insurance in the minimum amount of \$1 million per claim and \$2 million in the aggregate; and
  - (c) Name the City as an additional insured on all City required insurance policies; and
  - (d) Agree to defend, at its sole expense, any action against the City, its agents, officers, and employees related to the approval of the Cultivation Facility.
8. All development on the project site shall be in compliance with all applicable provisions of the City's Municipal Code and all applicable provisions of the adopted and applicable Building, Construction and Fire Codes, the Americans with Disabilities Act, and all City building, zoning, business, and health regulations. All new construction shall obtain appropriate building permits and comply with the requirements of the Planning, Building, and Fire Departments.
9. With the exception for amendments and/or modifications that are consistent with Section 94.15 of the City's Zoning Code, anything not shown on the CUP application or the Site Plan, or which is not specifically approved herein, or which is not in compliance with the CUP, is not approved. Any application and/or plans which are defective as to, but not limited to, omissions, dimensions, scale, use, colors, materials, encroachments, easements, etc., shall render any entitlements granted hereunder null and void. Construction (if any) shall cease until all requirements of this CUP are complied with, and development entitlements may be withheld until any Code violations are abated.



10. Prior to issuance of the first permit (grading or building) the Applicant shall submit a request for a Lot Line Adjustment in order to increase the size of parcel 0660-081-30 in order to accommodate the 26-foot travel lane and a second access point to the site, as required by the Fire Department.
11. No Certificate of Occupancy shall be granted until all Conditions of Approval have been completed and approved by the City and Fire Department unless otherwise identified herein, and all offsite improvements have been completed and accepted by the City.
12. Within fifteen (15) days of final approval by the City Council, the Applicant shall submit a notarized affidavit acknowledging acceptance of the conditions of this CUP. This authorization shall become void, and any privilege, permit, or other authorization granted under these entitlements shall be deemed to have lapsed if compliance with this condition has not been undertaken within the specified time limits.
13. A scanned copy of the signed Conditions of Approval shall be included in the Building Construction Plans submitted for plan check.
14. The Applicant shall pay all established service, permit, impact, environmental, and other applicable fees required by the City as a condition of this CUP.
15. The Applicant shall at all times comply with any applicable State law, including but not limited to: the Compassionate Use Act (Proposition 215), the Medical Marijuana Program Act (Senate Bill 420), the Medical Marijuana Regulation and Safety Act (collectively Assembly Bill 266, Assembly Bill 243, and Senate Bill 643, signed into law by Governor Brown on October 9, 2015, as may be amended from time to time), and any other State or California Constitutional provision, whether now or later adopted, including any location restrictions.
16. The Applicant shall apply for and obtain a Marijuana Cultivation License prior to operating the Cultivation Facility conditionally authorized by this CUP, and shall at all times comply with the provisions of such license and applicable City Codes and regulations. The revocation or suspension of any required regulatory license shall operate to suspend all operations.
17. The Applicant must comply with the recommendations and conditions of the City Manager or his/her designee prior to issuance of any building permits. All development pursuant to this CUP must be kept in full compliance with the County Fire Code to the satisfaction of the County Fire Department.
18. A Management, Operations, and Security Plan including the measures set forth in Municipal Code Chapter 12A-7(F) shall be reviewed, and approved by the City Manager (or Designee) and City Building Official prior to Building Permit Issuance. Installation of security measures, including those listed below (See Condition 41a-e) must be completed, inspected, and approved by the City Manager (or Designee) and City Building Official prior to issuance of a Certificate of Occupancy.



19. The Applicant shall provide adequate lighting above all entrances and exits to the proposed buildings, as well as all parking areas and walkways that are under the control of the Applicant.
20. All required lighting shall be of sufficient power to illuminate and make easily discernible the appearance and conduct of all persons within lighted areas during operating hours and shall be designed so as to direct light and glare onto the premises only. Said lighting and glare shall be shielded to deflect lighting away from all adjoining properties.
21. Prior to the issuance of a Conditional Use Permit, the Applicant shall obtain an electric "Will-Serve" letter, as well as a "Will-Serve" letter for Domestic Water and Sanitary Sewer Service from the Needles Public Utility Authority ("NPUA").
22. The Applicant shall adhere to all mitigation measures listed in Mitigation Reporting and Monitoring Program (MMRP) as applicable to Air Quality, Biological Resources, Cultural Resources, Hazardous Materials, and Hydrology and Water Quality.
23. During grading activities and in the event of an accidental discovery or recognition of any human remains during project construction activities, Public Resources Code (PRC) Section 5097.98 must be followed. In this instance, once project-related earthmoving begins and if there is accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the following steps shall be taken:
  - There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until the County Coroner is contacted to determine if the remains are Native American and if an investigation of the cause of death is required. If the coroner determines the remains to be Native American, then the coroner shall contact the NAHC within 24 hours, and the NAHC shall identify the person or persons it believes to be the "most likely descendant" of the deceased Native American. The most likely descendent may make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in PRC Section 5097.98, or
  - Where the following conditions occur, the landowner or his authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity either in accordance with the recommendations of the most likely descendant or on the property in a location not subject to further subsurface disturbance:
    - The NAHC is unable to identify a most likely descendent or the most likely descendent failed to make a recommendation within 24 hours after being notified by the commission;
    - The descendant identified fails to make a recommendation; or
    - The landowner or his authorized representative rejects the recommendation of the descendant, and the mediation by the NAHC.

24. During construction, the Applicant shall, at all times, maintain the project site free of weeds, debris, trash or any other offensive, unhealthful and dangerous material. If after five (5) days' notice by certified mail, the Applicant does not comply with a notice of violation issued during construction, the City may either cancel building or grading permits and/or implement nuisance abatement proceedings, including placing a lien on the property for costs of abatement.
25. Applicant shall locate outside trash bin(s) or trash cans in a secured, enclosed area; not to be seen by public view and shall be locked at all times.
26. The outdoor cultivation and/or sale of marijuana and/or marijuana products are prohibited on the project site. No activity including, but not limited to, seeding, growing, or processing shall be conducted outside of the enclosed Cultivation Facility. The only time in which the product of any type is allowed to be outside of the 12,076 square foot buildings is for loading and/or transportation/logistic and/or disposal purposes, consistent with the approved Site Plan. Indoor Cultivation is allowed only within a fully enclosed and secure structure which has a complete roof enclosure supported by connecting walls extending from the ground to the roof, is secured against unauthorized entry, provides complete visual screening, is only accessible through doors, and is inaccessible to minors. Other types of activities or special events are prohibited on the project site unless the applicant has received an approved Temporary Use Permit subject to the provisions of the City Municipal Code.
27. All structures, building walls open to public view shall remain free of graffiti or other extraneous markings, drawing, or signage that was not approved by the City, unless directly related to the business being operated on the premises or otherwise providing pertinent information about said premises. In the event graffiti or other extraneous markings occur, the Applicant shall remove or cover said markings, drawings, or signage within 24 hours of notification of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible, the color of the adjacent surface.
28. Prior to occupancy, the Applicant shall prepare and file with the County Fire Department and Sheriff's Department a detailed evacuation plan in the event of an emergency that details how the buildings will be secured and how first responders will gain access to the project site and buildings.
29. The Applicant shall comply with the National Pollutant Discharge Elimination System (NPDES) requirements per the California Regional Water Quality Control Board (RWQCB), Colorado Region.
30. Prior to construction of the first building (Phase 1), the Applicant shall fill out the City's Industrial Wastewater Discharge checklist and provide the City with a detailed description of the project's proposed treatment for wastewater discharge associated with cultivation.



This shall involve and require the Applicant to construct a sampling manhole onsite to connect to the facility's wastewater line that will tie-in to the nearby existing sewer line, and shall be constructed large enough in diameter for test tubes to be fitted down for water capture and testing. Said manhole shall be located between the building structure and the City's sewer main (on Columbus Drive) with access for City Staff, and a composite sampling device to be installed in the manhole with a remote controller. The depth of the manhole will depend on the depth of the sewer.

The Applicant shall also describe if:

- a) Reverse osmosis will be utilized, and if so, shall provide documentation to the City of how concentrated levels of Total Dissolved Solids (TDS) and brine solutions will be disposed and of the licensed entity that will be appointed in receiving TDS waste; or
- b) If Hydroponic Grow Methods will be utilized, the applicant shall notify the City prior to initial discharge of hydroponic water media. Testing shall be performed at the time of discharge by a licensed wastewater testing firm. If testing reveals an exceedance in the maximum allowable threshold for dissolved solids, the facility shall halt any further discharge until appropriate filtering methods have been replaced/installed and re-tested by the wastewater testing firm until discharge levels of dissolved solids fall below the maximum allowable threshold. Failure to notify the City or detection of an unapproved discharge shall be considered "non-compliant" and is subject to sanctions up to and including discontinuance of service in accordance with Sections 9.5 and 10.7 of the City Code.

31. No nuisance water shall escape the Project Site onto public streets or adjacent properties.
32. If hazardous substances are used and/or stored in connection with the project, that exceed 55 gallons, 500 pounds, or 200 cubic feet (compressed gas) at any one time in the course of a year, a Business Emergency/Contingency Plan shall be prepared prior to issuance of Certificate of Occupancy and shall be in compliance with California Health & Safety Code (CHSC), Division 20, Chapter 6.95, Sections 25500 - 25520, California Code of Regulations (CCR), Title 19, Division 2, Chapter 4, Article 4, Sections 2729 - 2732, Title 40, Code of Federal Regulations (CFR), and EPA (SARA, Title III). A technical opinion and report may be required, identifying and developing methods of protection from the hazards presented by the hazardous materials. This report shall be prepared by a qualified and properly licensed person, firm, or corporation and submitted to the Fire Department. This report shall also explain the proposed Facility's intended methods of operation and list all of the proposed materials, their quantities, classifications, and the effects of any chemical (material) inter-mixing in the event of an accident or spill.
33. Indoor Cultivation shall not exceed 12,076 square feet for each building (24,152 square feet combined for both buildings), as authorized pursuant to the CUP. In the event that State law further restricts or limits these requirements, the Cultivation Facility shall comply with all building size requirements for such facilities imposed by State law and consistent with any State issued permit or license. A decrease in Indoor Cultivation below that which is authorized shall not require a new or amended CUP.



34. Indoor Cultivation shall not adversely affect the health or safety of the nearby residents, businesses or properties by creating offensive odors, dust, glare, heat, noise, smoke, traffic, vibration, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby properties or areas open to the public, and shall not be hazardous due to use or storage of materials, processes, products or wastes. Each building shall incorporate, operate and maintain sufficient odor absorbing ventilation through the use of charcoal lined filtration and exhaust systems.
35. The Cultivation Facility shall comply fully with all applicable restrictions and mandates set forth in State law, including without limitation, the Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use issued by the California Attorney General in August 2008, as may be amended from time to time. The Cultivation Facility shall not engage in any activities not allowed at Cultivation Facilities pursuant to State law and Chapter 12A of the Municipal Code. The Cultivation Facility shall comply with all horticultural, labeling, processing, and other standards required by State law and Chapter 12A of the Municipal Code.
36. All marijuana and marijuana products shall be stored in a secured manner within the Cultivation Facility during business and non-business hours.
37. On-site smoking, ingestion, or consumption of marijuana or alcohol shall be prohibited on the premises of the Cultivation Facility. The term "premises" includes the actual buildings, as well as any accessory structures and parking areas. The building entrance to the Cultivation Facility shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the Facility is prohibited.
38. Alcoholic beverages shall not be sold, stored, distributed, or consumed on the premises. A Cultivation Facility shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages. In addition, alcohol shall not be provided, stored, kept, located, sold, dispensed, or used on the premises of the Cultivation Facility.
39. With the exception of Emergency Medical Care provided in the event of an accident or injury, Physician services shall not be provided on the premises.
40. No physical change, alteration, or modification of the premises of the Cultivation Facility is allowed that materially or substantially alters the permitted use or the approved site plans. Material changes include, but are not limited to, an increase or decrease in the total square footage of the Cultivation Facility, or the addition, sealing of, or relocation of a wall, common entryway, doorway, or other means of ingress and/or egress to the Facility.
41. The Cultivation facility shall not distribute, sell, dispense, or administer marijuana out of its Facility to the public. A Cultivation facility shall not be operated as a Cooperative/Collective.



42. The Applicant shall identify the on-site manager(s) of the Facility to whom notice of operational issues may be provided. The Cultivation Facility shall make every good faith effort to encourage residents, businesses, or members of the public to call this Facility Manager as a first step to resolving operating problems, if any, before calls or complaints are lodged with the Sheriff's or Planning Department.
43. A security plan shall be clearly detailed on the Site Plan and installed at the Facility, including the following measures:
- (a) Security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or his/her designee. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras include, but are not limited to, the storage areas, cultivation areas, all doors and corners of the building, and any other areas as determined by the City Manager or his/her designee. Recordings shall be made available to the City Manager or his/her designee upon 24 hours' notice. Records shall be maintained for seven (7) years from the date created or longer if required by State or Federal law.
  - (b) The facility shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company. Any security personnel, whether armed or unarmed, employed by the Cultivation Facility shall have and possess on their person a valid, State issued, licenses (commonly known as a "Guard Card");
  - (c) Entrance to the cultivation area and any storage areas shall be locked at all times, and under the control of staff of the Cultivation Facility;
  - (d) The entrance(s) shall be illuminated during evening hours. The Applicant shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed.
  - (e) Entry doors to both buildings (12,076 sq. ft. each) shall be appropriately secured and all marijuana securely stored, and a reliable, commercial alarm system shall be installed and maintained.
44. The Applicant shall enter into an agreement with the City that fully reimburses the City for all costs incurred by the City, resulting from the existence of the Facility, and provides the City with any applicable impact or other fees, imposed now or hereafter, to offset the potential impacts of the Cultivation Facility within the City.
45. The City Manager, or the City Manager's designee, shall have the right to enter the Cultivation Facility from time to time upon 24 hours' notice for the purpose of making reasonable inspections to observe and enforce compliance with these conditions of approval and all laws of the City and State of California.
46. If the Applicant utilizes an average of 125 percent or more of the permitted electricity or water amount based on the electric and water Will-Serve letters, in any one (1) year without

prior written approval by the NPUA, all operations must cease immediately and the same shall be grounds for revocation of the CUP. Average electricity and water usage will be monitored on a quarterly basis by NPUA and City of Needles.

47. Operation of the Cultivation Facility in violation of any condition(s) of this CUP approval or requirements of Chapter 12A of the Municipal Code or other City regulation or ordinance shall constitute a violation of the CUP and shall be enforced pursuant to the provisions of thereof.
48. If any condition of approval of this CUP is held or declared to be invalid by a court of competent jurisdiction, the entire Project and CUP may be reviewed and substitute and/or additional conditions may be imposed.
49. Any violation of these conditions of approval shall constitute grounds for revocation of the CUP. The CUP may be revoked by the permit-issuing authority only in accordance with the requirements of Section 118.04 of the City's Zoning Code. Any such decision is appealable by the Applicant in accordance with Section 118.05 of the City's Zoning Code.
50. The project shall be developed in conformance to the revised site plan drawing that includes the lot line adjustment and revised fencing plan. Any deviation from the approved plan shall require Planning Commission approval.
51. The Applicant must use asphalt or concrete for driving and parking surfaces per City standards.
52. The project is required to be handicap accessible, with ADA compliant restrooms for both buildings.
53. Any exposed metal surfaces to the building shall be masked with architectural treatment. At all times the building shall be maintained with appropriate paint or exterior treatment.
54. Prior to issuance of a grading or construction permit, a Geotechnical Report shall be generated and submitted to the City of Needles by a licensed and qualified engineer. Said report shall be completed to the satisfaction of the City Engineer and recommendations within the report shall be incorporated into the grading and building plan(s).
55. Prior to issuance of a grading or construction permit, a Precise Grading Plan shall be submitted to the City for review and approval
56. Prior to issuance of a grading or construction permit, a revised Erosion Control Plan shall be submitted to the City for review and approval. Said Plans shall include the correct location for the Stormtech underground chamber vault system.
57. Prior to issuance of Certificate of Occupancy for the Phase 1 building, all onsite parking for both Phases shall re-striped and applied with a protective sealant applied to existing pavement surfaces.



58. Prior to issuance of Certificate of Occupancy for the Phase 1 building, the existing concrete side walk abutting the project along Columbus Drive shall be repaired in areas that have been damaged.
59. Prior to issuance of Grading permits for the Phase 1 portion of the site, the Site Plan dated March 2017 shall be amended to show Item 19 regarding the fencing of the property as follows: "Proposed-10' Hi Wrought Iron Fencing with Pilasters along the front and sides of the project site, and an eight (8) foot tall chain link fence along the back side to enclose the medical marijuana facility only."
- ~~Prior to issuance of Certificate of Occupancy for the Phase 1 building, the proposed eight (8) foot tall chain link fence shall be constructed to enclose the medical marijuana facility only.~~
60. Prior to issuance of Certificate of Occupancy for the Phase 1 building, the Applicant shall have all landscaping installed per the approved Landscape Plans dated March 2017. The landowner shall be responsible in maintaining the vigor and life of planted landscape species during the life of the project.
61. Prior to issuance of Certificate of Occupancy for Phase 1 building and Phase 2 building, an electric meter and a main disconnect switch shall be installed on exterior of both buildings.
62. The Applicant must comply with the recommendations of the San Bernardino County Fire Department prior to issuance of any building permits. All development pursuant to this permit must be kept in full compliance with the County Fire Code to the satisfaction of the County Fire Department.

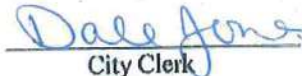
**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Needles, California, held on the 25th day of April, 2017, by the following roll call vote:

AYES: Councilmembers Gudmundson, Hazlewood, Belt and  
NOES: Councilmember Evans Richardson  
ABSENT: Vice Mayor Williams  
ABSTAIN: None

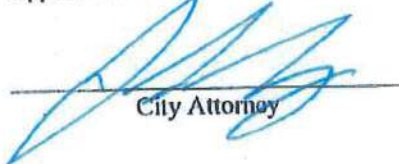
  
Mayor

(Seal)

Attest:

  
City Clerk

Approved as to form:

  
City Attorney

CC RESOLUTION 2017-54

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES  
AMENDING RESOLUTION 2017-34 PC TO INCREASE THE SIZE OF EACH  
BUILDING TO 22,757 SQ. FT., AMEND THE BUILDING TYPE TO STEEL BUILDINGS,  
AND RE-ESTABLISH THE EXPIRATION DATE OF THE CONDITIONAL USE PERMIT**

**WHEREAS**, on January 10, 2017 City Council Ordinance No. 588 was approved allowing medical marijuana cultivation in zones C1, C2, C3, M1 and M2, with a Conditional Use Permit and Regulatory Permit; and

**WHEREAS**, the parcel approved for medical marijuana cultivation is currently zoned C-2 "General Commercial" for APN 0660-081-30; and

**WHEREAS**, on April 25, 2017 City Council approved Resolution No. 2017-34 approving two 12, 176 sq. ft. buildings for medical marijuana cultivation; and

**WHEREAS**, the applicant has submitted an amendment to the project, increasing the square footage of each building from 12,076 sq. ft. to 22,757 sq. ft. by expanding the size of the second floor, changing the building type to steel buildings, and amending the Conditional Use permit expiration date; and

**WHEREAS**, at the July 6, 2017 Planning Commission meeting the requested amendments were reviewed with the Planning Commission and a motion was passed with a unanimous vote to approve Resolution No. 07-06-2017-1 PC recommending City Council approval of the amendments.

**SECTION 1.** The Needles City Council HEREBY APPROVES Resolution 2017-54, amending Resolution 2017-34, to increase the size of each building to 22,757 sq ft., to amend the building type to steel buildings, and to re-establish the CUP expiration date to January 11, 2018, with the following additional conditions:



1. Payment of electric transmission fees in the amount of \$100,000 per megawatt, shall be received by the City before the item will be placed back on Planning Commission agenda
2. Once fees are received, the project will be placed on Planning Commission agenda for consideration. If concurred by Planning Commission, the matter will be placed on City Council agenda.
3. The side of each steel building that is visible from Needles Highway will require 25% architectural treatment to blend with the proposed front façade.
4. The green exterior color shall be replaced with an alternate color choice approved by the City Manager or his/her designee.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Needles, California, held on the 11th day of July, 2017, by the following roll call vote:

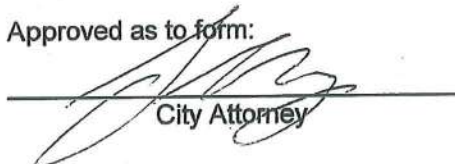
**AYES:** Council Members Gudmundson, Hazlewood, Williams, Belt and Richardson  
**NOES:** None  
**ABSENT:** Councilmember Evans  
**ABSTAIN:** None

(Seal)

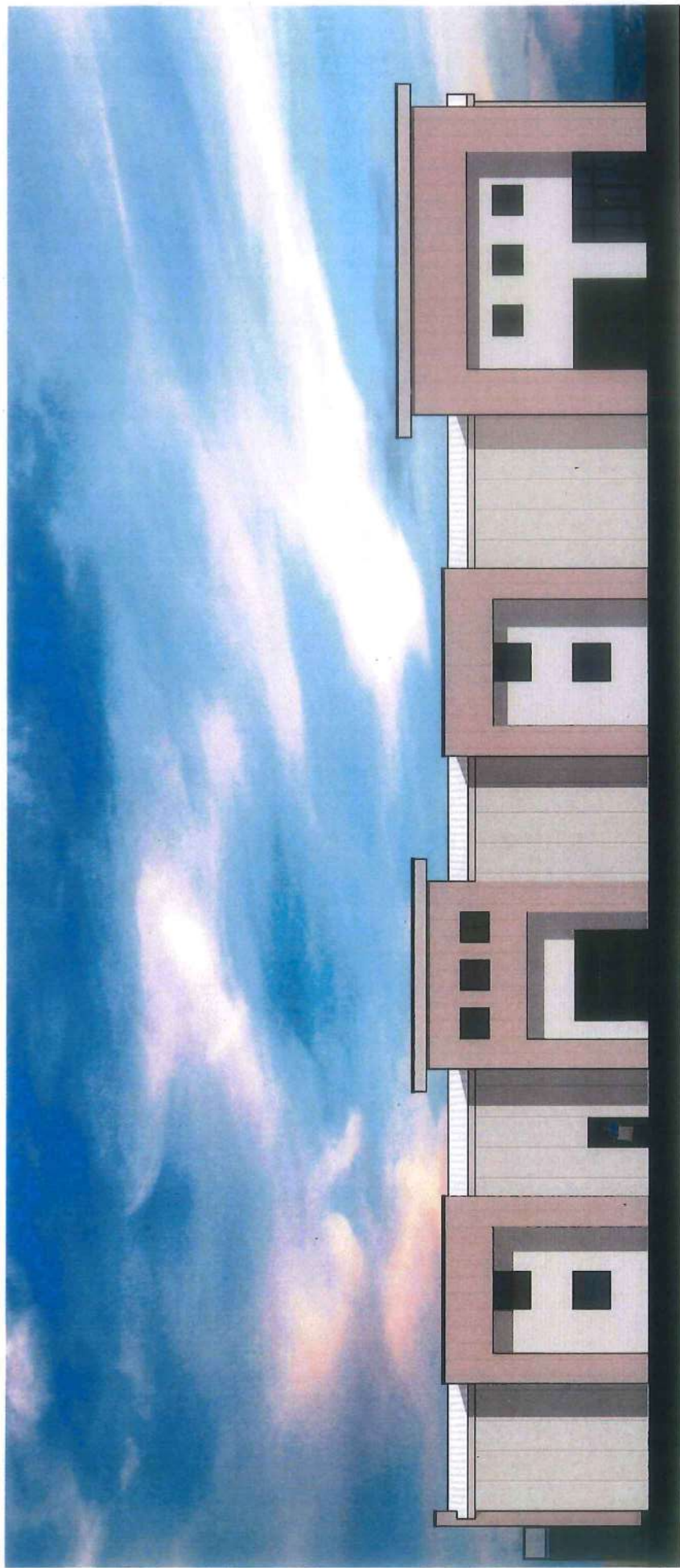
Attest:

  
Mayor  
  
City Clerk

Approved as to form:

  
City Attorney





# THE FLOWER REFINERY

NEEDLES CA, 92363 - JULY 2017





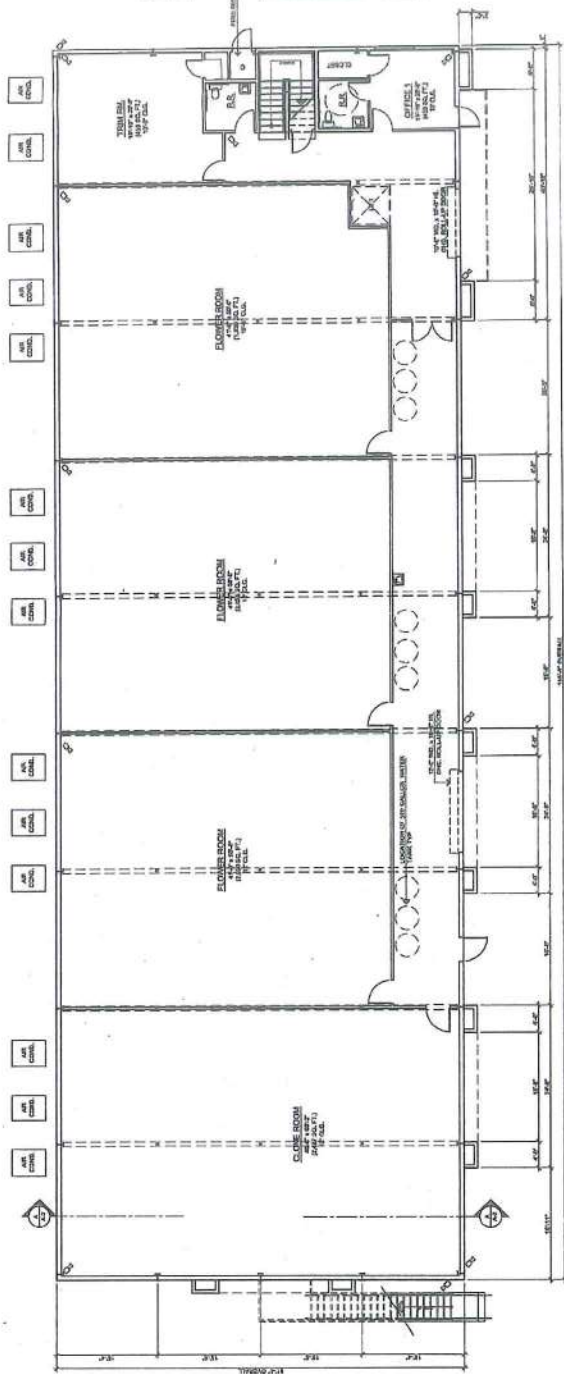




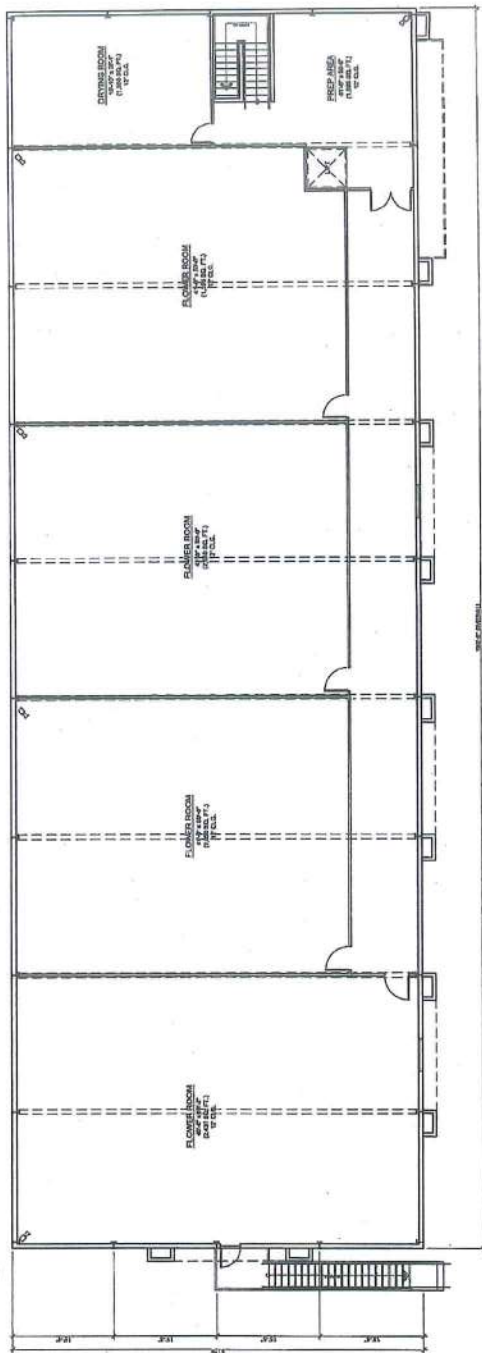
**NOTES:**

- ALL EXTERIOR DOORS TO BE 24"x40"
- 10 - SENSE TO SHOW LOCATION OF SECURITY CAMERAS
- 10 - SENSE TO SHOW EXTENSION SENSOR
- 10 - SECURITY LIGHTING

UPPER LEVEL	
CULTIVATION ROOMS	4,321 SQ.FT.
OFFICE CLERKS (RESTROOM)	350 SQ.FT.
HALL & UTILITY	1,653 SQ.FT.
TOTAL UPPER LEVEL	6,324 SQ.FT.
LOWER LEVEL	
CULTIVATION ROOMS	9,004 SQ.FT.
HALL & UTILITY	1,844 SQ.FT.
TOTAL LOWER LEVEL	10,848 SQ.FT.
TOTAL BUILDING	20,797 SQ.FT.

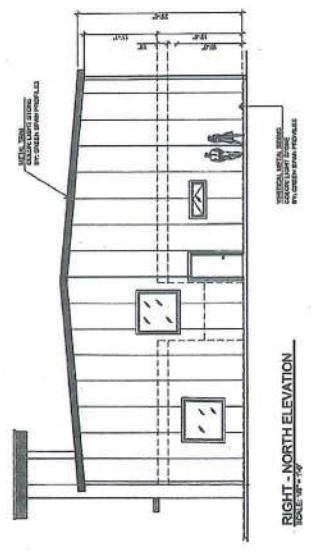
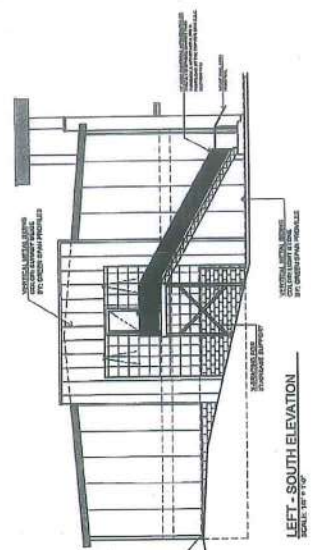
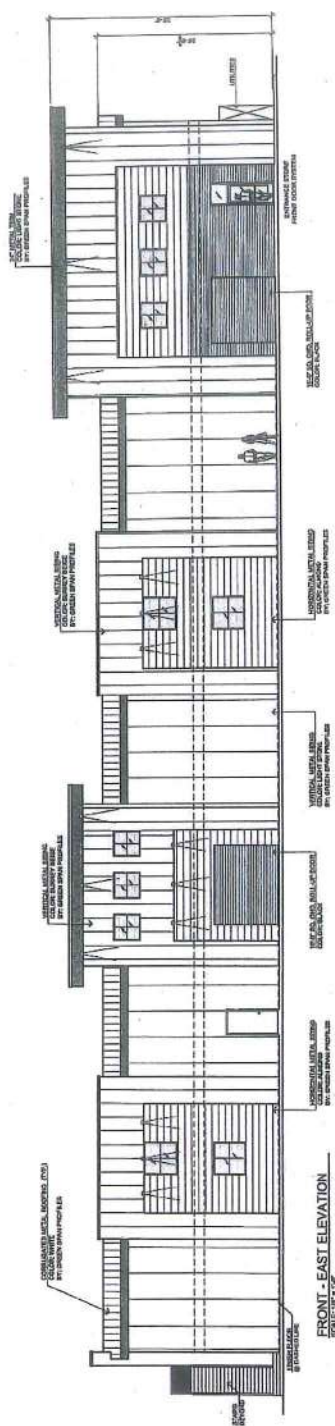


FLOOR PLAN - LOWER LEVEL - 11,439 SQ. FT.



**FLOOR PLAN - UPPER LEVEL**









## Exhibit C

### CITY OF NEEDLES

817 Third Street • Needles, California 92363  
(760) 326-2113 • FAX (760) 326-6765

Mayor Edward T. Paget, M.D.  
Vice Mayor Jeff Williams  
Councilmember Robert Richardson, M.D.  
Councilmember Louise Evans  
Councilmember Shawn Gudmundson  
Councilmember Tona Belt  
Councilmember Clayton Hazlewood  
City Manager Rick Daniels

## CERTIFICATION

I, Dale Jones, City Clerk of the City of Needles, California,  
do hereby certify that the foregoing is a true and correct copy  
of Resolution Number 2017-54.

Dale Jones

Dale Jones, CMC  
City Clerk

(SEAL)

Date: July 13, 2017

(EXHIBIT D) REMAINING CONDITIONS for CUP No. 04-05-2017-3 PC			
CUP Item #	Conditions of CUP	Costs	
51	The Applicant must use asphalt or concrete for driving and parking surfaces per City standards	\$ 22,000	
57	Prior to issuance of Certificate of Occupancy for the Phase 1 building, all on-site parking for both Phases shall re-stripped and applied with a protective sealeant applied to existing pavement surfaces.	\$ 2,000	
<b>Total Financial Assurance</b>		<b>\$ 24,000</b>	



## City of Needles, California Request for Council Action

☒ CITY COUNCIL      ☐ NPUA      ☐ BOARD OF PUBLIC UTILITIES  
☒ Regular      ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Pay and Classification Study FY 19

**Background:** As part of an agreement with the labor unions, the City committed to modernize and revamp the job classifications and pay system. On March 15, 2019 staff completed a request for proposals (RFP) for a Pay and Classification Study, a copy of which is attached. The City received the following three bids:

Creative Management Solutions	\$ 18,000
Regional Government Services Authority	\$ 45,000
Koff & Associates	\$ 59,909

**Fiscal Impact:** \$18,000 from reserves to complete the study now.

**Recommendation:** Staff recommends retaining Creative Management Solutions to conduct a Pay and Classification Study for full time positions in the City of Needles.

**Submitted By:** Sylvia Miledi, Director of Finance

**City Management Review:** Rick

**Date:** 4/1/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 10





**CITY OF NEEDLES**

**INVITATION FOR SEALED BIDS**  
**FOR**

Classification and Compensation Study

CITY OF NEEDLES  
817 Third Street  
Needles, CA 92363  
(760) 326-2115 ext. 140

NOTICE IS HEREBY GIVEN that the CITY OF NEEDLES (herein called the "City") invites and will receive sealed bids up to the hour of 3:30 p.m. Pacific Standard Time (PST) on Tuesday, March 19, 2019 from qualified consulting firms, experienced in the development of a job evaluation and compensation system. At said time, sealed Bid Proposal (herein called the "Bid") will be publicly opened and read aloud by the office of the City Clerk at:

CITY OF NEEDLES  
817 Third Street  
Needles, CA 92363

Questions regarding the Bid Documents are to be directed to Rainie Torrance, Senior Accountant, by email at [rtorrance@cityofneedles.com](mailto:rtorrance@cityofneedles.com)

Bids shall be submitted only on forms provided in the Bid Packet. Bids shall be in the hands of the City Clerk of the City, 817 Third Street, Needles, California, 92363 on or before the hour of 3:30 p.m. PST on Tuesday, March 19, 2019. No late Bids will be accepted and will be returned unopened. No oral, telegraphic, electronic, facsimile, or telephone bid submittals or modifications will be considered. Bids received after the bid submittal deadline will be rejected and returned to the Bidder unopened.

The Bid Proposal forms can be obtained from the City of Needles' website at [www.cityofneedles.com](http://www.cityofneedles.com).

The City reserves the right to reject any and/or all Bids received.

## Information for Bidders

Bids will be received by the City of Needles Office of the City Clerk, at City of Needles, 817 Third Street, Needles, CA 92363, until 3:30 p.m. Pacific Standard Time (PST), on **Tuesday, March 19, 2019**, then publicly opened and read aloud. Each Bid must contain one complete original set of Bid Proposal Forms. The Bid Proposal forms include "Bid Form". The Addendum, if issued, will be posted on the City's website at [www.cityofneedles.com](http://www.cityofneedles.com). Bidder must acknowledge Addendum, if issued, by submitting signed Addendum with the Bid Proposal Forms. The completed Bid must be submitted in a sealed envelope and addressed to the City at 817 Third Street, Needles, CA 92363. Each sealed envelope containing a Bid must be plainly marked on the outside as "**Pay and Compensation RFP; Attention City Clerk**", and the envelope shall also bear on the outside, the name of the Bidder, and Bidder's address. If forwarded by mail, the sealed envelope containing the Bid Proposal forms must be enclosed in another envelope addressed to the City Clerk at 817 Third Street, Needles, CA 92363, and both envelopes clearly state "**Pay and Compensation RFP; Attention City Clerk**".

Total Bid Price must be filled in, in ink or typewritten, and the Bid Form must be fully completed and executed when submitted, unless otherwise indicated. The Bid Form shall be signed by a person or persons legally authorized to bind Bidder to the Contract. The individuals signing each document shall warrant that they are authorized to bind the Bidder. Mistakes must be corrected and the correction inserted; correction must be initialed in ink by person signing the Bid Form. Each Bidder is responsible for the review of the Bid documents.

The City may waive any informalities or minor defects or reject any and all Bids. Any Bid may be withdrawn prior to the above scheduled time for the opening of Bid or authorized postponement thereof. Any Bid received after the time and date specified shall not be considered. All Bids shall remain firm for at least ninety (90) calendar days after the date and time of the bid opening unless otherwise specified. Should there be reasons why the Bid cannot be awarded within the specified period; the time may be extended by mutual agreement between the City and the Bidder. Award of Bid will be to the lowest responsible Bidder as determined by the City. A conditional or qualified Bid will not be accepted. The failure and omission of any Bidder to do any of the foregoing shall not relieve any Bidder from any obligation with respect to the Bid. The City will not be responsible for, nor be bound by, any oral instructions, interpretations, or explanations issued by the City or its representatives. Any request for clarifications or questions of the bid documents shall be emailed to:

Rainie Torrance, Senior Accountant  
[rtorrance@cityofneedles.com](mailto:rtorrance@cityofneedles.com)

Requests for clarification or questions shall be delivered to the City by 4:00 p.m. PST on **Monday, March 11, 2019**. Any City response to a request for clarification, questions and answers will be posted to the City's website at [www.cityofneedles.com](http://www.cityofneedles.com) not later than 4:00 p.m. PST, **March 12, 2019** and if necessary become a part of the Bid as an Addendum. The proposed timeline of events associated with the awarding of Bid Proposal:

Release of Advertisement for Bids		Wednesday, March 6, 2019
Deadline to submit questions/clarifications	4:00 p.m.	Monday, March 11, 2019
Addendum/Questions/Clarifications Posted	4:00 p.m.	Tuesday, March 12, 2019
Bid Opening	3:30 p.m.	Tuesday, March 19, 2019
City Council Awards Bid	6:00 p.m.	March 26, 2019
Issuance of a Purchase Order	By	March 27, 2019



## **Cost and Fee Arrangements**

The consultant must provide a proposal with maximum cost for the project based on the project as described herein. To the extent desired, additional recommendations and services or options may be included as additions to the project on an optional basis. These optional items shall be priced separately from this Request for Proposal.

## **City of Needles Background Information**

The City of Needles has a step and range compensation system. There are 143 ranges encompassing approximately 41 positions on the non-exempt and exempt scale. There are 5 steps per range with 5% between steps and 1% between ranges. It takes an employee at a least 4 ½ years to move across the scale to their highest pay if they begin at step A. Employees move one step after they complete their six-month probationary period. Each employee made advance on their rates of compensation each year upon receiving a satisfactory performance evaluation. The advancement through the salary steps is based upon satisfactory performance and continuous service in the same classification.

The City of Needles employs approximately 51 full-time employees. The number of employees in each functional unit is as follows:

Code Enforcement – 5

Parks/Golf/Aquatics – 3

Clerical/Admin – 18

Utilities – 14

Maintenance – 11

## **Scope of Work**

The City expects ongoing and open communications between designated City representatives and the consultant over the course of the project. The project must be completed in accordance with applicable State and Federal laws and enhance the City's ability to recruit and retain qualified personnel.

The City of Needles will provide the following information to the successful consultant:

- Copies of all existing job descriptions
- Copies of all wage and salary schedules
- Copies of all employee benefits schedules
- Copy of all Memorandum of Understandings
- Copy of the City's organization chart

The following are the consulting services specifications related to the classification and compensation study:

- The consultant will review the current job descriptions and compensation system to assure internal equity and external competitiveness and may include desk audits where concerns may arise.
- The comprehensive pay survey must include external regional cities and companies compared to similar positions of the City's. At a minimum the following locations must be reviewed;

- Barstow, CA
- Big Bear, CA
- Blythe, CA
- Kingman, AZ
- Lake Havasu, AZ
- Bullhead City, AZ

- Needles Unified School District (NUSD)  
Maintenance and Clerical
- Mohave Electric Co-Op, AZ
- Aha Macav Power Service, AZ
- Fort Mohave Tribal Utilities, AZ
- Epcor Utilities

#### Identify additional comparisons

- Make recommendations for changes to current classification system which assures internal equality and external competitiveness. The method in which to perform this analysis is to be determined by the consultant. The data will be based on wages and benefits establish for fiscal year 2017-2018. The City's fiscal year begins July 1<sup>st</sup> and ends June 30<sup>th</sup>. The City currently has two bargaining groups; Classified and Unclassified.
- The consultant must provide the City will an estimated timeline for completion of this study.
- The consultant will present the results to the City Manager, Human Resource Administrator and members of City Council (if requested).

#### **Disclosure of Proposals/Public Records Act**

Proposals will be kept confidential until such time as the City has completed its evaluation. Proposers are cautioned that the agreement and proposals submitted are public records in accordance with the California Public Records Act (Govt. Code Section 6520 et seq.).

All proposals submitted in response to this request for proposal will become property of the City of Needles and a matter of public records.

#### **Consultant's Independence**

Consultant is an independent contractor with respect to all services performed under this contract. Consultant accepts full and exclusive liability for the payment of any and all premiums, contributions, or taxes for worker's compensation, Social Security, unemployment benefits, health benefits, sick leave or other employee benefits now and hereinafter imposed under any State or Federal law which are measured as wages, salaries or other remuneration paid to persons employed by the Consultant on work performed under the terms of this Contract. Consultant shall defend, indemnify and hold harmless the City from any claims or liability for such contributions or taxes.

#### **Prices Changes**

All prices proposed under this request for proposals shall be firm unless agreed to by both the City and Consultant.

#### **Specifications**

All proposals submitted in response to this request for proposals must contain the following information:

Note: Professional Services Agreement (Attachment A) will be executed to awarded Consultant.

- Completed Bid Form with total bid price to complete the pay and classification study for the City's full-time employees. A breakdown of the firms rates must be attached which includes travel rates.
- Description of the scope of involvement of City staff.
- Listing of any subcontracts, if any, and the scope of work they will perform.
- Narrative proposal on what approach and techniques the consultant will use in identifying and evaluating information provided.
- Describe the process used and submit copies of the forms, questionnaires and instruments used or proposed for use in this study.
- Narrative proposal on scope of work identified above.
- An estimate of time to complete the project and a proposed timeline of work tasks, with the date of final completion of the project.
- Include references for similar projects (if applicable).



**Comments:**

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## Bid Form

TO: CITY  
CITY OF NEEDLES  
817 Third Street  
Needles, CA 92363

DATE: \_\_\_\_\_

In compliance with the Invitation for Sealed Bids for **development of a classification and compensation study** the undersigned, as Bidder, hereby offers to sell to the City, in accordance with the terms, conditions, requirements and specifications set forth in the Bid documents for the price quoted on this Bid Form to complete the requested study.

CONSULTING FIRM: \_\_\_\_\_

PRIMARY CONTACT: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

TOTAL BID PRICE \$ \_\_\_\_\_

Total Bid Price to complete the pay and classifications study for full-time employees.

### RATE SHEET BREAKDOWN TO BE ATTACHED TO THIS BID FORM.

The undersigned certifies under penalty of perjury that the quotation on this Bid Form constitutes a bona-fide offer to sell, that he/she is an authorized representative of the company listed, that the quotation is in no way sham or collusive, and that issuance of a Purchase Order by City constitutes acceptance of bidder's offer on the terms and conditions stated in the Bid documents, and forms a contract. Bidder will not withdraw its Bid for at least ninety (90) calendar days from the date and time of the bid opening.

BIDDER'S COMPANY

PRINT NAME - AUTHORIZED

ADDRESS

AUTHORIZED SIGNATURE

TELEPHONE NUMBER

ARE YOU CLAIMING A LOCAL BUSINESS PREFERENCE? \_\_\_\_\_ YES \_\_\_\_\_ NO

If yes submit written proof of the address of your principle place of business and a copy of your current City business license.

THIS PAGE MUST BE COMPLETED AND RETURNED WITH BID PROPOSAL FORMS



## **PAY AND CLASSIFICATION STUDY**



**CREATIVE  
MANAGEMENT  
SOLUTIONS, INC.**

**Proposal:  
March 15, 2019**





CREATIVE  
MANAGEMENT  
SOLUTIONS, INC.

March 15, 2019

Office of the City Clerk  
CITY OF NEEDLES  
817 Third Street  
Needles, CA 92363

### Pay and Classification Study- CMS Proposal

Thank you for requesting our proposal to administer a Pay and Classification Study for the City of Needles. This project will provide an independent assessment of the pay and classification practices of the City's full-time positions based on the work performed, competitive market practices, and internal equity needs. The purpose of the study is to attract and retain a quality work force given larger job definitions and unique labor market.

There are no exceptions to the requirements of the RFP, as presented by the City, and further amended for all bidders. The proposal is valid for a period of 90 days from the due date for submission. There are no sub-contractors. All work is to be performed by CMS employees. There are no known conflicts of interest in connection with providing the services that are described within this proposal.

City staff time will be required to schedule planning, orientation, and other meetings, coordinate document submission on behalf of City staff, and attend other meetings involving the project or Consultant communications.

We appreciate the opportunity to be of assistance to the City. Please contact us at (714) 281-7300 or [barry@creativemgtsolutions.com](mailto:barry@creativemgtsolutions.com) if you should have any questions concerning our proposal.

Sincerely,

*Barry C. Newton*

Barry C. Newton, CCP and Managing Director  
Creative Management Solutions, Inc. (CMS)

## A. BACKGROUND AND PROJECT SUMMARY

The City of Needles is one of the oldest communities on the Colorado River with a rich history originating with the Mojave Indian Tribe, the Old Trails Highway, and as a way point on the Santa Fe Railroad. The Needles Chamber of Commerce promotes a range of local amenities which include the Needles River's Edge Golf Course, Needles Aquatic Center, and other recreational services and local businesses for about 5,000 residents.

The City is located within the County of San Bernardino and was incorporated in 1913 and is Charter City that operates under a Council-Manager form of government. The major services provided by the City include recreation and aquatics, enterprise utilities for electric, water and cemetery services, public works, community development, and other general services. Police, fire, and extended animal control services are provided on a contract basis given an annual City operating budget of over \$5,000,000.

The City currently has about 51 Classified and Unclassified positions. As part of its human resources plan, the City's Classification and Compensation Plan should accurately reflects the nature and scope of the job responsibilities of employees, be competitive with prevailing compensation practices for other public and private employers, and be assigned to pay ranges that are internally equitable. The position classifications that would be part of the study are shown below:

The **Classification Element** of the study entails a review of each position to determine the appropriate classification based on the job responsibilities and qualifications to identify logical career paths while establishing the exemption status of each job. This study element includes the job evaluation process in order to achieve internal equity as each job is assigned to a pay range that effectively considers skills, effort, responsibilities, and working conditions.

The **Pay Element** of the study involves a review of wage and salary rates as reported with the pay grades and ranges for each job classification. The City has provided a specific listing of sample public agencies and utilities that may be part of the labor market. The Consultant would be expected to validate the labor market based on the City's practices, provide ten to twelve major comparators, and supplement the labor market survey by utilizing locally adjusted data. The Consultant would assign the jobs to competitive and equitable pay ranges while considering the City's total compensation practices in the pay structure design.

The Consultant will maintain ongoing and open communications with designated City representatives over the course of the project.





## B. METHODOLOGY AND TIMELINE

### I. Phase One: Project Planning and Communications

1. **Initiate and complete project planning meetings** with the City Manager, Department Heads, and designated employee representatives regarding the study goals, work plan, and potential areas of concern. Research City's organization structure, class specifications, salary resolutions and schedules, compensation and benefit plans, MOUs, and applicable rules and regulations. For background purposes, review the City's total compensation practices, including premium pay, health and welfare plans, deferred compensation and CalPERS formulas, and long-term contributions. Diagram steps for the project team teleconferences and Classification Appeals.
2. **Draft study communications letter and hold two to three orientation sessions with management and employees.** Introduce project goals and timeline for the study; addressing frequently asked questions, coordinate orientation meetings with City staff.
3. **Review and establish labor market definition and market benchmark classifications** for the City, accounting for agency services and organizational structure, size, geography, budget, and comparability of benchmark jobs, and provide recommendations to City Council and management and unit representatives related to the 10 to 12 core labor market agencies, and the utilization of published survey data for specialized utilities, and other classifications in which additional public and private survey comparisons are needed.

### II. Phase Two: Job Analysis/Job Evaluation & Draft Class Report

1. **Review City's class specifications and supplemental position description questionnaires and meet with department heads** to review class specifications. Analyze organizational structure, job families, and job relationships for Classified and Unclassified Positions.
2. **Conduct follow-up telephonic interviews and email communications with managers, supervisors, and employees, as needed;** to assure that the job functions and qualifications guidelines are sufficiently documented for analysis purposes and to work with new classifications that may not have adequately detailed class specifications.
3. **Analyze job documentation** to determine appropriate classifications that are representative of the work performed by employees; consider job functions and qualifications guidelines and needed changes; determine job classifications and appropriate number of levels in job series based on job content. Reconcile Fair Labor Standards Act (FLSA) and at-will designations.





4. **Establish the City's compensable job evaluation factors**, definitions, and levels, in conformance with the provisions of the federal Equal Pay Act, California Pay Equity Act, and considering skill, mental effort, responsibility, and working conditions.
5. **Evaluate each job** in order to establish internal hierarchy of classifications, using whole job method, factor comparison method, or point factor method of job evaluation, given prior management approval, and based upon factors such as scope and impact of responsibilities, knowledge, interfaces, supervision, skills, and working conditions.
6. **Reconcile position assignments and classification listings** on the basis of the organization structures, departmental assignments, and budgeted positions, including new and vacant positions and recommend job classifications. Present the Draft Classification Report and meet with City representatives to review findings and recommendations.

### III. **Phase Three: Market Compensation Analysis**

1. **Initiate market analysis of labor market organizations given established benchmark classifications** in order to begin to present job matches by each benchmark job and agency, and reflecting the level of job match for each classification, and report range rate information and market average rates for each classification.
2. **Conduct published labor market pay analysis** of utilities and specialized classifications to compare the City's pay practices with other public and private sector employers based on the City's industry classification, geographic area and commuting radius, budgetary size, and accounting for the City's employee recruiting and turnover data.
3. **Establish appropriate pay structures and pay ranges** to account for the City's classifications and represented jobs, including grades, rate ranges, range widths (spreads), and grade differentials so that the pay schedules can be adopted in resolution format for Classified and Unclassified Positions and readily administered.
4. **Establish career paths and create salary relationships charts** and guidelines to depict appropriate differentials between classifications in job families, occupational groupings, and departments, so as to avoid and correct potential pay compaction issues.



## **V. Phase Four: Preliminary Compensation Report Presentations**

1. **Consider any appeals of proposed classification assignments.** Review and provide report recommendations and final class specifications for City implementation.
2. **Complete and present market compensation analysis** which shows study results by job classifications, pay structures and grade assignments, and an overview of the City's position by job grouping and reflecting the City's positioning given commentary related to other premium pay, health, dental, life and cafeteria plans, and long-term retirement and deferred compensation plan contributions.
3. **Develop and present Preliminary Compensation Reports** to City representatives containing study background, classification methodology, findings, and recommendations, including the assessment for assigning jobs to pay grades and the job evaluation factors, and organized for the labor unit and other job groupings.

## **V. Phase Five: Present Final Classification and Compensation Report**

1. **Convey cost projections based on phased implementation of study recommendations**, and show the City's positioning in relation to the prevailing market rate given occupational grouping, labor unit, and pay grade. Update Position Allocation Summary by employee name, job classification, department, and current and proposed range allocations.
2. **Consider final comments and concerns** for presentation to the City Manager, Human Resources Specialist, and members of the City Council, as requested related to classification and compensation plan and implementation options.
3. **Present Final Report** documents to City Manager and City Council containing background, findings, and recommended actions for review and filing purposes.



**PROJECT TIMELINE**

Tasks	Project Phases and Description of Major Tasks	Beginning and Ending Dates
	<b>Phase One: Planning and Communications</b>	
1	<u>Project planning and introductory meetings</u>	Third and Fourth Weeks of April
2	<u>Employee communications/orientation sessions</u>	First Week of May
3	<u>Labor market and benchmark job selection.</u>	Second Week of May
	<b>Phase Two: Job Analysis and Job Evaluation</b>	
1	<u>Review of class specifications and supplementary data</u>	Third Week of May
2	<u>Conduct employee, supervisory, and management interviews</u>	Fourth Week of May
3	<u>Determine classification allocations and evaluate each job; reconcile position assignments and classification listings and present Classification Report</u>	First and Second Weeks of June
	<b>Phase Three: Market Compensation Analysis</b>	
1	<u>Initiate market compensation analysis given established benchmark classifications</u>	Third Week of June
2	<u>Conduct published labor market analysis and review supplementary survey data</u>	Fourth Week of June and First Week of July
3	<u>Establish pay structures and pay ranges</u>	Second Week of July
4	<u>Develop career paths and create salary relationships charts</u>	Third and Fourth Weeks of July
	<b>Phase Four: Preliminary Report Presentations</b>	
1	<u>Consider any appeals of proposed classification assignments</u>	First Week of August
2	<u>Complete and present market compensation analysis</u>	Second Week of August
3	<u>Present and review Preliminary Compensation Report</u>	Third and Fourth Weeks of August
	<b>Phase Five: Final Report Presentations</b>	
1	<u>Cost Projections and Phased Implementation Review of Study Results</u>	First Week of September
2	<u>Review questions and comments related to Preliminary Report</u>	Second Week of September
3	<u>Present Final Pay and Classification Report</u>	Third and Fourth Weeks of September





### SUMMARY OF QUALIFICATIONS:

**BARRY C. NEWTON, CCP, SPHR, MANAGING DIRECTOR**

**CREATIVE MANAGEMENT SOLUTIONS, INC. (CMS)**

As founder of Creative Management Solutions, Inc., Mr. Newton specializes in organization design, compensation management, and performance evaluation systems. Mr. Newton, and other associates of the firm, develop and implement customized plans, strategies, and training programs for a diverse range of clients. The firm was originated in 1989 and has served over 200 clients in the private, public and not-for-profit sectors since that time.

Mr. Newton has over 35 years of human resources and compensation consulting experience, including public and private professional and management positions with General Dynamics Corporation, Hay Management Consultants, the California Institute of Technology, and the Los Angeles Metropolitan Transportation Authority.

Illustrations of 60 cities, towns, and counties served have included organizations such as the Cities/Towns of Anaheim, Brea, Fullerton, Mammoth Lakes, Newport Beach, Placentia, Riverside, Seal Beach, Temecula, Upland, and the Counties of Orange, Riverside and Los Angeles. Examples of special districts served include Arden Park Recreation and Park District, El Dorado Community Services District, Eastern Municipal Water District, Elsinore Valley Water District, and the Rancho California Water District.

Examples of private sector clients served by Creative Management Solutions, Inc. have included Behr Process Corporation, Black and Decker Corporation, enXco Inc., Kingston Technology Company, Knott's Berry Farm, Matria Healthcare, McGaw, Inc., National Bank of Southern California, National Education Corporation, Nationwide Insurance Company, Ricoh Electronics, Inc., and ViewSonic Corporation.

Mr. Newton holds a Master's degree with a specialization in management from the University of Southern California and a Bachelor's degree in the behavioral sciences from the University of California, Berkeley. He is a Certified Compensation Professional (CCP) as designated by the World At Work (formerly known as the American Compensation Association). He has been an instructor in Compensation and Rewards Systems, Performance Appraisal and Human Resources Management classes at U.C. Irvine for over 30 years and recently joined the Business School Faculty at the University of Redlands. Mr. Newton serves as the Administrator of CalPACS, an on-line compensation and benefits database for over 100 local governments in Southern California. He has also served on the Board of Directors for the Orange County Compensation and Benefits Association (OCCABA).





**SUMMARY OF QUALIFICATIONS:**  
**LARISA J. COLE, CONSULTANT**  
**CREATIVE MANAGEMENT SOLUTIONS, INC. (CMS)**

Ms. Cole has acquired over 25 years of professional and technical experience as a public and private sector compensation consultant with Creative Management Solutions, Inc., PacifiCare Health Systems, and Pacific Life Insurance Company. She has a wide range of human resources experience in administering classification, compensation, benefits, and performance appraisal programs, and incentive programs. She has also worked closely with all levels of employees and management in supporting organizational pay strategies and policies. Ms. Cole has assisted CMS with a variety of different classification, compensation, and performance evaluation programs with local governments, educational institutions, and special districts such as the Cities of Anaheim, Claremont, Corona, El Monte, Lake Forest, Mission Viejo, Rancho Cucamonga, Riverside, Tustin, Whittier, and Yorba Linda, as well as Eastern Municipal Water District, Orange County Fire Authority, Rancho California Water District, and the Transportation Corridor Agencies.

She has conducted job analyses, coordinated and conducted oral interviews, drafted and revised class specifications, and completed and administered total compensation and benefits surveys. Ms. Cole has researched and developed pay-for-performance plan models for public sector agencies as well as private sector incentive and recognition plans for manufacturing, health care and service industries, while administering executive focal performance review programs. She has also conducted a range of executive compensation and total compensation studies and administered deferred compensation plans while presenting a broad range of management reports and recommendations. She obtained her Bachelor of Science Degree in Business Administration from the University of Southern California and is currently completing coursework toward the attainment of her professional designation as a Certified Compensation Professional with the World At Work (formerly known as American Compensation). She is also a member of the Orange County Compensation and Benefits (OCCABA).

**SUMMARY OF QUALIFICATIONS:**  
**LYNN K. SOSS, CONSULTANT**  
**CREATIVE MANAGEMENT SOLUTIONS, INC. (CMS)**

Ms. Soss has acquired a broad range of human resources professional and technical experience in the public and private sectors, including ten years of professional compensation and benefits consulting work with CMS.

As part of her responsibilities, Ms. Soss has conducted extensive job analyses, coordinated and conducted oral interviews, drafted and revised class specifications, completed and administered compensation and benefits surveys, and prepared and presented related management reports and exhibits, and provided technical support for CalPACS, the California Public Agencies Compensation Survey. Examples of public sector clients that Ms. Soss has assisted have included the Cities of Anaheim, Corona, Lake Forest, Oceanside, Pico Rivera, and Yorba Linda. Other public sector illustrations include California Baptist University, Elsinore Valley Municipal Water District, Municipal Water District of Orange County, Orange County Fire Authority, and the Santa Monica-Malibu Unified School District. Ms. Soss obtained her Bachelor's degree in Business Administration from the University of California at Berkeley and acquired the designation of Certified Public Accountant prior to joining the Human Resources field.



## **D. QUALIFICATIONS**

### **A. CMS Firm Qualifications**

The firm uses a range of quality control measures developed over the past 35 years, including the development of clear task timelines, the identification of represented and non-represented needs, project orientation meetings, study liaisons to facilitate ease of document submission, gap analyses of City supporting documents, employee, supervisory, and managerial review of job description content, multiple review levels of market detail documents by CMS team members, and draft and final review submissions through Human Resources and the City Manager.

CMS would be expected to draw from thirty five years of public sector professional and consulting experience involving local governments and special districts.

The firm has served over 200 clients in the public, private, and not-for-profit sectors, representing over 60 local governments and utility departments from different areas of California, such as the Cities of Anaheim, Brea, Fairfield, Fullerton, Mammoth Lakes, Moreno Valley, Palo Alto, Rancho Cucamonga, Paso Robles, Riverside, San Jose, Santa Barbara, Seal Beach, and Temecula as well as special districts such as Arden Park Recreation and Park District and El Dorado Community Services District (Sacramento County), Rancho California Water District, and West Valley Water District.

### **B. Examples of Local Entities CMS Has Served In Past Five Years**

- City of Anaheim
- City of Brea
- City of Fullerton
- City of Irwindale
- City of La Puente
- City of Laguna Beach
- City of Oceanside
- City of Placentia
- City of Riverside
- City of San Bernardino
- City of San Juan Capistrano
- City of Temecula
- County of Orange
- County of Riverside
- City of San Dimas
- Rancho California Water District
- West Valley Water District
- Arden Park Recreation and Park District
- El Dorado Community Services District





## **E. Sample Client References**

### **City of Riverside**

#### **Classification and Compensation Studies: 2014-2019**

Stephanie Holloman, Director of Human Resources  
City of Riverside  
3900 Main Street  
Riverside, CA 92522  
951.826.5271  
[sholloman@riversideca.gov](mailto:sholloman@riversideca.gov)

### **County of Orange**

Pia Rose, Assistant Director of Human Resources  
County of Orange Human Resource Services  
Learning and Organizational Development  
333 West Santa Ana Blvd. Bldg. 10, Suite 200  
Santa Ana, CA 92701  
(714) 834-5315  
[pia.rose@ocgov.com](mailto:pia.rose@ocgov.com)

### **County of Riverside**

Diane Rundles, Deputy Director of Human Resources  
County of Riverside Human Resources  
4080 Lemon Street #3<sup>rd</sup>  
Riverside, CA 92501  
(951) 955-3500  
[DRundles@RC-HR.com](mailto:DRundles@RC-HR.com)

### **Rancho California Water District**

#### **Classification and Compensation Study- 2017 (and prior studies)**

Eileen Dienzo, Director of Human Resources  
P.O. Box 9017  
Temecula, CA 92589-9017  
(951) 296-6900  
[dienzoe@ranchowater.com](mailto:dienzoe@ranchowater.com)

### **West Valley Water District**

#### **Classification and Compensation Study: 2017-2018**

Deborah Martinez, Director of Human Resources & Risk Management  
West Valley Water District  
855 W. Baseline  
Rialto, CA 92376  
Office (909) 875-1804 ext 712  
[dmartinez@wvwd.org](mailto:dmartinez@wvwd.org)

## Bid Form

TO: CITY  
CITY OF NEEDLES  
817 Third Street  
Needles, CA 92363

DATE: 03/15/19

In compliance with the Invitation for Sealed Bids for **development of a classification and compensation study** the undersigned, as Bidder, hereby offers to sell to the City, in accordance with the terms, conditions, requirements and specifications set forth in the Bid documents for the price quoted on this Bid Form to complete the requested study.

CONSULTING FIRM: Creative Management Solutions, Inc.  
PRIMARY CONTACT: Barry C. Newton  
ADDRESS: 8205 East Somerset Anaheim, CA 92808-2315  
PHONE NUMBER: (714) 291-7300

TOTAL BID PRICE \$ 18,000

Total Bid Price to complete the pay and classifications study for full-time employees.

### RATE SHEET BREAKDOWN TO BE ATTACHED TO THIS BID FORM.

The undersigned certifies under penalty of perjury that the quotation on this Bid Form constitutes a bona-fide offer to sell, that he/she is an authorized representative of the company listed, that the quotation is in no way sham or collusive, and that issuance of a Purchase Order by City constitutes acceptance of bidder's offer on the terms and conditions stated in the Bid documents, and forms a contract. Bidder will not withdraw its Bid for at least ninety (90) calendar days from the date and time of the bid opening.

BIDDER'S COMPANY

Creative Management Solutions, Inc.

PRINT NAME - AUTHORIZED

BARRY C. NEWTON

ADDRESS

8205 East Somerset Anaheim CA 92808-2315

AUTHORIZED SIGNATURE

Barry C. Newton

TELEPHONE NUMBER

(714) 291-7300

ARE YOU CLAIMING A LOCAL BUSINESS PREFERENCE? YES ☒ NO

If yes submit written proof of the address of your principle place of business and a copy of your current City business license.

THIS PAGE MUST BE COMPLETED AND RETURNED WITH BID PROPOSAL FORMS

Specifications- Continued

**Comments:**

**Bidder shall fully describe every variance, exception, and /or deviation. If none, please enter "NONE"**

None



## CREATIVE MANAGEMENT SOLUTIONS, INC. RATE SHEET BREAKDOWN

### Rate Schedule By Phase

Phase Item #	Phase Description	Classification	Hourly Rate Or Blended	Composite Task Total
1	Planning and Communications	Managing Director	\$120	\$1,800 (10%)
2	Job Analysis and Job Evaluation	Managing Director and Consultants	\$120	\$6,300 (35%)
4	Market Compensation Analysis	Managing Director and Consultants	\$120	\$6,300 (35%)
5	Preliminary Reports	Managing Director and Consultants	\$120	\$1,800 (10%)
6	Final Reports	Managing Director and Consultants	\$120	\$1,800 (10%)
	Direct Hourly Fees		Total	\$18,000

### Direct Hourly Rates (\$120 when blended)

Pay and Classification Services	Hourly Rate	% of Time
Managing Director	\$140	50%
Consultants	\$100	50%

Payments will be made to the Consultant within 30 days of the submission of each invoice in accordance with phases and tasks completed in the project plan. Each request for payment shall contain Consultant's statement of the work or tasks completed or portion performed, with supporting documentation. Direct hourly fees include labor, administration, telecommunications, and minor reproduction expenses.

There would be no indirect fees associated with air travel, car rental, lodging, parking fees, and meal expenses. If the City requires overnight stays, the Consultant will be reimbursed for direct lodging and meal expenses.



# City of Needles, California

## Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☐ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** City Council Resolution 2019-13, 2019-14, 2019-15  
Three (3) Resolutions of the City Council of the City of Needles  
Approving an Extension of Time for Three (3) Marijuana Facilities Permitted On  
September 25, 2018 and Expiring on March 25, 2019, located at the Former  
"Dollar Tree" Facility at 1100 E. Broadway, also known as APN 0186-224-02

**Background:** Section 94.13(a) of the City's Zoning Code provides the conditions in which a Conditional Use Permit may be extended. The applicants have submitted documentation outlining the actions taken since the City Council approval on September 25, 2019, attached as Exhibit "A"

In an effort to continue the progress the applicants are making in moving forward, the applicant is requesting that a six-month extension be attached to each of the three Conditional Use Permits as follows:

Suite "A"	Marijuana Cultivation Facility	Approved via 2018-55
Suite "B"	Marijuana Distribution Facility	Approved via 2018-57
Suite "C"	Marijuana Manufacturing Facility	Approved via 2018-56

**Critical Timeline:** Applicant's timeline is to be in production as outlined on Exhibit "A".

**Fiscal Impact:**

1. The 10% of gross sales of medical marijuana business tax (voter approved (2012).
2. Valuation of new buildings – added to city tax rolls.
3. NPUA – electric/water/sewer usage revenue.
4. Recurring business license and permitting fees.
5. A 25% State tax – a portion of which will be passed to local government, as enacted by the approval of Proposition 64 in November 2016.
6. Statewide 10% sales tax, the city's share is 1%.

**Environmental:** The proposed project was reviewed and determined to have no potential to generate significant adverse impacts on the environment, and therefore is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3).

**Recommendation:** Approve Resolution 2019-13, 2019-14, 2019-15 approving a Six-Month Extension to the life of the three Conditional Use Permits, expiring on September 25, 2019.

**Attachment:** Exhibit "A" work completed

**Submitted By:** Patrick Martinez, Development Director

**City Management Review:** Rick

**Date:** 4/4/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 11



**CITY COUNCIL RESOLUTION 2019-13**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES  
APPROVING AN EXTENSION OF TIME FOR A CONDITIONAL USE  
PERMIT (CUP) ISSUED FOR A MARIJUANA CULTIVATION FACILITY, SUITE "A" AT 1100 E.  
BROADWAY, ALSO KNOWN AS APN 0186-224-02 THAT EXPIRED  
ON MARCH 25, 2019**

**WHEREAS**, on January 10, 2017 City Council Ordinance No. 588 was approved allowing marijuana facilities in zones C1, C2, C3, M1 and M2, with a Conditional Use Permit and Regulatory Permit; and

**WHEREAS**, the Conditional Use Permit identified above received approval by the City Council on September 25, 2019 and expired on March 25, 2019; and

**WHEREAS**, in accordance with Section 94.13(a) of the City's Zoning Code the applicant has taken actions identifying the work that has been accomplished since City Council approval, identified and attached as Exhibit "A".

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

**SECTION 1.** The proposed project was reviewed and determined to have no potential to generate significant adverse impacts on the environment, and therefore is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3).

**SECTION 2** The City Council HEREBY FINDS AND DETERMINES, with reports and findings, that facts do exist to extend the life of the Conditional Use Permit identified above for a period of six months, expiring on September 25, 2019.

**SECTION 3.** The City Council HEREBY APPROVES Resolution **2019-13**, approving a six month extension period for the life of the Conditional Use Permit identified above, expiring on September 25, 2019.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Needles, California, held on the 9<sup>th</sup> day of April, 2019, by the following roll call vote:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

\_\_\_\_\_  
Mayor

(Seal)

**Attest:**

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney



**CITY OF NEEDLES**  
**APPLICATION FOR CONDITIONAL USE PERMIT**  
**MARIJUANA FACILITY**  
**CULTIVATION/MANUFACTURING/TESTING/DISTRIBUTION**  
Community Development Department  
817 Third Street; Needles, CA 92363  
760-326-3805

Instructions to Applicant

**FILING PROCEDURES:**

The application and attachments for a Use Permit must be completed as prescribed before it can be accepted for consideration.

**Documents included:**

1. Application for Use Permit
2. Checklist of required documents/drawings
3. California Environmental Quality Act (CEQA) Checklist
4. Templates for Water Will Serve and Electric Will Serve Letters
5. Concurrence Document for Payment of Electric Line Upgrades and Substations
6. Concurrence for Wastewater Processes Utilized in Processing
7. San Bernardino County Fire Dept. CUP Application and Fee

**Required Fees**

8. Land Use Entitlement Deposit - \$35,000 + CEQA Review Fees for vacant land or \$20,000 for existing facility
9. Other environmental fees for outside consultants for environment document preparation, review, etc. as determined by staff based on project requirements – to be determined
10. Payment of Fees for Electric Line Upgrades and Substations - \$100,000 per megawatt or percentage thereof
11. \$50,000 per transformer or percentage thereof

Note: any unused portion of the deposit will be refunded to the applicant upon completion of the entitlement/appeal process

**PROCEDURE BY CITY:**

1. The application will be reviewed for adequacy and determination is made whether a project is exempt or an Initial Study is required. The CEQA Checklist is required to be completed for this purpose.
2. If an Initial Study is required, the applicant will be notified and the preparation of the documentation can either be done by someone selected by the City at the applicant's cost, or by someone selected by the applicant. Completed documentation is submitted to the City. City reviews to ensure all information has been submitted, and the application is then deemed "complete". The environmental documentation is circulated to the various agencies for the 30-day review period, etc.
3. A date for Planning Commission review will be set. The Planning Commission holds public hearings on the 1<sup>st</sup> Wednesday of each month, beginning at 4:00 PM.
4. When processing the application, the Planning Commission will consider such factors as:
  - Does the proposal conform to the intent and purpose of the General Plan, zoning regulations and policies for protecting the physical and human environment of the neighborhood and community;
  - The design of the improvements must be in harmony with the neighborhood and community objectives;
  - If the proposal is approved, conditions of approval may be imposed with respect to site design, building design, maintenance, improvements or operation of the use.
5. The decision of the Planning Commission is final unless appealed pursuant to the City's zoning regulations.
6. If the Planning Commission recommends approval of the CUP, the item will be placed on the City Council Agenda. The City Council meets the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of each month @ 6:00 P.M.
7. Building permits will not be issued until the Use Permit proceeding is concluded, including the appeal period.

EXHIBIT "A"

Architectural, plumbing, mechanical and room layout are complete.

Cultivation, Distribution & manufacturing temporary licensing is complete and issued.

Cultivation, Distribution & Manufacturing annual licenses are submitted and awaiting approval from state.

Exterior painting per the CUP is complete.

Premises fencing and landscaping is out to bid pending final selection of vendor. Estimated completion September 2019 or sooner.

Electrical plans are under review, estimated completion May 2019 or sooner.

Final buildout to start June/July 2019 or sooner.

Final buildout completion by November/December 2019 or sooner.

Purchase of building May 2019 or sooner.

As of 3/25/19 we have invested \$200,000 plus

Attachments:

Temporary licensing & Annual licensing





Logged in as: Linda P Pitarra

Cart (0)

[Account Management](#)[Logout](#)[Announcements](#)

License C11-19-0000100-APP:

[Add to cart](#)

## Cannabis - Distributor Application

**Record Status: Owner Submittals Received**[Record Info ▼](#)[Payments ▼](#)

### Processing Status

[Application Acceptance](#)[Issuance](#)[Close Out](#)





CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

CAL

CalCannabis  
Cultivation License

My Dashboard

My Licenses

My Account

Look Up Licenses

My Cart

Cart (0) Account Management Logout

Announcements Logged in as: Linda Pitarra

License LCA19-0000956:

Add to cart

Like 0

Tweet

## Adult-Use Cannabis Cultivation Application

**Record Status: Under Administrative  
Review**

Record Info ▼

Payments ▼

- ✓ ▶ Administrative Review
- ⌚ ▶ Owner Application Reviews
  - Administrative Manager Review
  - Scientific Review
  - CEQA Review
  - Science Manager Review
  - License Manager
  - Application Disposition
  - Final Review
  - Appeal

STATE OF CALIFORNIA  
DEPARTMENT OF PUBLIC HEALTH  
MANUFACTURED CANNABIS SAFETY BRANCH

**TEMPORARY MANUFACTURING LICENSE  
ADULT AND MEDICINAL CANNABIS PRODUCTS**

**LICENSEE:**

DAG Topshelf, Inc.  
14600 Goldenwest Street, Suite 101A  
Westminster, CA 92683

**LICENSED PREMISES:**

1100 E. Broadway Street  
Needles, CA 92363

**LICENSE NUMBER:** CDPH-T00001451

**LICENSE TYPE:** Type 6: Non Volatile Solvent Extraction

**EFFECTIVE DATE:** 11/15/2018  
**EXPIRATION DATE:** 03/14/2019

This license is a conditional license and authorizes the holder thereof to engage in commercial cannabis activity as would be permitted under the privileges of the annual license for which the applicant may submit an application to the licensing authority. This license is not transferable to any other person or premises.



California Department of Public Health  
P.O. Box 997377, MS 7606  
Sacramento, CA 95899-7377

*Asif A. Maan*

Asif A. Maan Ph.D.  
Chief, Manufactured Cannabis Safety Branch

*07/21/19*  
*[Signature]*



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814

# TEMPORARY SANITARIAN LICENSE



Legal Business Name:

DAG Topshelf

Premises APN:

San Bernardino County - D186-224-02

Premises Address:

No Address Provided

Valid:

11/28/2018 to 3/28/2019

License Number:

TAL18-0007939

License Type:

Temporary-Specialty Indoor

---- NON-TRANSFERABLE ----

---- POST IN PUBLIC VIEW ----

*Handwritten:*  
CUT  
11/30/19  
WD  
1/30/19





**BUREAU OF  
CANNABIS  
CONTROL**  
CALIFORNIA

Bureau of Cannabis Control  
(833) 768-5880

## **Adult-Use and Medicinal - Distributor Temporary License**

**LICENSE NO:**

**C11-18-0000165-TEMP**

**VALID:**

**10/30/2018**

**LEGAL BUSINESS NAME:**

**DAG TOPSHELF**

**EXPIRES:**

**2/27/2019**

**PREMISE:**

**1100 BROADWAY ST E**

**NEEDLES, CA 92363-4201**



---

*Non-Transferable*

*Prominently display this license  
as required by Title 16 CCR § 5039*

**CITY COUNCIL RESOLUTION 2019-14**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES  
APPROVING AN EXTENSION OF TIME FOR A CONDITIONAL USE  
PERMIT (CUP) ISSUED FOR A MARIJUANA DISTRIBUTION FACILITY, SUITE "B"  
AT 1100 E. BROADWAY, ALSO KNOWN AS APN 0186-224-02 THAT EXPIRED  
ON MARCH 25, 2019**

**WHEREAS**, on January 10, 2017 City Council Ordinance No. 588 was approved allowing marijuana facilities in zones C1, C2, C3, M1 and M2, with a Conditional Use Permit and Regulatory Permit; and

**WHEREAS**, the Conditional Use Permit identified above received approval by the City Council on September 25, 2019 and expired on March 25, 2019; and

**WHEREAS**, in accordance with Section 94.13(a) of the City's Zoning Code the applicant has taken actions identifying the work that has been accomplished since City Council approval, identified and attached as Exhibit "A".

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

**SECTION 1.** The proposed project was reviewed and determined to have no potential to generate significant adverse impacts on the environment, and therefore is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3).

**SECTION 2** The City Council HEREBY FINDS AND DETERMINES, with reports and findings, that facts do exist to extend the life of the Conditional Use Permit identified above for a period of six months, expiring on September 25, 2019.

**SECTION 3.** The City Council HEREBY APPROVES Resolution **2019-14**, approving a six month extension period for the life of the Conditional Use Permit identified above, expiring on September 25, 2019.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Needles, California, held on the 9<sup>th</sup> day of April, 2019, by the following roll call vote:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

\_\_\_\_\_  
Mayor

(Seal)

**Attest:**

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

## EXHIBIT "A"

Architectural, plumbing, mechanical and room layout are complete.

Cultivation, Distribution & manufacturing temporary licensing is complete and issued.

Cultivation, Distribution & Manufacturing annual licenses are submitted and awaiting approval from state.

Exterior painting per the CUP is complete.

Premises fencing and landscaping is out to bid pending final selection of vendor. Estimated completion September 2019 or sooner.

Electrical plans are under review, estimated completion May 2019 or sooner.

Final buildout to start June/July 2019 or sooner.

Final buildout completion by November/December 2019 or sooner.

Purchase of building May 2019 or sooner.

As of 3/25/19 we have invested \$200,000 plus

Attachments:

Temporary licensing & Annual licensing





Logged in as: Linda P. Pitarra

Cart (0)

[Account Management](#)[Logout](#)[Announcements](#)

License C11-19-0000100-APP:

[Add to cart](#)

## Cannabis - Distributor Application

**Record Status: Owner Submittals Received**[Record Info ▼](#)[Payments ▼](#)

### Processing Status

[Application Acceptance](#)[Issuance](#)[Close Out](#)



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

CAL

CalCannabis  
Cultivation Lice



My Dashboard



My Licenses



My Account



Look Up Licenses



Cart

Cart (0) Account Management Logout  
Announcements Logged in as: Linda Pitarra

License LCA19-0000956:

Add to cart

Like 0

Tweet

## Adult-Use Cannabis Cultivation Application

Record Status: Under Administrative  
Review

Record Info ▼

Payments ▼

- ✓ ▶ Administrative Review
- ⌚ ▶ Owner Application Reviews
  - Administrative Manager Review
  - Scientific Review
  - CEQA Review
  - Science Manager Review
  - License Manager
  - Application Disposition
  - Final Review
  - Appeal



STATE OF CALIFORNIA  
DEPARTMENT OF PUBLIC HEALTH  
MANUFACTURED CANNABIS SAFETY BRANCH

**TEMPORARY MANUFACTURING LICENSE  
ADULT AND MEDICINAL CANNABIS PRODUCTS**

**LICENSEE:**

DAG Topshelf, Inc.  
14600 Goldenwest Street, Suite 101A  
Westminster, CA 92683

**LICENSED PREMISES:**

1100 E. Broadway Street  
Needles, CA 92363

**LICENSE NUMBER:** CDPH-T00001451

**LICENSE TYPE:** Type 6: Non Volatile Solvent Extraction

**EFFECTIVE DATE:** 11/15/2018  
**EXPIRATION DATE:** 03/14/2019

This license is a conditional license and authorizes the holder thereof to engage in commercial cannabis activity as would be permitted under the privileges of the annual license for which the applicant may submit an application to the licensing authority. This license is not transferable to any other person or premises.



California Department of Public Health  
P.O. Box 997377, MS 7606  
Sacramento, CA 95899-7377

*Asif A. Maan*

Asif A. Maan Ph.D.  
Chief, Manufactured Cannabis Safety Branch

*01/21/19*  
*01/21/19*





CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814



# TEMPORARY SANDBAR CULTIVATION LICENSE

Legal Business Name:

DAG Topshelf

Premises APN:

San Bernardino County - 0186-224-02

Premises Address:

No Address Provided

Valid:

11/28/2018 to 3/28/2019

License Number:

TAL18-0007939

License Type:

Temporary-Specialty Indoor

--- NON-TRANSFERABLE ---

--- POST IN PUBLIC VIEW ---

Aug  
11/30/19  
40  
1/30/19



**BUREAU OF  
CANNABIS  
CONTROL**  
CALIFORNIA

Bureau of Cannabis Control  
(833) 768-5880

## **Adult-Use and Medicinal - Distributor Temporary License**

**LICENSE NO:**

**C11-18-0000165-TEMP**

**VALID:**

**10/30/2018**

**LEGAL BUSINESS NAME:**

**DAG TOPSHELF**

**EXPIRES:**

**2/27/2019**



**PREMISE:**

**1100 BROADWAY ST E**

**NEEDLES, CA 92363-4201**

---

*Non-Transferable*

*Prominently display this license  
as required by Title 16 CCR § 5039*

**CITY COUNCIL RESOLUTION 2019-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES  
APPROVING AN EXTENSION OF TIME FOR A CONDITIONAL USE  
PERMIT (CUP) ISSUED FOR A MARIJUANA MANUFACTURING FACILITY, SUITE "C"  
AT 1100 E. BROADWAY, ALSO KNOWN AS APN 0186-224-02 THAT EXPIRED  
ON MARCH 25, 2019**

**WHEREAS**, on January 10, 2017 City Council Ordinance No. 588 was approved allowing marijuana facilities in zones C1, C2, C3, M1 and M2, with a Conditional Use Permit and Regulatory Permit; and

**WHEREAS**, the Conditional Use Permit identified above received approval by the City Council on September 25, 2019 and expired on March 25, 2019; and

**WHEREAS**, in accordance with Section 94.13(a) of the City's Zoning Code the applicant has taken actions identifying the work that has been accomplished since City Council approval, identified and attached as Exhibit "A".

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

**SECTION 1.** The proposed project was reviewed and determined to have no potential to generate significant adverse impacts on the environment, and therefore is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3).

**SECTION 2** The City Council HEREBY FINDS AND DETERMINES, with reports and findings, that facts do exist to extend the life of the Conditional Use Permit identified above for a period of six months, expiring on September 25, 2019.

**SECTION 3.** The City Council HEREBY APPROVES Resolution **2019-15**, approving a six month extension period for the life of the Conditional Use Permit identified above, expiring on September 25, 2019.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Needles, California, held on the 9<sup>th</sup> day of April, 2019, by the following roll call vote:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

\_\_\_\_\_  
Mayor

(Seal)

**Attest:**

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney



## EXHIBIT "A"

Architectural, plumbing, mechanical and room layout are complete.

Cultivation, Distribution & manufacturing temporary licensing is complete and issued.

Cultivation, Distribution & Manufacturing annual licenses are submitted and awaiting approval from state.

Exterior painting per the CUP is complete.

Premises fencing and landscaping is out to bid pending final selection of vendor. Estimated completion September 2019 or sooner.

Electrical plans are under review, estimated completion May 2019 or sooner.

Final buildout to start June/July 2019 or sooner.

Final buildout completion by November/December 2019 or sooner.

Purchase of building May 2019 or sooner.

As of 3/25/19 we have invested \$200,000 plus

Attachments:

Temporary licensing & Annual licensing



**BUREAU of  
CANNABIS  
CONTROL**  
CALIFORNIA



Logged in as: Linda P. Pitarra

Cart (0)

[Account Management](#)[Logout](#)[Announcements](#)

License C11-19-0000100-APP:

[Add to cart](#)

## Cannabis - Distributor Application

**Record Status: Owner Submittals Received**[Record Info ▼](#)[Payments ▼](#)

### Processing Status

[Application Acceptance](#)[Issuance](#)[Close Out](#)





CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

CAL

CalCannabis  
Cultivation License



My Dashboard



My Licenses



My Account

Look Up Licenses



Help

Cart (0) Account Management Logout  
Announcements Logged in as: Linda Pitarra

License LCA19-0000956:

Add to cart

Like 0

Tweet

## Adult-Use Cannabis Cultivation Application

Record Status: Under Administrative  
Review

Record Info ▼

Payments ▼

- ✓ ▶ Administrative Review
- ⌚ ▶ Owner Application Reviews
  - Administrative Manager Review
  - Scientific Review
  - CEQA Review
  - Science Manager Review
  - License Manager
  - Application Disposition
  - Final Review
  - Appeal



STATE OF CALIFORNIA  
DEPARTMENT OF PUBLIC HEALTH  
MANUFACTURED CANNABIS SAFETY BRANCH

**TEMPORARY MANUFACTURING LICENSE  
ADULT AND MEDICINAL CANNABIS PRODUCTS**

**LICENSEE:**

DAG Topshelf, Inc.  
14600 Goldenwest Street, Suite 101A  
Westminster, CA 92683

**LICENSED PREMISES:**

1100 E. Broadway Street  
Needles, CA 92363

**LICENSE NUMBER:** CDPH-T00001451

**LICENSE TYPE:** Type 6: Non Volatile Solvent Extraction

**EFFECTIVE DATE:** 11/15/2018

**EXPIRATION DATE:** 03/14/2019

This license is a conditional license and authorizes the holder thereof to engage in commercial cannabis activity as would be permitted under the privileges of the annual license for which the applicant may submit an application to the licensing authority. This license is not transferable to any other person or premises.



California Department of Public Health  
P.O. Box 997377, MS 7606  
Sacramento, CA 95899-7377

*Asif A. Maan*

Asif A. Maan Ph.D.  
Chief, Manufactured Cannabis Safety Branch

*04/20/19*  
*[Signature]*



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814



# TEMPORARY CANNABIS CULTIVATION LICENSE

Legal Business Name:

DAG Topshelf

Premises APN:

San Bernardino County - 0186-224-02

Premises Address:

No Address Provided

Valid:

11/28/2018 to 3/28/2019

License Number:

TAL18-0007939

License Type:

Temporary-Specialty Indoor

--- NON-TRANSFERABLE ---

--- POST IN PUBLIC VIEW ---

Cut  
1/30/19  
60  
1/30/19



**BUREAU OF  
CANNABIS  
CONTROL**  
CALIFORNIA

Bureau of Cannabis Control  
(833) 768-5880

## **Adult-Use and Medicinal - Distributor Temporary License**

**LICENSE NO:**

**C11-18-0000165-TEMP**

**VALID:**

**10/30/2018**

**LEGAL BUSINESS NAME:**

**DAG TOPSHELF**

**EXPIRES:**

**2/27/2019**



**PREMISE:**

**1100 BROADWAY ST E**

**NEEDLES, CA 92363-4201**

---

*Non-Transferable*

*Prominently display this license  
as required by Title 16 CCR § 5039*





## City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☐ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Resolution No. 2019-16 supporting the 2020 Census

**Background:** Every ten years the U.S. Census Bureau conducts an accurate count of the population.

**Fiscal Impact:** Unknown

**Recommendation:** Adopt Resolution No. 2019-16 supporting the 2020 Census

**Submitted By:** City Clerk

**City Management Review:**

Rick

**Date:**

4/5/19

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item:

12

**RESOLUTION NO. 2019-16**  
**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES**  
**SUPPORTING THE 2020 CENSUS**

WHEREAS, the U.S. Census Bureau is required by Article I, Section 2 of the U.S. Constitution to conduct an accurate count of the population every ten years; and

WHEREAS, the next enumeration will be April 1, 2020 and will be the first to rely heavily on online responses; and

WHEREAS, the primary and perpetual challenge facing the U.S. Census Bureau is the undercount of certain population groups; and

WHEREAS, that challenge is amplified in California, given the size of the state and the diversity of communities; and

WHEREAS, California has a large percentage of individuals that are considered traditionally hard to count; and

WHEREAS, these diverse communities and demographic populations are at risk of being missed in the 2020 Census; and

WHEREAS, California receives nearly \$77 billion in federal funding that relies, in part, on census data; and

WHEREAS, a complete and accurate count of California's population is essential; and

WHEREAS, the data collected by the decennial Census determines the number of seats each state has in the U.S. House of Representatives and is used to distribute billions of dollars in federal funds to state and local governments; and

WHEREAS, the data is also used in the redistricting of state legislatures, county boards of supervisors and city councils; and

WHEREAS, the decennial census is a massive undertaking that requires cross-sector collaboration and partnership in order to achieve a complete and accurate count; and

WHEREAS, California's leaders have dedicated a historic amount of funding and resources to ensure every Californian is counted once, only once and in the right place; and

WHEREAS, this includes coordination between tribal, city, county, state governments, community-based organizations, education, and many more; and

WHEREAS, U.S. Census Bureau is facing several challenges with Census 2020, including constrained fiscal environment, rapidly changing use of technology, declining response rates, increasingly diverse and mobile population, thus support from partners and stakeholders is critical; and

WHEREAS, California is kicking-off its outreach and engagement efforts in April 2019 for the 2020 Census; and

**RESOLUTION NO. 2019-16**  
**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES**  
**SUPPORTING THE 2020 CENSUS**

WHEREAS, the City Council of the City of Needles, in partnership with other local governments, the State, businesses, schools, and community organizations, is committed to robust outreach and communication strategies, focusing on reaching the hardest-to-count individuals.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Needles recognizes the importance of the 2020 U.S. Census and supports helping to ensure a complete, fair, and accurate count of all Californians.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Needles, California, held on the 9th day of April, 2019, by the following roll call vote:

AYES:

NOES"

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

(Seal)

Approved as to form:

\_\_\_\_\_  
City Attorney









# California's 2020 Census Efforts





## Census in California

- An accurate count is one in which every person is counted once, only once, and in the right place.
- California faces the greatest barriers in the nation for the Census, reaching more than 13.5 million households and motivating the hardest-to-count to respond.
- The California Complete Count – Census 2020 is a statewide outreach and awareness campaign for the 2020 Census.
- California's efforts complement the U.S. Census Bureau's strategy, with focus on the hardest-to-count Californians.

## Why is the 2020 Census important?

-  Every Californian counts
-  It's about fair representation
-  It's your civic duty
-  It's about redistricting
-  You are the expert – your responses help
-  Your data are confidential

## How is the Census data used?

-  To advocate more resources for community members.
-  To ensure public safety and plan new schools and hospitals.
-  To decide where to open companies and businesses, which create jobs.
-  By law, the U.S. Census Bureau cannot share the data with immigration or law enforcement agencies or allow it to determine eligibility for government benefits.

## How can you make a difference now?

The California Census Office is hosting a kick-off event on April 2, 2019 at the State Capitol in Sacramento to jump-start the public awareness of the 2020 Census.

### Here's what you can do:

- ✓ Host your own "April 2019 Kick-Off" event
- ✓ Pass a proclamation or resolution supporting the census
- ✓ Send out informational alerts to constituents

## Helpful resources:

### Slogan

"Be Counted, California!"

### Logos



### RGB colors:

- Dark blue (21, 53, 84)
- Light blue (121, 169, 219)
- Orange (217, 118, 38)

### Fonts:

- Roboto and Reform Grotesk Demi

## Need more information?

-  Visit the California Complete Count website
-  Sign up for the California Complete Count Office alerts
-  Follow the California Complete Count on social media



**CALIFORNIA COMPLETE COUNT – CENSUS 2020**

census.ca.gov | info@census.ca.gov  
@CACompleteCount



## City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☐ Regular ☐ Special

**Meeting Date:** April 9, 2019

**Title:** Extension of City Manager Employment Agreement 2019-2022 (Council Request)

**Background:** In 2013 the City Council engaged Richard A. Daniels as City Manager for a three year term until 2016. In 2015 the City Council amended the agreement to extend it to 2019. The City Council and the City Manager expressed interest in extending the contract for another 3 years. The City Council appointed a Committee of Mayor Jeff Williams and Councilor Clayton Hazlewood to negotiate an employment agreement extension. The parties agreed to an agreement with the following terms;

- Extension of all standard terms of vacation, termination with and without cause, etc.
- No annual Cost of Living Adjustment,
- City Council Goals and City Manager Performance Objectives (Exhibit A), and
- Salary adjustments upon completion of City Council Goals.

**Fiscal Impact:** None to up to \$15,000 over 3 years.

**Recommendation:** Adopt the Agreement Extension

**Submitted By:**

**City Management Review:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 13



**SECOND AMENDMENT  
TO  
CITY MANAGER EMPLOYMENT AGREEMENT**

THIS SECOND AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT (this "Amendment") is effective as of July 1, 2019 between the City Council of and on behalf of the City of Needles (the "City" or the "City Council") and Richard A. Daniels (the "City Manager" or the "Employee").

**RECITALS**

- A. City and Employee executed that certain City Manager Employment Agreement ("Agreement") entered into as of August 13, 2013;
- B. City and Employee executed that certain First Amendment to the City Manager Employment Agreement as of September 2015;
- C. The parties now wish to amend the Agreement as set forth below.

**AMENDMENT**

- A. **Article I is hereby amended to read as follows:**

*I. TERM.*

*"The City hereby employs the Employee as City Manager for a term commencing on September 16, 2013, and continuing through June 30, 2022 (the "Term"), unless the Agreement is renewed in a writing executed by the parties."*

- B. **Article II is hereby amended to read as follows:**

*II. SALARY*

*"City Manager's salary is currently Two Hundred and Seventeen Thousand Dollars (\$217,000.00) per year, which sum shall be paid pursuant to the procedures regularly established, and as they may be amended by the City in its sole discretion. Subject to the conditions set forth herein, on July 1, 2020, the salary shall increase by five thousand dollars (\$5,000.00). On July 1, 2021, the salary shall increase by five thousand dollars (\$5,000.00). Said salary increases are contingent upon and subject to satisfactory annual performance reviews in accordance with Article VII of the Agreement entitled "Evaluation" and substantial accomplishment of mutually agreed upon goals, as described in Exhibit "A" hereto and as said goals may be mutually amended, supplemented, and revised from time to time."*

- C. **Article IXC is hereby amended to read as follows:**



*"C. CalPERS. City Manager will make CalPERS employee contributions and shall receive CalPERS benefits in the same manner and amounts as all other management employees."*

**D. General.** In the event of a conflict between the terms of this Amendment and the Agreement the terms of this Amendment shall control and supersede any such inconsistent or conflicting terms. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms by the Agreement. The recitals in this Amendment are incorporated herein. Except as modified by this Amendment, all of the terms of the Agreement shall remain in full force and effect.

Executed by the Parties to be effective as of the date first written above.

**"CITY"**

CITY OF NEEDLES

By: \_\_\_\_\_  
Jeff Williams, Mayor

ATTEST

By: \_\_\_\_\_  
Dale Jones, City Clerk

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
John Pinkney, City Attorney

**"EMPLOYEE"**

By: \_\_\_\_\_  
Richard A. Daniels

# Employment Agreement Exhibit A

## City Council Goals 2019-2022

### City Manager Performance Objectives

- Assure Long Term Fiscal Stability
  - Increase Business and Overall Revenue by \$500,000/year.
  - Secure at least one new grant/year and propose new revenue sources.
  - Reduce golf course deficit..
- Increase Economic Development
  - Attract Renewable Energy Enterprises.
  - Secure diversity of industrial base focusing on high energy users.
  - Capitalize on Spike and the Schultz History.
  - Facilitate the relocation of Chamber as a Visitor Center into the El Garces.
  - Develop Bureau Bay and RV resorts,
  - Develop an overall Marketing Plan addressing Route 66 tourism, residential, commercial and industrial.
  - Encourage Special Events for Residents and Tourists.
  - Establish Inland Port and Other Intermodal Opportunities.
  - Continue to recruit residential developers and builders.
  - Complete the Housing Element update and initiate the General Plan update.
- Improve Transportation
  - Develop Streets Capital Improvement Program to identify road conditions by segment and propose an improvement plan and funding measures to bring streets to good condition.
  - Assist in the establishment of the Riverwalk Project.



**FIRST AMENDMENT  
TO  
CITY MANAGER EMPLOYMENT AGREEMENT**

THIS FIRST AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT (this "Amendment") is entered into as of the \_\_\_ day of September, 2015 between the City Council of and on behalf of the City of Needles (the "City" or the "City Council") and Richard A. Daniels (the "City Manager" or the "Employee").

**RECITALS**

- A. City and Employee executed that certain City Manager Employment Agreement ("Agreement") entered into as of August 13, 2013;
- B. The parties now wish to amend the Agreement as set forth below.

**AMENDMENT**

- A. Article I is hereby amended to read as follows:

**I. TERM**

*"The City hereby employs the Employee as City Manager for a term commencing on September 16, 2013, and continuing through June 30, 2019 (the "Term"), unless the Agreement is renewed in a writing executed by the parties."*

- B. Article II is hereby amended to read as follows:

**II. SALARY**

*"City Manager's salary is currently One Hundred and Ninety Seven Thousand Dollars (\$197,000.00) per year, which sum shall be paid pursuant to the procedures regularly established, and as they may be amended by the City in its sole discretion. Subject to the conditions set forth herein, on July 1, 2016, the salary shall increase by ten thousand dollars (\$10,000.00). On July 1, 2017, the salary shall increase by five thousand dollars (\$5,000.00). On July 1, 2018, the salary shall increase by five thousand dollars (\$5,000.00). Said salary increases are contingent upon and subject to satisfactory annual performance reviews in accordance with Article VII entitled "Evaluation" and substantial accomplishment of mutually agreed upon goals, as described in Exhibit "A" hereto and as said goals may be mutually amended, supplemented, and revised from time to time."*

- C. Article IXC is hereby amended to read as follows:

*"C. CalPERS. City Manager will make CalPERS employee contributions and shall receive CalPERS benefits in the same manner and amounts as all other management employees."*




**D. General.** In the event of a conflict between the terms of this Amendment and the Agreement the terms of this Amendment shall control and supersede any such inconsistent or conflicting terms. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms by the Agreement. The recitals in this Amendment are incorporated herein. Except as modified by this Amendment, all of the terms of the Agreement shall remain in full force and effect.


Executed by the Parties to be effective as of the date first written above.

**"CITY"**

CITY OF NEEDLES

By:   
Edward Paget, Mayor

ATTEST

By:   
Dale Jones, City Clerk

APPROVED AS TO FORM

By:   
John Pinkney, City Attorney

**"EMPLOYEE"**

By:   
Richard A. Daniels



RESOLUTION NO. 2015-42

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF NEEDLES, CALIFORNIA, APPROVING  
AN AMENDMENT TO THE EMPLOYMENT AGREEMENT BETWEEN  
THE CITY OF NEEDLES AND RICHARD DANIELS

WHEREAS, at the City Council meeting of August 13, 2013, Council adopted Resolution No. 2013-33 whereby the Council approved the Employment Agreement ("Agreement") between the City of Needles ("City") and Richard Daniels, setting forth the terms and conditions of Mr. Daniels' employment as City Manager; and

WHEREAS, Vice Mayor Williams and Council Member Darcy, as representatives of the City, and Mr. Daniels renegotiated certain terms of the Agreement, now set forth in a First Amendment to the City Manager Agreement ("Amendment") attached hereto as *Exhibit "A"*; and

WHEREAS, the Amendment extends the term of the Agreement to September 16, 2019, adjusts the amount of salary increases, and bases said salary increases on performance and substantial accomplishment of mutually agreed upon goals

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Needles, California, hereby approves the First Amendment to the City Manager Agreement between the City of Needles and Richard Daniels and authorizes the Mayor to sign same for and on behalf of the City of Needles.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Needles, California, held on the 8th day of September, 2015, by the following roll call vote:

AYES: Councilmembers Gudmundson, Evans, Frazier, Williams, Darcy  
NOES: None and Richardson  
ABSENT: None  
ABSTAIN: None

  
Mayor Edward T. Paget, M.D

(SEAL)  
ATTEST:   
City Clerk Dale Jones, CMC

APPROVED AS TO FORM:

  
Attorney John O. Pinkney



RESOLUTION NO. 2013-33

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF NEEDLES, CALIFORNIA, APPROVING  
AN EMPLOYMENT AGREEMENT BETWEEN  
THE CITY OF NEEDLES AND RICHARD DANIELS

WHEREAS, at the City Council meeting of May 28, 2013 council directed staff to place a classified ad for 30 days in the California City Magazine or similar publications, not to exceed a cost of \$1,000.00, requesting interested qualified individuals to submit a letter of interest and their resumes to the city for the position of city manager; and

WHEREAS, at the City Council meeting of May 28, 2013, the council appointed a subcommittee consisting of Council Member's Kidd, Lopez and Darcy to review the applications for a city manager; and

WHEREAS, classified ads were placed in the California City Magazine and Western City News for a thirty day period, expiring July 5, 2013; and

WHEREAS, eleven applications were received and interviews of three applicants were conducted by the subcommittee; and

WHEREAS, the City Council and Mr. Daniels, being the successful applicant, have agreed to the terms and conditions of employment which are outlined in an Employment Agreement attached hereto.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Needles, California, hereby approves the Employment Agreement between the City of Needles and Richard Daniels and authorizes the Mayor to sign same for and on behalf of the City of Needles.

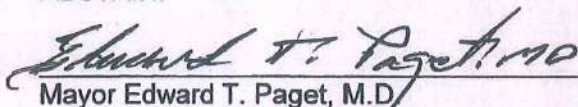
PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Needles, California, held on the 13th day of August, 2013, by the following roll call vote:

AYES: COUNCIL MEMBERS LOPEZ, KIDD, FRAZIER, CAMPBELL, DARCY AND GUDMUNDSON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

  
Mayor Edward T. Paget, M.D.

(SEAL)

ATTEST:

  
City Clerk Dale Jones, CMC

APPROVED AS TO FORM:

  
Attorney Robert Hargreaves



## **CITY MANAGER EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 13<sup>th</sup> day of August, 2013, between the City Council of and on behalf of the City of Needles (the "City" or the "City Council") and Richard A. Daniels (the "City Manager" or the "Employee"). The above-named parties hereby mutually agree and promise as follows:

### **I. TERM.**

The City hereby employs the Employee as City Manager for a term of three (3) years commencing on or before September 16, 2013, and continuing through September 16, ~~2014~~ <sup>2016</sup> (the "Term"), unless the Agreement is renewed in a writing executed by the parties.

### **II. SALARY.**

City Manager's salary shall be one hundred ninety seven thousand dollars (\$197,000) per year, which sum shall be paid pursuant to the procedures regularly established, and as they may be amended by the City in its sole discretion. On each anniversary of this Agreement (on September 16), the salary shall increase by ten thousand dollars (\$10,000).

### **III. DUTIES**

Employee shall perform the duties of the City Manager as prescribed by the Municipal Code. In addition to the powers and duties set forth in the Municipal Code, the City Manager shall have such powers and duties which are delegated to him by the City Council. The City Manager shall execute all powers and duties in accordance with the policies adopted by the City Council and the State of California Government Code.

### **IV. CITY MANAGER AND COUNCIL RESPONSIBILITIES.**

The City Manager shall be the chief executive officer of the City. As such, the City Manager shall have the responsibility for implementing City Council policy, whereas the City Council shall retain the responsibility for formulating and adopting said policy.



## **V. OTHER DUTIES.**

The City Manager (or designee) shall: (1) review all policies proposed to the City Council and make appropriate recommendations to the Council; (2) periodically evaluate employees as provided for by California law and City policy; (3) advise the Council of possible sources of funds that might be available to implement present or contemplated City programs or services; (4) maintain and improve his professional competence by available means, including subscription to and reading of appropriate periodicals, and joining and participating in appropriate professional associations and their activities; (5) establish and maintain an appropriate community relations program; and (6) serve as liaison between the Council and as its designated representative with respect to all employer-employee matters, and make recommendations to the Council concerning those matters. Notwithstanding that a designee of the City Manager may perform said duties, the City Manager shall be the person ultimately responsible to the Council for the proper implementation of the duties and responsibilities described in this Agreement. The City Manager shall also serve as the City's Director of Public Utilities ~~Utility Manager~~ and the executive director of the Needles Public Utilities Authority and the Successor Agency of the Needles Redevelopment Agency.

## **VI. OUTSIDE PROFESSIONAL ACTIVITIES.**

City Manager, with prior approval of the City Council, may undertake outside professional activities for compensation, including consulting, teaching, training, speaking and writing provided they do not interfere with City Manager's normal duties and are done only during non-business hours, personal leave or holiday time of City Manager and are not done with any existing vendors or contractors of the City. Under no circumstances shall such outside activities create a conflict of interest with the duties of the City Manager and the interests of the City.

## **VII. EVALUATION.**

City Manager shall meet with the City Council in closed session annually, on or around each anniversary date of the Agreement, to review the City Manager's performance and to discuss the City Council's evaluation of said performance. Notwithstanding, the failure to conduct this annual evaluation shall not inhibit any party's ability to terminate this Agreement



pursuant to Section VIII below. Additional closed sessions may be scheduled at the direction of the City Council to discuss the Employee's performance as deemed necessary by the City Council.

### **VIII. TERMINATION.**

City Manager shall serve at the will and pleasure of the City Council and may be removed from office (terminated) at any time for any reason or no reason upon a majority vote of the City Council. Nothing in this Agreement shall prevent the City Council from terminating this Agreement and the services of City Manager at its sole discretion.

#### **A. Notice of Termination**

In the event City Manager is terminated by the City during the term of this Agreement, during which time Employee is willing and able to perform his duties under this Agreement, the City Council agrees to provide Employee notice in writing fifteen (15) days prior to the date this Agreement and the employment of the City Manager are to be terminated. In the alternative, in lieu of the above described notice, the City may, following provision of notice of termination, immediately release the employee from his/her employment with the City by providing City Manager with: (1) twelve (12) months' salary; and (2) continuation of all existing health benefits currently offered the Employee, for the lesser of twelve (12) months or until City Manager finds other comparable employment. (The salary and benefits shall be referred to collectively as "Severance Pay.") However, should there be less than twelve (12) months remaining on the unexpired term of this Agreement, the Severance Pay shall instead be equal to the number of months left on the unexpired term of the Agreement. In exchange for the Severance Pay, the City Manager hereby expressly waives any right he may have under any applicable law, City policy, or otherwise to appeal or grieve his termination and the terms of this Agreement.

The above severance provisions are intended to comply with the provisions of Government Code section 53260, et seq.

#### **B. Termination for Cause**

In the event that it is determined that City Manager has been terminated for cause, the City Manager shall not be entitled to any Severance Pay. Termination shall be for "cause" if City



Manager: (i) acts in bad faith and to the detriment of the City; (ii) refuses or fails to act in accordance with any specific direction or order of the City Council; (iii) continues in the poor performance of his duties despite Council efforts to correct any deficiencies; (iv) exhibits misconduct or dishonesty in regard to his employment; or (v) is convicted of a misdemeanor or felony crime. In case of his intended removal, the City Manager shall be furnished with a written notice stating the City Council's intention to remove him and the reasons therefore, at least thirty (30) days before the effective date of removal. Within fifteen (15) days after the furnishing of City Manager of such notice, he may, by writing, addressed to the City Council and delivered to the City Clerk, request a hearing before the City Council, where the sole issue shall be whether there is sufficient "cause" for the termination and the sole remedy whether City Manager is entitled to Severance Pay. Thereupon, the Mayor shall fix a time for such hearing. Such hearing shall be held at the usual meeting place of the City Council, before the expiration of the aforesaid thirty (30) day period and the City Manager may attend and be heard. After furnishing the City Manager with written notice of his intended removal from office, the City Council may suspend him from further duty, but his compensation shall continue until his removal by motion of the City Council, duly made and passed following the close of the public hearing.

**C. Resignation**

If City Manager desires to resign his position, he will provide the City Council with at least thirty (30) calendar days' notice, in writing. In the event that the City Manager resigns from his employment with the City, City Manager shall not be entitled to any Severance Pay.

**D. Expiration of Agreement**

Unless renewed in a writing signed by the Employee and the City, this Agreement shall expire upon expiration of the Term.

**E. Statutory Obligations; Abuse of Office or Position.**

Pursuant to Government Code section 53243, et seq. which became effective on January 1, 2012, if City Manager is convicted of a crime involving an abuse of his/her office or position, all of the following shall apply: (1) if City Manager is provided with administrative leave pay pending an investigation, City Manager shall be required to fully reimburse such amounts paid;



(2) if the City pays for the criminal legal defense of City Manager (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), City Manager shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that City Manager may receive from the City shall be fully reimbursed to the City. For this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with section 92 of the Penal Code.



## **IX. FRINGE BENEFITS.**

A. **Time Off.** City Manager shall be provided with paid time off, including vacation, sick leave and paid holidays equivalent to that of a twenty-year management employee. Additionally, city manager shall be provided 80 hours per calendar year administrative leave, pro-rated for portions of a calendar year, on a non-accrual and non-cumulative basis.

B. **Health Benefits:** City manager shall receive same health benefits as other management employees.

C. **CalPERS.** City manager shall receive the same CalPERS benefit as other management employees, except that city manager shall only pay the following portions of the employee's 7% contribution: 3% for the first year and 2% for the second and third years.

D. **Professional Membership.** The City shall pay the City Manager's dues for his membership in the such organizations as are agreed upon with the City Council.

E. **Automobile Allowance .** City manager shall be provided with a city vehicle for City-related business and/or functions during, before and after normal work hours.

F. **Technology.** Laptop computer with remote access capability to city computer system and cell phone or allowance

G. **Exclusive Consideration.** All compensation, benefits and comparable payments to be provided to the City Manager under this Agreement shall be less withholdings required by law and shall be provided subject to any rules, regulations, agreements, or policies established by the City Council, as amended from time to time at its discretion. The City Manager shall be entitled to no benefits and compensation other than as set forth above.

## **X. GENERAL PROVISIONS.**

A. This Agreement supersedes any and all other agreements, either oral or written, between the parties hereto with respect to the employment of the City Manager by the City and contains all of the covenants and agreements between the parties with respect to the employment of City Manager by the City.



B. Each party agrees and acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.

C. Any modifications of this Agreement will be effective only if made in writing and signed by both the City Manager and the City.

D. If any provision of this Agreement is held by a Court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT on the 13<sup>th</sup> day of August 2013.

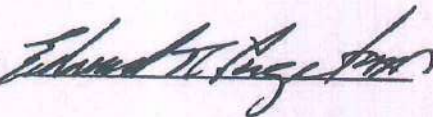
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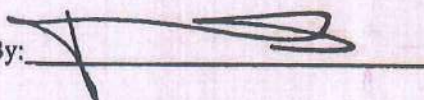
CITY OF NEEDLES

RICHARD A. DANIELS

By:

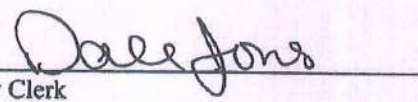


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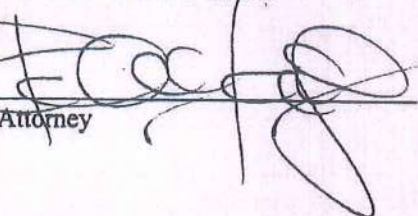
ATTEST:

By:

  
City Clerk

APPROVED AS TO FORM:

By:

  
City Attorney



B. Each party agrees and acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.

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“CITY”

“EMPLOYEE”

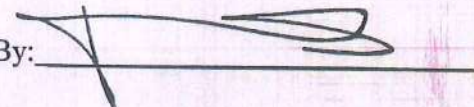
CITY OF NEEDLES

RICHARD A. DANIELS

By:

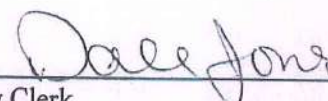


By:



**ATTEST:**

By:

  
City Clerk

**APPROVED AS TO FORM:**

By:

City Attorney