

CITY COUNCIL

MEETING AGENDA PACKET

Tuesday, January 28, 2025
5:30 pm



Sierra Madre City Council Chambers
232 W. Sierra Madre Boulevard
Sierra Madre, California 91024

Mayor Robert Parkhurst, Mayor Pro Tempore Kristine Lowe
Council Members: Edward Garcia, Gene Goss, and Kelly Kriebs

**AGENDA
REGULAR MEETING
SIERRA MADRE CITY COUNCIL**

*Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Edward Garcia, Council Member
Gene Goss, Council Member
Kelly Kriebs, Council Member*

Sue Spears, City Treasurer

**Tuesday, January 28, 2025
5:30 pm**

**City of Sierra Madre
City Council Chambers
232 W. Sierra Madre Boulevard
Sierra Madre, California 91024**



The Brown Act provides the public with an opportunity to make public comments at any public meeting; As an alternative, public comment may be made by e-mail to PublicComment@CityofSierraMadre.com by 3:00PM on the day of the meeting. Emails will be acknowledged at the Council meeting, filed into public record, and scanned onto the City website for public review.

The meeting will be streamed live on the City's website at www.cityofsierramadre.com, on Foothills Media website at <http://www.foothillsmedia.org/sierramadre> and broadcast on Government Access Channel 3 (Spectrum)

CODE OF CONDUCT

The purpose of a City Council meeting is to conduct City business. Members of the public that behave in a manner that interrupts or obstructs the Council's ability to conduct City business may be asked to leave the meeting. Any and all demonstrations which disrupt, interrupt, or obstruct the Council's ability to conduct City business are prohibited. No signs, posters or other large objects shall be brought into the Council Chambers or other meeting place if doing so would disrupt, disturb or otherwise impede the orderly course of the meeting.

CALL TO ORDER/ROLL CALL MEMBERS OF THE CITY COUNCIL

Mayor Parkhurst, Mayor Pro Tem Lowe, Council Member Garcia, Council Member Goss, Council Member Kriebs

PLEDGE OF ALLEGIANCE AND INSPIRATION

Council Member Garcia

APPROVAL OF MEETING AGENDA

Vote of the City Council to proceed with City business.

COUNCIL OUT FROM CLOSED SESSION

No Closed Sessions were held between January 21, 2025 and January 25, 2025.

APPROVAL FOR READING RESOLUTIONS AND ORDINANCES

Vote of the City Council to read all Ordinances and Resolutions by title only and waive the reading in full.

APPROVAL OF MEETING MINUTES

Approval of January 21, 2025, City Council Special Meeting minutes.

MAYOR AND CITY COUNCIL REPORTS

Reporting of Council Members' activities related to City business.

PUBLIC PARTICIPATION CODE OF CONDUCT

Your participation is welcomed and invited at all City Council meetings. The Council requests that participants refrain from making personal, slanderous, profane, or disruptive remarks. A person who continues to disrupt the orderly conduct of the meeting after being warned by the Mayor or designee to cease the disruption may be precluded from further participation in the meeting. No signs, posters, or other large objects shall be brought into official meeting places if doing so would disrupt, disturb, or otherwise impede the orderly course of the meeting.

PUBLIC COMMENT

The Council will listen to the public on any item on the agenda. In addition, the Council will devote time for public comment on items not on the agenda. Addressing the City Council from the audience is not permitted; all comments addressing the Council must be made from the podium. Only public comment made from the podium will be recognized by the City Council and entered into public record.

Providing Public Comment For Items on the Meeting Agenda

Persons wishing to speak on any item on the agenda will be called during the comment period at the time the agenda item is brought forward. Persons wishing to speak on closed session items have a choice of doing so either immediately prior to the closed session or at the time for comments on items at the open session.

Provide Public Comment for Topics not on the Meeting Agenda

Time shall be devoted to provide public comments for items not on the agenda. Under the Brown Act, Council is prohibited from taking action on items not on the agenda.

Providing Public Comment

1. Any person wishing to provide public comment is asked to complete a comment card. Each speaker will be limited to up to three continuous minutes, which may not be delegated or deferred.
2. A podium is provided for public comment. Comments addressed to the Council shall occur during the appropriate time on the agenda and should not be construed as an opportunity for dialogue.

ACTION ITEMS

Regardless of staff recommendation on any agenda item, the City Council will consider such matters, including action to approve, conditionally approve, reject, or continue such item.

PRESENTATION

PUBLIC WORKS WATER MAIN UPDATE

CONSENT

a) CONSIDERATION OF RESOLUTION 25-11 APPROVING CERTAIN DEMANDS

It is recommended that the City Council approve Resolution 25-11 approving payment of City Warrants in the aggregate amount of \$376,041.28, Sierra Madre Library Warrants in the aggregate amount of \$7,723.70, and Payroll Transfer in the aggregate amount of \$620,908.91; for the Fiscal Year ending June 30, 2025.

b) GRANT OF EASEMENT TO SOUTHERN CALIFORNIA EDISON TO CONSTRUCT NEW ANCHORS AT TRACT 2456, ASSESSOR PARCEL NUMBER 5764-025-902, A CITY OWNED PROPERTY LOCATED AT 530 ALTA VISTA DRIVE, SIERRA MADRE, CALIFORNIA

It is recommended that the City Council grant an easement to Southern California Edison at Parcel Number 5764-025-902 to construct, use, maintain, operate, alter, add to, repair, replace, inspect, relocate, and remove at any time and from time to time stub poles, guywires, anchors, and other appurtenant fixtures and/or equipment made for anchorage purposes.

c) CITY OF SIERRA MADRE ANNUAL COMPREHENSIVE FINANCIAL REPORT, AUDITOR'S REPORT, AND ASSOCIATED FINANCIAL REPORTS FOR FISCAL YEAR 2023/2024.

It is recommended that the City Council receive and file the Annual Comprehensive Financial Report for Fiscal Year 2023/2024.

d) SECOND READING OF ORDINANCE 1476 ADOPTING AN ADMINISTRATIVE REMEDIES PROCEDURE FOR CHALLENGES TO FEES, CHARGES, AND ASSESSMENTS

It is recommended that the City Council conduct a second reading of Ordinance 1476, by title only, waiving any further reading, and adopt Ordinance 1476.

e) STATE HOMELAND SECURITY PROGRAM SUBRECIPIENT AGREEMENT FOR GRANT YEAR 2023

It is recommended that the City Council approve the grant agreement between the City of Sierra Madre and County of Los Angeles for a State Homeland Security Program grant and authorize the City Manager or his designee to execute the agreement and any additional documents related to the grant.

PUBLIC HEARING

- 1. CONSIDERATION OF RESOLUTION 25-10 APPROVING A CITY PARKING BAIL SCHEDULE TO ESTABLISH OPERATIONAL COSTS ASSOCIATED WITH PARKING ENFORCEMENT, INSTITUTING LATE PAYMENT PENALTY FINES FOR DELINQUENT PAYMENT OF PARKING CITATIONS AND AUTHORIZE THE FINANCE DIRECTOR TO MAKE ANY NECESSARY BUDGETARY AND ACCOUNTING ENTRIES**

It is recommended that the City Council open a Public Hearing, receive testimony and consider adoption of Resolution 25-10

DISCUSSION

- 1. CONSIDERATION OF RESOLUTIONS 25-06 ESTABLISHING A LEGISLATIVE ADVOCACY POLICY AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO TAKE POLICY POSITIONS ON PENDING STATE OR FEDERAL LEGISLATION OR REGULATION**

It is recommended that the City Council adopt Resolution 25-06.

ACTION ITEMS

Regardless of staff recommendation on any agenda item, the City Council will consider such matters, including action to approve, conditionally approve, reject, or continue such item.

PUBLIC HEARING

The appellant and/or applicant will each be provided a total of ten (10) minutes to address their item. A portion of their allotted time may be reserved for rebuttal or a summary conclusion at the close of public comment. All other speakers will be limited to a total of three continuous minutes, which cannot be delegated. These rules will be enforced but may be changed by appropriate City Council action.

AVAILABILITY OF AGENDA MATERIALS

Materials related to items on this agenda are available for public inspection on the City's website at www.cityofsierramadre.com.

LIVE BROADCASTS

Regular City Council meetings are broadcast live on Cable Channel 3 and rebroadcast on Wednesday and Saturday at 5:30 p.m.

MEETING ASSISTANCE

If you require special assistance to participate in this meeting, please call the City Clerk's office at (626) 355-7135 at least 48 hours prior to the meeting.

ADJOURNMENT

The City Council will adjourn to a meeting to take place on February 11, 2025.



City of Sierra Madre Agenda Report

*Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Edward Garcia, Council Member
Gene Goss, Council Member
Kelly Kriebs, Council Member*

Sue Spears, City Treasurer

TO: Mayor and City Council
FROM: Anthony Rainey, Finance Director
REVIEWED BY: Jose Reynoso, City Manager
DATE: January 28, 2025
SUBJECT: **APPROVAL OF WARRANTS FOR PAYMENT**

STAFF RECOMMENDATION

Staff recommends the City Council approve payment of the following:

- **Outstanding Obligated City Warrants:** \$376,041.28
- **Outstanding Obligated Sierra Madre Library Warrants:** \$7,723.70
- **Payroll Transfer:** \$620,908.91

ALTERNATIVES

1. Approve the requested ratifications.
2. Direct staff to return with additional information.

SUMMARY

To ratify means to formally approve or confirm a decision or action, making it officially valid. In this context, it ensures that the City Council affirms the payment of public funds after a thorough review process. The City Council is requested to ratify warrants and approve checks issued for payment, as certified by the Director of Finance. These payments have been reviewed for compliance with the City's approved budget, financial policies, and authorized spending limits. Ratification by the City Council formally authorizes the disbursement of public funds, ensuring transparency, accountability, and adherence to sound fiscal management practices.

ANALYSIS

State and City Requirements: The approval of warrants for payment by the City Council is a procedural requirement established under the California Government Code (§ 37208) and the Sierra Madre Municipal Code (§ 3.04.010). The City utilizes resolutions to approve warrants in accordance with Chapter 3.04 - Administration of Fiscal Matters under Title 3 - Finance of the Sierra Madre Municipal Code. These provisions outline the procedures and regulations governing the issuance and management of payment warrants, ensuring transparency,

accountability, and compliance in financial transactions involving public funds.

Warrant: A "warrant" is a written authorization directing the payment of money to vendors, contractors, or service providers for goods or services rendered to City departments. These measures ensure that public funds are used appropriately and in alignment with City policies and legal requirements.

Purpose of the Process: The primary purpose of this process is to confirm that all payments align with the City's budgetary allocations, procurement policies, and service agreements. Approval by the City Council serves as a critical management control, ensuring that expenditures are lawful, necessary, and consistent with City priorities. Department Heads review and verify invoices, while City staff maintain robust internal controls through proper documentation, authorization workflows, and reconciliation procedures.

Warrant for Payment Report: This attached report, commonly referred to as the *Check Approval Register*, provides a detailed account of payees, payment amounts, and purposes. This tool allows the City Council and staff to actively monitor expenditures, ensuring financial oversight, fostering public trust, and reinforcing fiscal responsibility. Failure to adhere to these practices could expose the City to financial risks, compliance issues, and diminished public confidence.

Check Approval Register Overview: The *Check Approval Register* is generated using the City's Enterprise Resource Planning (ERP) system, Tyler Technologies Pro 10. This report offers a comprehensive overview of financial disbursements, including payee names, payment amounts, dates, and purposes. By providing a clear and detailed record of financial transactions, the register promotes transparency and ensures public funds are utilized effectively. This level of detail allows City Council members and residents to track municipal expenditures and reinforces accountability in financial management. The following are key fields from the Check Approval Register and their definitions:

1. **Packet:** Refers to a batch of payment transactions processed together, often linked to a specific date or approval cycle.
2. **Vendor Set:** Identifies the category or group of vendors (e.g., utilities, general, or project-specific).
3. **Vendor Number:** A unique identifier assigned to each vendor for tracking and referencing purposes.
4. **Vendor Name:** The name of the individual or organization receiving the payment.
5. **Bank Code:** A code representing the bank account from which the payment is drawn.
6. **Payment Type:** Specifies the method of payment, such as check, electronic funds transfer (EFT), or wire transfer.
7. **Invoice #:** The unique number associated with the vendor's invoice, serving as a reference for the payment.
8. **Invoice Description:** A brief summary of the goods or services rendered, as described on the invoice.

9. **Account Number:** The City's general ledger account charged for the payment, structured as follows:
 - a. **Fund Code:** (e.g., **10000**) Identifies the fund, such as the General Fund.
 - b. **Department Code:** (e.g., **81200**) Indicates the responsible department, such as Public Works.
 - c. **Object Code:** (e.g., **52200**) Specifies the type of expenditure, such as contractual services.

10. **Distribution Amount:** The amount allocated to a specific account, showing how the payment is distributed across budget line items.

These fields ensure accuracy, transparency, and accountability in financial reporting and expenditure tracking, aligning with the City's commitment to sound fiscal management practices. This process not only fulfills legal and procedural requirements but also underscores the City's dedication to effective governance and responsible stewardship of public funds.

CONSISTENCY WITH GENERAL PLAN

Not applicable.

FINANCIAL REVIEW/SOURCE OF FUNDING

The payments presented for ratification have been made in accordance with the City's approved budget for the fiscal year. All expenditures are charged to their respective funds and accounts as outlined in the City's financial plan. The warrants, library payments, and payroll transfers were funded from the General Fund, Special Revenue Funds, and other designated funding sources, ensuring compliance with budgetary allocations and authorized spending limits. No unbudgeted or unauthorized expenses are included in this report.

ENVIRONMENTAL (CEQA)

Not applicable.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report can be accessed on the City's website at www.cityofsierramadre.com.

Attachments

Resolution 25-11

RESOLUTION NUMBER 25-11

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE
APPROVING CERTAIN DEMANDS**

WHEREAS, Government Code sections 37208-37209 authorize the City Council to ratify and approve warrants or checks drawn in payment of demands certified or approved by the Director of Finance as conforming to the budget; and,

WHEREAS, the following demands have been reviewed and approved by the Finance Director; and,

WHEREAS, the Finance Director has verified that appropriated funds are available for payment thereof; and,

WHEREAS, the register of audited demands has been submitted to the City Council for approval; and

WHEREAS, City Warrants are the payment of bills, invoices and contractual obligations incurred by the City of Sierra Madre during the period enumerated therein, based on the approved fiscal year budget and existing budgetary authority, Municipal Code authority, or prior policy direction by the City Council; and

WHEREAS, Payroll Transfer is the transfer of funds to cover the payroll costs for all City employees for the period enumerated therein.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Sierra Madre does hereby approve payment of City Warrants in the aggregate amount of \$376,041.28; Sierra Madre Library Warrants in the aggregate amount of \$7,723.70; and Payroll Transfer in the aggregate amount of \$620,908.91 for the fiscal year ending June 30, 2025

APPROVED AND ADOPTED this 28th day of January 2025.

Mayor, City of Sierra Madre, California

I hereby certify that the foregoing Resolution Number 25-11 was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 28th day of January 2025.

AYES:

NOES:

ABSTAIN:

ABSENT:

City Clerk, City of Sierra Madre, California

**City of Sierra Madre
Department of Finance
Warrant Register Recap
City Council Meeting of January 28, 2025**

CITY OF SIERRA MADRE AND SIERRA MADRE LIBRARY

City of Sierra Madre Warrants	\$376,041.28
Sierra Madre Library Warrants.....	\$7,723.70
Payroll Transfer.....	\$620,908.91

Warrant Register Post Date 1/28/25

Attachment 1A

Fiscal Year	Description	Amount	Page #
FY24/25	General Warrants	\$334,844.72	1-3
FY24/25	General Manual Warrant	\$18,873.51	4-6
FY24/25	General Utility Bills	\$1,032.93	7
FY24/25	General Manual Utility Bills	\$21,290.12	8
	Total	\$376,041.28	

FY24/25	Library Warrants	\$7,534.83	9
FY24/25	Library Manual Warrants	\$188.87	10
	Total	\$7,723.70	

Pay Date:			
1/16/2025	Payroll #2	\$620,908.91	
	From: City of Sierra Madre-General Acct. To: City of Sierra Madre-Payroll Acct.		
	Total	\$620,908.91	



Packet: APPKT07840 - GEN 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/22/2025

Vendor Number	Vendor Name				Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>VEN01763</u>	123STICKERS				234.97
APBWEST	Check	<u>96947</u>	CUSTOM SCREEN PRINTED STICKERS	10000.40000.53100	234.97
<u>VEN04257</u>	ACCELA INC				38,020.50
APBWEST	Check	<u>INV-ACC60547</u>	Multi Users Subscription/Online BP/BL Platform/Y2	18.40000.52200	16,795.00
				40000.83500.56009	21,225.50
<u>VEN03814</u>	AIR SOURCE INDUSTRIES				288.21
APBWEST	Check	<u>00938476</u>	OXYGEN	10000.64000.53300	288.21
<u>0433</u>	ALLSTAR FIRE EQUIPMENT, INC.				2,004.14
APBWEST	Check	<u>261387</u>	FY 24/25 Suppression and EMS Safety Equipmen	10000.61000.53300	347.08
		<u>261435</u>	FY 24/25 Suppression and EMS Safety Equipmen	10000.61000.53300	1,657.06
<u>VEN03454</u>	AMAZON CAPITAL SERVICES				1,218.55
APBWEST	Check	<u>19HD-3VYQ-NQCM</u>	MISC SUPPLIES 12/23/24 - 1/5/25	10000.50000.52005	669.04
				10000.50000.53100	17.46
		<u>117D-YYLL-N9ML</u>	MISC SUPPLIES 12/23/24 - 1/5/25	10000.50000.53103	29.39
		<u>117H-6XHL-3H1P</u>	MISC SUPPLIES 12/9/24 - 12/22/24	37006.72000.53999	25.35
		<u>1MDF-FFLW-397W</u>	MISC SUPPLIES 12/9/24 - 12/22/24	10000.61000.52302	40.78
				10000.61000.53100	254.82
				10000.61000.53300	181.71
<u>VEN04456</u>	ANNE TAULLI				26.00
APBWEST	Check	<u>INV039870</u>	REFUND: SENIOR EXCURSION - GETTY MUSEUM	10000.79003.47020	26.00
<u>1552</u>	ARNOLD'S FRONTIER HARDWARE - Fire				145.99
APBWEST	Check	<u>114402</u>	MISC. SUPPLIES	10000.61000.53204	13.22
		<u>114450</u>	MISC. SUPPLIES	10000.61000.53204	18.73
		<u>114507</u>	MISC. SUPPLIES	10000.61000.53204	21.50
		<u>114508</u>	MISC. SUPPLIES	10000.61000.53204	25.34
		<u>114518</u>	MISC. SUPPLIES	10000.61000.53204	17.61
		<u>114537</u>	MISC. SUPPLIES	10000.61000.53204	44.09
		<u>114571</u>	MISC. SUPPLIES	10000.61000.53204	5.50
<u>1553</u>	ARNOLD'S FRONTIER HARDWARE - Police				100.29
APBWEST	Check	<u>114495</u>	MISC. SUPPLIES	10000.50000.52302	23.13
		<u>114531</u>	MISC. SUPPLIES	10000.50000.52302	77.16
<u>1582</u>	ASCAP				445.00
APBWEST	Check	<u>500612666-2025</u>	ANNUAL LICENSE FEE 2025	10000.70000.53999	445.00
<u>VEN02692</u>	AXON ENTERPRISE INC				48,403.89
APBWEST	Check	<u>INUS293824</u>	FY 24-25 PD Axon BWC system	10000.50000.52200	30,243.28
		<u>INUS293980</u>	FY 24-25 PD Axon In-car system	10000.50000.52200	18,160.61
<u>VEN02883</u>	CACEO				100.00
APBWEST	Check	<u>300020799</u>	2025 PROFESSIONAL MEMBERSHIP DUES	10000.40000.53409	100.00
<u>VEN04457</u>	CALTOPO LLC				500.00
APBWEST	Check	<u>8AC4CC5C-0001</u>	CALTOPO COMMERCIAL TEAMS 1/10/25 - 1/10/	28009.33000.53999	500.00
<u>VEN04198</u>	CHRIS BERTRAND				650.00
APBWEST	Check	<u>INV039876</u>	REIMB: INTER. ASSO. OF FIRE FIGHTERS: TRAININ	10000.61000.52205	650.00
<u>1087</u>	CITY OF ARCADIA				1,080.00
APBWEST	Check	<u>24-04</u>	Automatic Aid of Battalion Chief Services	10000.61000.52100	1,080.00
<u>0795</u>	CITY OF GLENDALE				44,068.00
APBWEST	Check	<u>3266</u>	JAN-JUN 2025 VERDUGO FIRE COMMUNICATION	10000.61000.52100	44,068.00
<u>VEN04042</u>	CONCENTRA HEALTH SERVICES INC				250.00
APBWEST	Check	<u>17973483</u>	ADMINISTRATIVE FEE - RANDOM	60007.70100.52106	250.00
<u>VEN03870</u>	DAVID GACAD				2,631.17
APBWEST	Check	<u>INV039873</u>	REIMB: FDIC INTERNATIONAL 2025 CONFERENC	10000.61000.52205	2,631.17
<u>0713</u>	DEPT OF JUSTICE				32.00
APBWEST	Check	<u>788133</u>	DEC 2025 Payment for DOJ processing fees	10000.50000.52200	32.00
<u>0507</u>	DIRECT CONNECTION				296.00
APBWEST	Check	<u>92881</u>	ENVELOPES/FIRE DEPARTMENT	10000.61000.53100	296.00

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Vendor Total
Bank Code	Payment Type				Distribution Amount
<u>VEN04105</u>	DR. ANGELICA LOZA-GOMEZ M.D., PC.				992.00
APBWEST	Check	<u>30</u>	Medical Director Services DEC 2024	10000.64000.52200	992.00
<u>1185</u>	KEYSTONE UNIFORM				916.97
APBWEST	Check	<u>070871</u>	UNIFORMS	10000.50000.53303	916.97
<u>VEN04103</u>	LEXISNEXIS RISK SOLUTIONS				278.10
APBWEST	Check	<u>1300064651</u>	DEC 2024 LE Investigative and Analysis system	10000.50000.52200	278.10
<u>0277</u>	LIEBERT CASSIDY WHITMORE				3,305.50
APBWEST	Check	<u>SI020-00001</u>	NOV 2024 LEGAL SERVICES: GENERAL	60007.70100.52201	960.00
		<u>SI020-00082</u>	NOV 2024 LEGAL SERVICES: FLSA & PAYROLL REV	60007.70100.52201	585.00
		<u>SI020-00087</u>	NOV 2024 LEGAL SERVICES: INVESTIGATION ADV	60007.70100.52201	1,573.00
		<u>SI020-00090</u>	NOV 2024 LEGAL SERVICES: INVESTIGATION ADV	60007.70100.52201	187.50
<u>0640</u>	LIFE-ASSIST INC.				3,764.48
APBWEST	Check	<u>1540186</u>	FY 24/25 EMS MEDICAL SUPPLIES	10000.64000.53300	1,548.72
		<u>1540292</u>	FY 24/25 EMS MEDICAL SUPPLIES	10000.64000.53300	555.66
		<u>1540785</u>	FY 24/25 EMS MEDICAL SUPPLIES	10000.64000.53300	651.28
		<u>1541003</u>	FY 24/25 EMS MEDICAL SUPPLIES	10000.64000.53300	232.66
		<u>1541243</u>	FY 24/25 EMS MEDICAL SUPPLIES	10000.64000.53300	220.50
		<u>1541297</u>	FY 24/25 EMS MEDICAL SUPPLIES	10000.64000.53300	555.66
<u>VEN04455</u>	MARIA FIGUEROA				52.00
APBWEST	Check	<u>INV039872</u>	REFUND: SENIOR EXCURSION - GETTY MUSEUM	10000.79003.47020	52.00
<u>VEN02633</u>	MARK DUSON				390.37
APBWEST	Check	<u>INV039875</u>	REIMB: FDIC INTERNATIONAL 2025 CONFERENCE	10000.61000.52205	390.37
<u>VEN02976</u>	MEDICO PROFESSIONAL LINEN SERVICE				70.33
APBWEST	Check	<u>21154101</u>	MEDICO WASTE SERVICES	10000.64000.53300	70.33
<u>VEN03488</u>	MUNICIPAL EMERGENCY SERVICES INC				88.11
APBWEST	Check	<u>IN2172305</u>	FY 24/25 PERSONAL PROTECTIVE UNIFORM EQU	10000.61000.53303	88.11
<u>VEN04007</u>	OCCUPATIONAL HEALTH CENTERS OF CA				57.00
APBWEST	Check	<u>85489021</u>	PRE-EMPLOYMENT EXAM	60007.70100.52106	57.00
<u>0786</u>	OFFICE DEPOT, INC				58.26
APBWEST	Check	<u>401585743001</u>	OFFICE SUPPLIES	10000.50000.53100	58.26
<u>0323</u>	PASADENA HUMANE SOCIETY				4,566.57
APBWEST	Check	<u>JAN2025CtySM</u>	JAN 2025 Animal Control Services	10000.50000.52004	4,566.57
<u>VEN03819</u>	PAYDIRT PRINTING SERVICES				176.75
APBWEST	Check	<u>248302</u>	BLANK STOCK FOR BUSINESS LICENSES	10000.40000.53100	176.75
<u>0332</u>	PETTY CASH FUND-ADMIN				160.00
APBWEST	Check	<u>INV039878</u>	SENIOR EXCURSION DRIVER TIP	10000.79003.52999	80.00
		<u>INV039879</u>	COMMUNITY EXCURSION DRIVER TIP	10000.79003.52999	80.00
<u>1082</u>	POSITIVE PROMOTIONS, INC.				1,324.04
APBWEST	Check	<u>07495926</u>	PD Replenish Community Event Swag Items	10000.50000.53999	1,324.04
<u>VEN04449</u>	POWER SCHOOL GROUP				6,057.15
APBWEST	Check	<u>INV421167</u>	CITY WEBSITE HOSTING AND MAINTENANCE	60003.30000.52100	6,057.15
<u>VEN04453</u>	PSTRAX				900.00
APBWEST	Check	<u>7274</u>	CONTROLLED SUBSTANCE MODULE - ANNUAL LI	10000.61000.53409	750.00
		<u>7275</u>	CONTROLLED SUBSTANCE MODULE - SETUP FEE	10000.61000.53409	150.00
<u>VEN02937</u>	RCI IMAGE SYSTEMS				598.70
APBWEST	Check	<u>77620</u>	FY 24-25 DOCUMENT SCANNING SERVICES	10000.40000.52200	598.70
<u>0385</u>	ROBERT SPEARS				79.33
APBWEST	Check	<u>INV039877</u>	REIMB: EOC STAFF: SNACKS	28009.33000.53999	79.33
<u>VEN01670</u>	ROGERS, ANDERSON, MALODY & SCOTT, LLP				6,700.00
APBWEST	Check	<u>76757</u>	PROG BILLING #1 FY 2023 MEASURE W	60002.30000.52100	6,700.00
<u>1443</u>	SHRED-IT USA LLC				693.51
APBWEST	Check	<u>8009513978</u>	DEC 2024 Document shredding service	10000.50000.52200	693.51
<u>1117</u>	SO. CALIF. OVERHEAD DOOR CO.				772.00
APBWEST	Check	<u>52350</u>	SERVICE AT FIRE STATION 12/27/24	10000.61000.52302	772.00
<u>VEN01027</u>	STUBBIES				332.29
APBWEST	Check	<u>24473</u>	DS UNIFORMS	28009.33000.53999	332.29
<u>VEN04278</u>	TRUE POLYGRAPH LLC				250.00
APBWEST	Check	<u>1053</u>	SIERRA MADRE PRE EMPLOYMENT TESTS	60007.70101.52100	250.00
<u>VEN04256</u>	TRUEPOINT SOLUTIONS LLC				1,856.25
APBWEST	Check	<u>SI-001598</u>	PSA ONLINE PERMITTING PLATFORM - CONFIGU	40000.83500.56009	1,856.25
<u>VEN04104</u>	UCLA CENTER FOR PREHOSPITAL CARE				1,873.96

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Vendor Total
Bank Code	Payment Type				Distribution Amount
APBWEST	Check	<u>3013-1102</u>	JAN 2025 NURSE EDUCATOR SERVICES	10000.64000.52200	1,180.00
		<u>3013-952</u>	FY 24/25 NURSE EDUCATOR SERVICES RATE ADJ	10000.64000.52200	693.96
<u>VEN04003</u>	WEX BANK				169.65
APBWEST	Check	<u>101775455</u>	FUEL	60000.83100.55001	169.65
<u>Q425</u>	WILLDAN ASSOCIATES				107,458.53
APBWEST	Check	<u>002-33259</u>	OCT 2024 PLAN CHECK AND INSPECTION SERVIC	10000.40000.52100	61,605.36
		<u>00233260</u>	OCT 2024 FIRE CODE SERVICES	10000.40000.52100	3,250.00
		<u>002-33600</u>	NOV 2024 PLAN CHECK AND INSPECTION SERVIC	10000.40000.52100	32,617.67
		<u>00233601</u>	NOV 2024 FIRE CODE SERVICES	10000.40000.52100	910.00
		<u>006-29210</u>	NOV 2024 ENGINEERING SERVICES	10000.40000.52100	7,095.00
		<u>00714364</u>	NOV 2024 CDBG GRANT FOR MHRP PROGRAM	38002.83200.52100	1,980.50
<u>VEN02951</u>	YOHTEK CORP				50,408.16
APBWEST	Check	<u>YTK-2652</u>	AUVIK - RMM SCM NCM MONITORING JULY 202	60003.30000.52200	900.00
		<u>YTK-2653</u>	EOC PHONE LINES JULY 2024	60003.30000.52200	249.75
		<u>YTK-2660</u>	AUVIK - RMM SCM NCM MONITORING AUG 202	60003.30000.52200	900.00
		<u>YTK-2661</u>	EOC PHONE LINES AUG 2024	60003.30000.52200	249.75
		<u>YTK-2667</u>	AUVIK - RMM SCM NCM MONITORING SEPT 202	60003.30000.52200	900.00
		<u>YTK-2668</u>	EOC PHONE LINES SEPT 2024	60003.30000.52200	249.75
		<u>YTK-2677</u>	AUVIK - RMM SCM NCM MONITORING OCT 202	60003.30000.52200	900.00
		<u>YTK-2678</u>	EOC PHONE LINES OCT 2024	60003.30000.52200	249.75
		<u>YTK-2688</u>	AUVIK - RMM SCM NCM MONITORING NOV 202	60003.30000.52200	900.00
		<u>YTK-2689</u>	EOC PHONE LINES NOV 2024	60003.30000.52200	249.75
		<u>YTK-2695</u>	AUVIK - RMM SCM NCM MONITORING DEC 202	60003.30000.52200	900.00
		<u>YTK-2696</u>	EOC PHONE LINES DEC 2024	60003.30000.52200	249.75
		<u>YTK-2704</u>	CISCO 10G SWITCHES	60003.30000.56009	43,509.66
Report Total:					334,844.72



Packet: APPKT07822 - GEN MAN BOA 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/09/2025

Vendor Number	Vendor Name				Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
0823	BANK OF AMERICA				17,261.17
APBWEST	Check	INV039724	LA - LCW PUBLIC SECTOR: EMPLOYMENT LAW C	60002.31100.53402	645.00
		INV039725	LA - LCW PUBLIC SECTOR: EMPLOYMENT LAW C	60002.31100.53402	404.63
		INV039726	LA - CITY COUNCIL RECEPTION CAKE	60002.31100.53402	33.98
		INV039727	HA - 11/17/24 - 12/16/24 BOA STATEMENT	10000.50000.53999	2,437.77
		INV039729	GB - 11/17/24 - 12/16/24 BOA STATEMENT	10000.50000.53999	2,684.67
		INV039730	BB - FIRE CHIEFS LEADERSHIP SEMINAR: GAS	10000.61000.53402	525.00
		INV039731	BB - OPEN AI - MONTHLY SUB. WEB SERVICE	10000.61000.53409	20.00
		INV039732	BB - OES- AIRFARE	60000.83100.52100	108.98
		INV039733	BB - STORAGE FOR FD MASTER PLAN	10000.61000.53409	11.99
		INV039734	BB - DEPT. HOLIDAY MEETING: SUPPLIES	10000.61000.53999	24.09
		INV039735	BB - DEPT. HOLIDAY MEETING: MEAL	10000.61000.53999	179.10
		INV039736	BB - E41 IGNITION SWITCH	60000.83100.52100	750.00
		INV039737	BB - FIRE CHIEFS LEADERSHIP SEMINAR: GAS	10000.61000.53402	89.83
		INV039738	BB - GRAMMARLY TYPING ASSISTANCE	10000.61000.53409	30.00
		INV039739	BB - FIRE CHIEFS LEADERSHIP SEMINAR: LODGIN	10000.61000.53402	528.08
		INV039740	BB - FIRE CHIEFS LEADERSHIP SEMINAR: GAS	10000.61000.53402	31.00
		INV039741	MH - LCW 2025 CONFERENCE	60007.70100.53402	359.63
		INV039742	MH - LCW 2025 CONFERENCE	60007.70100.53402	645.00
		INV039743	MH - LCW 2025 CONFERENCE	60007.70100.53402	645.00
		INV039744	MH - HOLIDAY LUNCHEON SUPPLIES 2024	60007.70100.53403	115.03
		INV039746	RM - CALPERRA TRAINING - REYNOSO	60002.30000.53402	425.00
		INV039748	RM - CITY MANAGER: CAR WASH FEE	60002.30000.53999	29.03
		INV039749	RM - CALPERRA TRAINING - HERNANDEZ	60007.70100.52205	425.00
		INV039750	RM - COUNCIL RE-ORG CAKE	10000.11000.53999	170.89
		INV039752	RM - COUNCIL RE-ORG DECORATIONS	10000.11000.53999	60.25
		INV039753	RM - COUNCIL RE-ORG DECORATIONS	10000.11000.53999	126.52
		INV039754	RM - COUNCIL RE-ORG DECORATIONS	10000.11000.53999	99.18
		INV039755	RM - AMAZON CHARGE	60002.30000.53999	88.19
		INV039756	RM - COUNCIL RE-ORG TEA	10000.11000.53999	26.46
		INV039757	RM - COUNCIL RE-ORG COFFEE	10000.11000.53999	44.00
		INV039758	RM - COUNCIL RE-ORG WATER	10000.11000.53999	5.98
		INV039759	RM - LEAGUE OF CAL. CITIES CONF: KRISTINE LO	10000.11000.53402	50.00
		INV039760	OM - STARLINK - ROAM UNLIMITED 11/17/24 - 1	60003.30000.52200	165.00
		INV039761	OM - MICROSOFT OFFICE 2024 LIC 1 USER	60003.30000.53103	69.99
		INV039762	OM - ICONTACT - ANNUAL SUB 121/1/24 - 12/1/	60003.30000.52100	818.40
		INV039763	OM - NETWORK SOLUTIONS	60003.30000.52200	4.99
		INV039764	OM - STARLINK 2TB SUB. 12/8/24 - 1/8/25	60003.30000.52200	500.00
		INV039765	OM - CANVA TAX	60003.30000.52200	120.00
		INV039769	JR - E - TEAM TEAM BUILDING EVENT	60007.70100.53402	924.75
		INV039770	TT - HOLIDAY SOCIAL CREDIT - RETURN	37006.72000.53999	-11.02
		INV039771	TT - SENIOR THANKSGIVING SOCIAL - FOOD	37006.72000.52200	166.79
		INV039772	TT - CPRS TRAINING	10000.70000.52205	249.60
		INV039773	TT - SENIOR BINGO GIFT CARDS	37006.72000.53999	70.00
		INV039774	TT - HOLIDAY SOCIAL DECORATIONS	37006.72000.53999	57.43
		INV039775	TT - SENIOR BINGO THANKSGIVING - DECOR	37006.72000.53999	62.04
		INV039776	TT - SENIOR BINGO - THANKSGIVING - LUNCH	37006.72000.53999	118.09
		INV039777	TT - SENIOR BINGO - THANKSGIVING SUPPLIES	37006.72000.53999	98.97
		INV039778	TT - SENIOR BINGO THANKSGIVING - MEAL	37006.72000.53999	75.06
		INV039779	TT - SENIOR BIRTHDAY CELEBRATION SUPPLIES	37006.72000.53999	34.97
		INV039780	TT - CPRS STAFF MEETING	10000.70000.53999	88.17
		INV039781	TT - CHRISTMAS BUILDING DECOR	10000.70000.53999	6.04
		INV039782	TT - GARDEN MEETING SUPPLIES	10000.70000.53999	52.50
		INV039783	TT - HOLIDAY SOCIAL SUPPLIES	37006.72000.53999	148.03

Vendor Number	Vendor Name				Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
APBWEST	Check	<u>INV039784</u>	TT - HOLIDAY SOCIAL SUPPLIES	37006.72000.53999	80.48
		<u>INV039785</u>	TT - HOLIDAY SOCIAL DECORATIONS	37006.72000.53999	26.18
		<u>INV039786</u>	TT - HOLIDAY SOCIAL BEVERAGES	37006.72000.53999	94.78
		<u>INV039787</u>	TT - HOLIDAY SOCIAL MEAL	37006.72000.53999	206.91
		<u>INV039788</u>	TT - HOLIDAY SOCIAL BEVERAGE	37006.72000.53999	6.09
		<u>INV039789</u>	TT - HOLIDAY SOCIAL PRIZES	37006.72000.53999	46.95
		<u>INV039790</u>	TT - HOLIDAY SOCIAL ICE	37006.72000.53999	4.00
		<u>INV039791</u>	TT - CHRISTMAS BINGO DECOR	37006.72000.53999	23.09
		<u>INV039792</u>	AY - OPC STATE WB FEE	71000.81100.53402	15.54
		<u>INV039793</u>	AY - STATE WATER BOARD FEE	71000.81100.53402	565.00
		<u>INV039794</u>	AY - DKS 2112	10000.82000.53409	35.90
		<u>INV039795</u>	AY - BURRTEC AZUSA	60000.83100.53208	25.00
		<u>INV039796</u>	AY - JLM ENVIRONMENTAL	29005.90000.56010	360.50
		<u>INV039797</u>	AY - 91 EXPRESS LANES	71000.81100.53402	27.90
		<u>INV039798</u>	AY - CALIFORNIA WATER ENVIRON	71000.81100.53409	106.00
		<u>INV039799</u>	RW MORE REWARDS CREDIT ON 11/7/24	10000.30000.53999	-2.23
Report Total:					17,261.17



Packet: APPKT07829 - GEN MAN 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/16/2025

Vendor Number	Vendor Name				Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>0833</u>	HOME DEPOT				1,612.34
APBWEST	Check	<u>3802854</u>	6473 - SUPPLIES	60001.83200.53200	55.09
		<u>823198</u>	823198 - SUPPLIES	71000.81100.53205	889.25
		<u>8350302</u>	6473 - SUPPLIES	60001.83200.53200	708.95
		<u>F919600PG000ES352</u>	LATE FEE CREDIT - CHK 69244	60002.30000.53999	-29.00
		<u>F919600PG000MW32</u>	FINANCE CHARGE CREDIT - CHK 69244	60002.30000.53999	-40.73
		<u>INV039866</u>	FINANCE CHARGE - PREV. CYCLE PURCHASE: CRE	60002.30000.53999	-40.73
		<u>INV039867</u>	LATE FEE	60002.30000.53999	29.00
		<u>INV039868</u>	FINANCE CHARGE	60002.30000.53999	40.51
Report Total:					1,612.34



Packet: APPKT07836 - UB 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/22/2025

Vendor Number	Vendor Name				Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>VEN03195</u>	GREATAMERICA FINANCIAL SERVICES				346.57
APBWEST	Check	<u>38363975</u>	003-1310860-000 12/5/24 - 1/4/25	60003.30000.53210	346.57
<u>0942</u>	TPX COMMUNICATION				686.36
APBWEST	Check	<u>183600957-0</u>	12/23/24 - 1/22/25 PHONE SERVICE	60003.30000.55005	686.36
Report Total:					1,032.93



Packet: APPKT07828 - UB MAN 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/16/2025

Vendor Number	Vendor Name				Account Number	Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description		Distribution Amount	
<u>0129</u>	AT&T					3,696.72
APBWEST	Check	<u>INV039800</u>	818 246-3783 591 4 12/23/24 - 1/22/25		60003.30000.55005	2,043.15
		<u>INV039801</u>	818 291-0241 661 1 1/4/25 - 2/3/25		60003.30000.55005	1,653.57
<u>VEN02792</u>	FRONTIER CALIFORNIA INC					3,930.21
APBWEST	Check	<u>INV039811</u>	626-351-3285-091319-5 12/14/24 - 1/13/25		60003.30000.55005	86.83
		<u>INV039812</u>	209-151-5743-051199-5 12/28/24 - 1/27/25		60003.30000.55005	227.09
		<u>INV039813</u>	310-001-5763-051199-5 12/28/24 - 1/27/25		60003.30000.55005	131.44
		<u>INV039814</u>	626-355-1414-092017-5 1/1/25 - 1/31/25		60003.30000.55005	1,226.36
		<u>INV039815</u>	626-355-0264-012498-5 1/4/25 - 2/3/25		60003.30000.55005	485.99
		<u>INV039860</u>	626-197-0261-032521-5 1/1/25 - 1/31/25		60003.30000.55005	997.50
		<u>INV039861</u>	626-197-1492-030922-5 1/1/25 - 1/31/25		60003.30000.55005	775.00
<u>VEN03195</u>	GREATAMERICA FINANCIAL SERVICES					2,678.70
APBWEST	Check	<u>INV039862</u>	003-1443256-000 10/21/24 - 11/20/24		60003.30000.53210	2,678.70
<u>0384</u>	SOUTHERN CALIF. EDISON CO.					9,515.21
APBWEST	Check	<u>INV039863</u>	700162056328 11/1/24 - 12/31/24		32005.83500.55003	205.62
					32012.83000.55003	2,334.10
					38005.83500.55003	5,084.50
					60001.83200.55003	262.61
		<u>INV039864</u>	700738880568 12/3/24 - 1/2/25		60001.83200.55003	1,286.11
		<u>INV039865</u>	700661951989 12/4/24 - 1/3/25		60001.83200.55003	342.27
<u>0216</u>	THE GAS COMPANY					1,469.28
APBWEST	Check	<u>INV039802</u>	053 118 7109 8 12/6/24 - 1/7/25		60001.83200.55004	56.99
		<u>INV039803</u>	055 218 7110 2 12/6/24 - 1/7/25		60001.83200.55004	64.53
		<u>INV039807</u>	135 119 3500 2 12/9/24 - 1/8/25		60001.83200.55004	220.87
		<u>INV039808</u>	166 518 7700 9 12/6/24 - 1/7/25		60001.83200.55004	263.76
		<u>INV039809</u>	051 018 7151 4 12/6/24 - 1/7/25		60001.83200.55004	294.76
		<u>INV039810</u>	168 618 7700 5 12/6/24 - 1/7/25		60001.83200.55004	568.37
Report Total:						21,290.12



Packet: APPKT07842 - LIB 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/22/2025

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Vendor Total
Bank Code	Payment Type				Distribution Amount
<u>VEN03454</u>	AMAZON CAPITAL SERVICES				933.40
APBWEST	Check	<u>11WY-F66Y-1GTC</u>	MISC SUPPLIES 12/9/24 - 12/22/24	39006.90000.53999	137.00
		<u>11XJ-G1CG-1YMW</u>	MISC SUPPLIES 12/9/24 - 12/22/24	10000.90000.53406	12.56
		<u>131X-4Y3F-1JJ6</u>	MISC SUPPLIES 12/9/24 - 12/22/24	10000.90000.53100	46.43
		<u>14DK-RP4Y-4VQ3</u>	MISC SUPPLIES 12/9/24 - 12/22/24	10000.90000.53406	487.81
		<u>1F79-L4H3-4TTJ</u>	MISC SUPPLIES 12/9/24 - 12/22/24	39006.90000.53406	104.75
		<u>1HLV-1F3D-6PNQ</u>	MISC SUPPLIES 12/9/24 - 12/22/24	39006.90000.53999	24.24
		<u>1V4Q-Y9X6-6R16</u>	MISC SUPPLIES 12/9/24 - 12/22/24	10000.90000.53100	52.90
		<u>1VFK-KJ7C-4NHD</u>	MISC SUPPLIES 12/9/24 - 12/22/24	39006.90000.53999	23.14
		<u>1YTQ-YWMW-4HQR</u>	MISC SUPPLIES 12/9/24 - 12/22/24	39006.90000.53406	44.57
<u>0132</u>	BAKER & TAYLOR, INC.				1,932.31
APBWEST	Check	<u>2038761857</u>	BOOKS AND REFERENCE & MEDIA (FY 2024-25)	39006.90000.53406	30.31
		<u>5019245513</u>	BOOKS AND REFERENCE & MEDIA (FY 2024-25)	10000.90000.53406	336.53
		<u>5019245514</u>	LIBRARY SUPPLIES	10000.90000.52200	26.54
		<u>5019247486</u>	BOOKS AND REFERENCE & MEDIA (FY 2024-25)	10000.90000.53406	314.71
		<u>5019247487</u>	LIBRARY SUPPLIES	10000.90000.52200	30.49
		<u>5019255481</u>	BOOKS AND REFERENCE & MEDIA (FY 2024-25)	10000.90000.53406	924.13
		<u>5019255482</u>	LIBRARY SUPPLIES	10000.90000.52200	69.75
		<u>5019271043</u>	BOOKS AND REFERENCE & MEDIA (FY 2024-25)	10000.90000.53406	191.39
		<u>5019271044</u>	LIBRARY SUPPLIES	10000.90000.52200	8.46
<u>1488</u>	FEDEX OFFICE AND PRINT SERVICES				184.98
APBWEST	Check	<u>370100004382A</u>	OFFICE SUPPLIES	39006.90000.53999	141.11
		<u>370100006253A</u>	OFFICE SUPPLIES	39006.90000.53999	43.87
<u>VEN01043</u>	OVERDRIVE INC				3,500.00
APBWEST	Check	<u>H-0110331</u>	ANNUAL SUBSCRIPTION: 2025	10000.90000.52200	3,500.00
<u>VEN03926</u>	T-MOBILE				124.60
APBWEST	Check	<u>INV039880</u>	984433408 11/21/24 - 12/20/24	10000.90000.52200	124.60
<u>1125</u>	VANGUARD ID SYSTEMS				859.54
APBWEST	Check	<u>I526583</u>	SHORTPAK-CARD+KIT	10000.90000.53100	859.54
Report Total:					7,534.83



Packet: APPKT07823 - LIB MAN BOA 1/28/25
Vendor Set: 01 - Vendor Set 01

Check Date: 01/09/2025

Vendor Number	Vendor Name				Vendor Total
Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>0823</u>	BANK OF AMERICA				188.87
APBWEST	Check	<u>INV039766</u>	LR - WATER DELIVERY SERVICE	10000.90000.53100	83.91
		<u>INV039767</u>	LR - GAMES & PUZZLES COLLECTIONS	39006.90000.53999	69.12
		<u>INV039768</u>	LR - CAREGIVER WORKSHIP: SUPPLIES	39006.90000.53999	35.84
				Report Total:	188.87



City of Sierra Madre Agenda Report

Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Kelly Kriebs, Council Member
Gene Goss, Council Member
Edward Garcia, Council Member

Sue Spears, City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Arnulfo Yanez, Director of Public Works

REVIEWED BY: Jose Reynoso, City Manager

DATE: January 28, 2025

SUBJECT: RECOMMENDATION TO GRANT AN EASEMENT TO SOUTHERN CALIFORNIA EDISON TO CONSTRUCT NEW ANCHORS AT TRACT 2456 ASSESSOR PARCEL NUMBER 5764-025-902. A CITY-OWNED PROPERTY AT 530 ALTA VISTA DRIVE.

STAFF RECOMMENDATION

Staff recommends that the City Council approve Exhibit "A" and "B" documents and grant Southern California Edison an easement for installing new anchors.

ALTERNATIVES

1. The City Council may approve the grant of an easement to Southern California Edison to install new anchors.
2. The City Council may not approve the grant of the easement to Southern California Edison and provide staff with further direction.

SUMMARY

The City of Sierra Madre has reviewed a request to grant an easement to Southern California Edison Company (SCE) to facilitate the construction, use, maintenance, operation, alteration, addition, repair, replacement, inspection, relocation, and/or removal of utility infrastructure. This includes stub poles, guywires, anchors, and associated equipment. The easement also grants SCE unrestricted access to the facilities for ongoing maintenance and operation.

Public Works staff has reviewed the request from Southern California Edison for the grant

FOR CITY COUNCIL AGENDA_____

ITEM NUMBER_____

of easement and approves the location and alignment of the proposed new anchors will not cause interference.

ANALYSIS

Public Works staff has reviewed the request from Southern California Edison for the grant of easement and is comfortable that the location and alignment of the proposed new anchors will not cause interference

- **Property Information:** The easement is at 530 Alta Vista Drive, APN 5764-025-902, situated in Lot 420 of Tract No. 2456, located in the City of Sierra Madre, Los Angeles County, California. Owned by the City of Sierra Madre.
- **Easement Dimensions:**
 - *Strip 1:* A 4-foot-wide strip of land, approximately 21.53 feet in length, running along specific coordinates from the northwestern corner of Lot 420.
 - *Strip 2:* A 4-foot-wide strip, extending 7 feet from a designated point of commencement.
 - The precise locations and dimensions are detailed in Exhibits A and B, which include legal descriptions and survey diagrams.
- **Value and Consideration:** The value of the easement is less than \$100, and the document indicates that no documentary transfer tax is applied. The granting of this easement allows SCE to carry out critical utility infrastructure activities, which are essential for providing and maintaining electrical services. The specified equipment (stub poles, guy-wires, and anchors) supports the safety, reliability, and efficiency of electrical distribution in the region.
- **2. Minimal Property Impact**

Based on the details provided, the easement affects two narrow strips of land (4 feet wide each) on a defined portion of Lot 420. The limited size and scope of the affected areas suggest minimal disruption to other potential uses of the property. Additionally, the exhibits demonstrate that the infrastructure will be confined to clearly defined boundaries.
- **3. Cost and Transfer Value**

The consideration for the easement is nominal, and SCE appears to assume responsibility for the associated construction and maintenance. This ensures no financial burden on the City of Sierra Madre for granting the easement.
- **4. Compliance with Legal and Administrative Standards**

The agreement includes legal descriptions and surveys (Exhibits A and B) that meet standard easement documentation practices. Furthermore, it is subject to any existing covenants, conditions, and reservations tied to the property, ensuring compliance with applicable regulations.

FINANCIAL REVIEW / SOURCE OF FUNDING

The grant of this easement to Southern California Edison (SCE) has no direct financial impact on the City of Sierra Madre. The value of the easement is nominal, as it involves two narrow strips of land (4 feet wide each) on City-owned property at 530 Alta Vista Drive (APN 5764-025-902).

SCE will assume all costs associated with the construction, maintenance, operation, and any future modifications to the utility infrastructure on the easement. No documentary transfer tax is applied to this transaction, and the City is not responsible for any expenses related to the easement or the infrastructure improvements.

The grant of this easement ensures that SCE can continue to provide safe and reliable electrical services to the region without imposing any financial burden on the City.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter and at the Sierra Madre Public Library and can be accessed on the City's website at www.cityofsierramadre.com.

ATTACHMENTS

- Proposed Easement Grant Deed
- Exhibits A and B



RECORDING REQUESTED BY

SOUTHERN CALIFORNIA
EDISON

An EDISON INTERNATIONAL Company

WHEN RECORDED MAIL TO

SOUTHERN CALIFORNIA EDISON COMPANY

2 INNOVATION WAY, 2nd FLOOR
POMONA, CA 91768

Attn: Title and Real Estate Services

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SCE Doc. No.

**GRANT OF
EASEMENT**

<u>DOCUMENTARY TRANSFER TAX \$ NONE</u> <u>VALUE AND CONSIDERATION LESS THAN \$100.00).</u>		DISTRICT Monrovia	SERVICE ORDER TD2119331	SERIAL NO.	MAP SIZE
SCE Company		FIM MT-0481-C	APPROVED:	BY	DATE
SIG. OF DECLARANT OR AGENT DETERMINING TAX	FIRM NAME	APN 5764-025-902	VEGETATION & LAND MANAGEMENT	SLS/PM	09/20/2024

CITY OF SIERRA MADRE, a municipal corporation (hereinafter referred to as "Grantor"), hereby grants to SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, its successors and assigns (hereinafter referred to as "Grantee"), an easement to construct, use, maintain, operate, alter, add to, repair, replace, inspect, relocate and/or remove at any time and from time to time stub poles, guywires, anchors, and other appurtenant fixtures and/or equipment made for anchorage purposes (hereinafter referred to as "Grantee's facilities"), in, on, over and across that certain real property in the County of Los Angeles, State of California, described as follows:

FOR LEGAL DESCRIPTION, SEE EXHIBITS "A" AND "B", BOTH ATTACHED HERETO AND MADE A PART HEREOF.

Grantee shall have free access to Grantee's facilities and every part thereof, at all times, for the purpose of exercising the rights herein granted.

EXECUTED this ____ day of _____, 20__.

GRANTOR

CITY OF SIERRA MADRE, a municipal corporation

Signature

Print Name

Title

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

On _____ before me, _____, a Notary Public, personally

appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXECUTED this ____ day of _____, 20__.

GRANTEE

SOUTHERN CALIFORNIA EDISON COMPANY, a corporation

Signature

Print Name

Title

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

On _____ before me, _____, a Notary Public, personally

appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A"

LEGAL DESCRIPTION

APN: 5764-025-902

DISTRIBUTION EASEMENT - ANCHOR

TWO STRIPS OF LAND LYING WITHIN LOT 420 OF TRACT NO. 2456, IN THE CITY OF SIERRA MADRE, LOS ANGELES COUNTY, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 31, PAGE 55 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THE CENTERLINES OF SAID STRIPS ARE DESCRIBED AS FOLLOWS:

STRIP #1 (4.00 FEET WIDE)

COMMENCING AT THE NORTHWESTERLY CORNER OF SAID LOT 420;

THENCE ALONG THE WESTERLY LINE OF SAID LOT 420, SOUTH 17°43'00" WEST 13.43 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "A";

THENCE CONTINUING, SOUTH 17°43'00" WEST 8.10 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE DEPARTING SAID WESTERLY LINE, SOUTH 22°17'58" EAST 3.00 FEET TO THE **POINT OF TERMINUS**.

THE SIDELINES OF SAID STRIP ARE TO BE PROLONGED OR SHORTENED TO TERMINATE NORTHWESTERLY IN THE WESTERLY LINE OF SAID LOT 420.

STRIP #2 (4.00 FEET WIDE)

BEGINNING AT SAID POINT "A";

THENCE NORTH 78°27'19" EAST 7.00 FEET TO THE **POINT OF TERMINUS**.

THE SIDELINES OF SAID STRIP ARE TO BE PROLONGED OR SHORTENED TO TERMINATE SOUTHWESTERLY IN THE WESTERLY LINE OF SAID LOT 420.

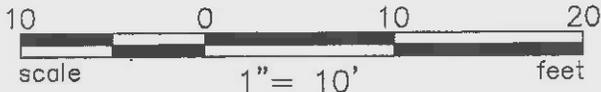
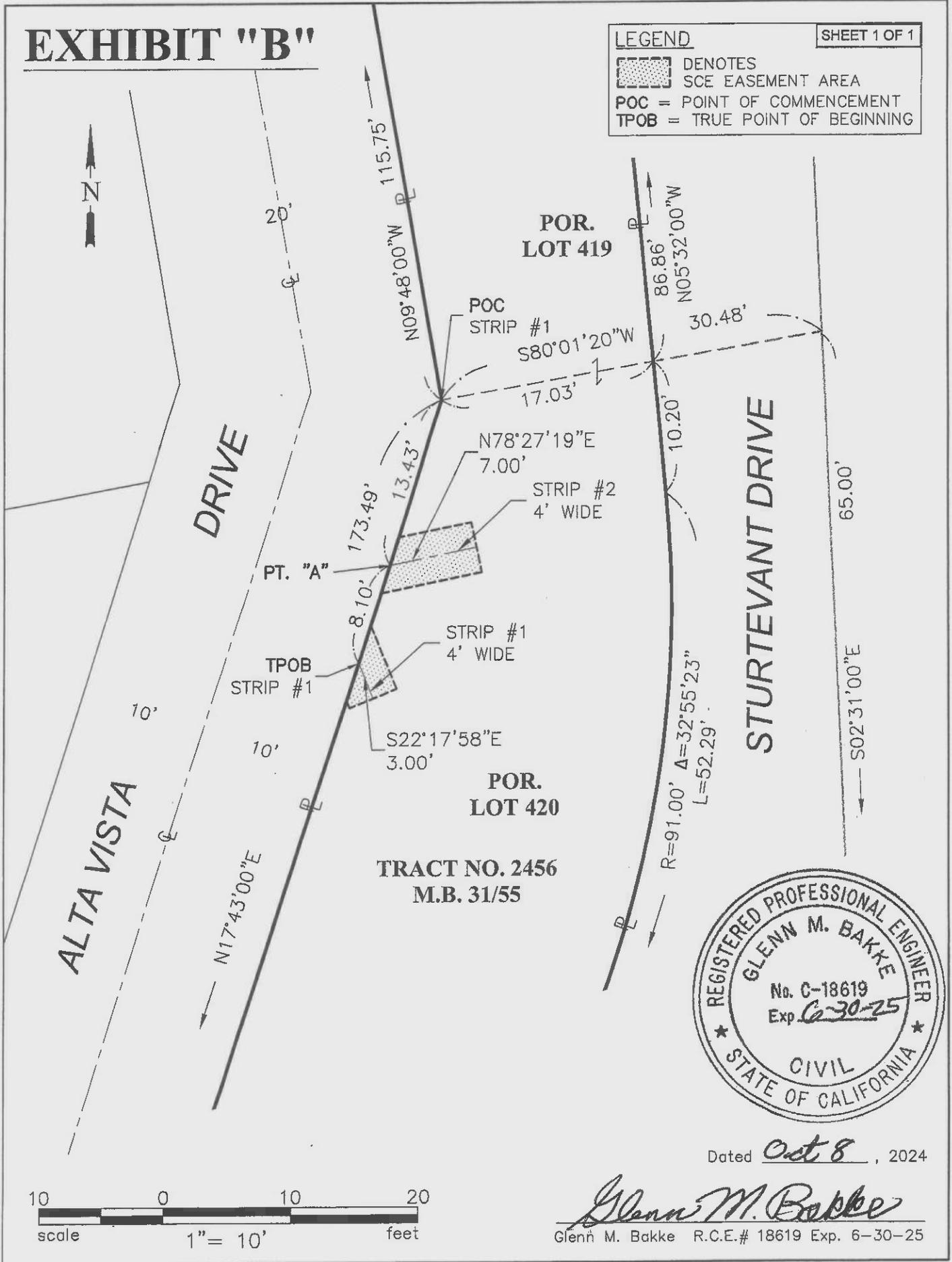
FOR SKETCH TO ACCOMPANY LEGAL DESCRIPTION, SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.

EXHIBIT "B"

SHEET 1 OF 1

LEGEND

-  DENOTES SCE EASEMENT AREA
- POC = POINT OF COMMENCEMENT
- TPOB = TRUE POINT OF BEGINNING



Dated Oct 8, 2024

Glenn M. Bakke
 Glenn M. Bakke R.C.E.# 18619 Exp. 6-30-25

THIS DESCRIPTION IS NOT INTENDED FOR USE IN THE CONVEYANCE OF LAND IN VIOLATION OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA.

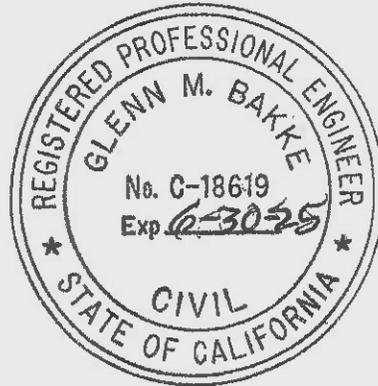
SUBJECT TO COVENANTS, CONDITIONS, RESERVATIONS, RIGHT OF WAY AND EASEMENTS OF RECORD, IF ANY.

Prepared by me or under my supervision:

Dated: Oct 8, 2024

Glenn M. Bakke

Glenn M. Bakke R.C.E. #18619 Exp. 06-30-2025





City of Sierra Madre **AGENDA REPORT**

Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Edward Garcia, Council Member
Gene Goss, Council Member
Kelly Kriebs, Council Member

Sue Spears, City Treasurer

TO: Honorable Mayor Parkhurst and Members of the City Council

FROM: Anthony Rainey, Finance Director

REVIEWED BY: Jose Reynoso

DATE: January 28, 2025

SUBJECT: RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR), AUDITOR'S REPORT, AND ASSOCIATED REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

STAFF RECOMMENDATION

It is recommended that the City Council receive and file the ACFR, along with the accompanying Auditor's Report on Internal Controls and Compliance and SAS 114 Letter for the Fiscal Year ended June 30, 2024. This action formally acknowledges the completion of these reports and their availability for public review.

ALTERNATIVES

The City Council could elect not to accept the FY 2024 ACFR. This decision may require additional fieldwork from Rogers, Anderson, Malody & Scott LLP to comply with auditing guidelines, which mandate timely publication of financial reports after audit fieldwork. Failure to approve the audited financial statements would also violate state-mandated submittal deadlines.

EXECUTIVE SUMMARY

The Fiscal Year (FY) 2024 ACFR – Attachment 1 - has been prepared by City staff and audited by Rogers, Anderson, Malody & Scott LLP (RAMS). The independent auditors issued an unmodified opinion, meaning the financial statements are accurate, complete, and comply with accounting standards. This opinion assures the public and Council of the City's transparency and sound financial management.

The accompanying reports — Auditor’s Report on Internal Controls and Compliance 2023 2024 - Attachment 2 - and SAS 114 - Required Communication with Those Charged with Governance – Statement on Auditing Standards - Attachment 3 —provide further insights into the City’s financial practices, compliance, and adherence to constitutional requirements. The SAS 114 Letter, as required by the American Institute of Certified Public Accountants (AICPA), ensures transparent communication between auditors and those charged with governance regarding the audit’s scope, significant findings, and any challenges encountered.

ANALYSIS

FUND TYPES AND KEY TERMINOLOGY

The City utilizes several fund types, each serving a unique purpose in tracking and managing financial resources. Additionally, key terms such as Fund Balance and Net Position are critical in assessing fiscal health.

- **Fund Balance:** Represents the difference between assets and liabilities in governmental funds. It is an indicator of available resources for future use. Fund balance is divided into categories such as:
 - **Unassigned:** Resources available for any purpose.
 - **Restricted:** Resources constrained by external laws or agreements.
 - **Committed:** Funds set aside by the City Council for specific uses.
 - **Non-Spendable:** Items like prepaids that cannot be converted to cash.
- **Net Position:** Reflects the overall financial position of proprietary funds, including investments in capital assets and unrestricted resources.

Fund Types:

- **Governmental Funds:** Used to account for activities primarily supported by taxes, grants, and similar revenue sources. These include:
 - **General Fund:** The primary operating fund for general municipal activities not accounted for in other funds.
 - **Special Revenue Funds:** Restricted for specific purposes, such as public safety or road maintenance.
 - **Debt Service Funds:** Used to account for resources set aside to pay interest and principal on long-term debt.
 - **Capital Projects Funds:** Used to account for resources used for major capital asset acquisition or construction.
- **Proprietary Funds:** Used to account for activities that operate similarly to private businesses, where services are funded through user charges. These include:

- **Enterprise Funds:** Account for operations like utilities (e.g., water, sewer) that are financed through user fees.
- **Internal Service Funds:** Account for services provided internally between departments, such as fleet management or IT.
- **Fiduciary Funds:** Used to account for resources held by the City in a trustee or custodial capacity for others. These funds are not available to support the City's own programs.

ATTACHMENT 1 - ACFR

The Annual Comprehensive Financial Report (ACFR) is a detailed presentation of the City's financial condition as of June 30, 2024. An ACFR is a set of government financial statements comprising the financial report of the City that complies with the accounting requirements (i.e., Generally Accepted Accounting Priniples (GAAP)), created and circulated by the Governmental Accounting Standards Board (GASB). It provides critical information for understanding the City's fiscal health and includes the following sections:

- Management's Discussion and Analysis (MD&A).
- Audited Financial Statements.
- Notes to the Financial Statements.
- Supplementary and Statistical Information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Management's Discussion and Analysis (MD&A): The Management's Discussion and Analysis (MD&A) is a key component of the Annual Comprehensive Financial Report (ACFR) that provides an executive summary of the City's financial performance for the fiscal year. Its purpose is to assist readers in understanding the financial statements by highlighting key trends, explaining significant changes in the City's financial position, and offering context for revenues, expenses, and fund balances. By bridging the gap between complex financial data and actionable insights, the MD&A ensures transparency and supports informed decision-making for City Council, residents, and stakeholders. Below is a summary of key financial data from the FY 2023/2024 ACFR. Each table is referenced by its number and page for clarity, providing an overview of trends and their implications for the City's finances.

Table 1: Condensed Statement of Net Position (Page 9)

- **Overview:** This table provides a snapshot of the City's financial position, including assets, liabilities, and net position for both governmental and business-type activities.
- **Results:** The City's overall net position growth signals fiscal health and resilience, with sufficient capacity to manage unforeseen challenges.

Table 2: Condensed Statement of Activities (Page 10)

- **Overview:** This table summarizes revenues, expenses, and changes in net position for governmental and business-type activities.
- **Results:** The net positive change in position across all activities reflects effective budget management and financial sustainability.

Table 3: Net Cost of Governmental Activities (Page 11)

- **Overview:** This table details program expenses and the extent to which they are funded by program-generated revenues (e.g., charges for services, grants).
- **Results:** The City's ability to cover these costs through external revenues and taxes demonstrates prudent fiscal planning and operational efficiency.

Table 4: Condensed Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 11)

- **Overview:** This table outlines changes in fund balances for all governmental funds.
- **Results:** The growth in fund balances strengthens the City's capacity to fund future operations and infrastructure improvements.

Table 4-a: Fund Balances for the General Fund (Page 12)

- **Overview:** This table breaks down the General Fund balance into specific categories (e.g., restricted, committed, and unassigned).
- **Results:** A healthy General Fund balance reinforces the City's ability to respond to emergencies and support long-term planning.

Table 5: Statement of Revenues, Expenses, and Changes in Net Position (Page 13)

- **Overview:** This table focuses on the performance of business-type activities such as water and sewer services.
- **Results:** The positive performance of enterprise funds supports continued investment in utility infrastructure and operational sustainability.

Table 6: Capital Assets and Intangible Assets (Net of Depreciation and Amortization) (Page 13)

- **Overview:** This table highlights changes in the City's capital assets and long-term infrastructure investments.
- **Results:** Strategic investments in infrastructure strengthen the City's ability to deliver essential services and meet future demands.

Summary of Trends and Results

- **Revenue Growth:** Total revenues increased across governmental and business-type activities.
- **Expenditure Stability:** Expenditures increased modestly.
- **Fund and Net Position Growth:** Both governmental fund balances and net positions for business-type activities grew, reflecting strong financial health and resource allocation.

- **Infrastructure Investments:** Significant progress in infrastructure projects, particularly in water and sewer utilities, demonstrates a focus on long-term sustainability.

NOTES TO BASIC FINANCIAL STATEMENTS

The Notes to Basic Financial Statements provide detailed explanations of the financial data presented in the ACFR. They include significant accounting policies, details of long-term liabilities, pension and OPEB obligations, and explanations for variances. These notes ensure transparency and provide essential context for understanding the financial statements.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Other Post-Employment Benefits (OPEB) refer to benefits other than pensions that are provided to retired employees. These typically include healthcare, dental, vision, life insurance, and other similar benefits. OPEB obligations represent the City's future liabilities to provide these benefits to current and future retirees. In the ACFR, the City's OPEB liabilities and funding status are detailed in the Notes to Basic Financial Statements. This section outlines the actuarial assumptions, contribution strategies, and unfunded liabilities associated with OPEB. Proper management of OPEB liabilities is essential for ensuring long-term fiscal health and sustainability (Page 48-52).

REQUIRED SUPPLEMENTARY INFORMATION

The Required Supplementary Information (RSI) section provides additional context to support the financial statements. This includes budgetary comparisons for the General Fund, information about the City's pension plans, and disclosures regarding other post-employment benefits (OPEB). RSI helps stakeholders assess compliance with adopted budgets and long-term financial commitments.

INTEGRATING AUDITED FUND BALANCES AND NET POSITIONS INTO THE FINANCIAL SYSTEM

The audited Ending Fund Balances and Ending Net Positions for FY 2023/2024 will be incorporated into the Tyler Technologies Financial System as the Beginning Fund Balances and Beginning Net Positions for FY 2024/2025. This process ensures continuity and accuracy in financial reporting and aligns with best practices for government financial management. Relevant information for fund balances and net positions can be found throughout Pages 19-24 of the ACFR.

ATTACHMENT 2 - AUDITOR'S REPORT ON INTERNAL CONTROLS AND COMPLIANCE 2023 2024

The Auditor's Report on Internal Controls and Compliance is a required component of the audit process under Government Auditing Standards. Its primary purpose is to provide City Council and stakeholders with an assessment of the effectiveness of the City's internal controls over financial reporting and compliance with applicable laws,

regulations, and agreements. The report ensures transparency by identifying deficiencies, if any, and offering recommendations for improvement. This report indicates that, while the City maintains strong internal controls overall, addressing one noted deficiency will enhance financial accuracy and ensure smoother audits in the future. The absence of material weaknesses or compliance issues reflects the City's commitment to sound financial management practices.

ATTACHMENT 3 - SAS 114 - REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE – STATEMENT ON AUDITING STANDARDS

The SAS 114 Report, formally titled *Required Communication with Those Charged with Governance – Statement on Auditing Standards 114*, serves to inform the City Council and management about the responsibilities, findings, and outcomes of the external audit of the City of Sierra Madre's financial statements for the fiscal year ending June 30, 2024. It highlights key aspects of the audit, including the scope, significant risks, qualitative assessments, and any issues encountered during the process. This report is a critical tool for maintaining transparency and ensuring that those charged with governance are fully informed about the audit process and results. This report concludes that the City of Sierra Madre has maintained a sound financial position with no significant issues identified during the audit. It reinforces the City's commitment to transparency, compliance, and strong fiscal management practices

CONCLUSION

The audited financial statements and accompanying reports demonstrate that the City of Sierra Madre has maintained a stable and responsible financial position for FY 2023/2024. Prudent fiscal management, strategic investments in infrastructure, and effective budgetary controls have contributed to growth in net position and a healthy financial outlook. The ACFR reflects the City's commitment to transparency, accountability, and long-term sustainability.

ENVIRONMENTAL (CEQA)

This agenda item, which involves the review and acceptance of the Annual Comprehensive Financial Report (ACFR) and related audit reports, does not constitute a project under the California Environmental Quality Act (CEQA). As such, it has no potential to result in a direct or indirect physical impact on the environment and is therefore exempt from CEQA requirements.

STRATEGIC PLAN CORRELATION

Not applicable.

FISCAL IMPACT

The acceptance of the Annual Comprehensive Financial Report (ACFR) has no direct fiscal impact. However, it provides a transparent and comprehensive summary of the

City's financial position and results of operations, which are critical for informed decision-making regarding future fiscal planning, resource allocation, and budgetary priorities. Addressing identified audit findings, such as year-end reconciliation improvements, may require minor administrative adjustments.

PUBLIC NOTICE

This item has been noticed through the regular agenda notification process. Copies of this report can be accessed on the City's website at www.cityofsierramadre.com.

ATTACHMENTS:

1. Annual Comprehensive Financial Report (ACFR)
2. Auditor's Report on Internal Controls and Compliance 2023 2024
3. SAS 114 - Required Communication with Those Charged with Governance – Statement on Auditing Standards.

Annual Comprehensive Financial Report **City of Sierra Madre, California**

Village of the Foothills

For the Year Ended June 30, 2024



Prepared by the Finance Department Staff

City of Sierra Madre
232 West Sierra Madre Boulevard
Sierra Madre, CA 91024

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December 20, 2024

Honorable Mayor and City Council
City of Sierra Madre
Sierra Madre, California

Dear Honorable Mayor, Members of the City Council, and Citizens of Sierra Madre:

It is our pleasure to present the City of Sierra Madre's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024.

Introduction

Each year, the City of Sierra Madre issues a complete set of financial statements that conform to Generally Accepted Accounting Principles (GAAP), as prescribed by Governmental Accounting Standards Board (GASB) pronouncements. These statements are audited by an independent, certified public accounting firm to ensure accuracy and compliance. The ACFR serves as a detailed presentation of the City's financial position, including audited financial statements, management's discussion and analysis, and other important financial and statistical data. City management is fully responsible for the content of the report, including its completeness and reliability. This comprehensive report enhances transparency, ensures accountability to our residents, elected officials, and stakeholders, and adheres to rigorous financial reporting standards.

The ACFR is also prepared to meet the reporting requirements which include:

- California Government Code Section 12410.5 that mandates that local agencies in California submit their annual financial reports to the California State Controller's Office (SCO). The annual financial report must conform to the Generally Accepted Accounting Principles (GAAP) and include statements of the agency's financial position, as well as an audit of those financial statements by an independent certified public accountant.
- California Government Code Section 40804 that mandates that local agencies in California must file their audited financial statements with the State Controller's Office and any other relevant state agencies, and make them publicly available. This includes any audit report that assesses the financial operations of the local agency.
- California Government Code Section 53891 that pertains to the Annual Debt Report that is required to be filed by local agencies that have outstanding debt obligations. It mandates that cities and other local agencies submit detailed reports about their debt obligations to the State Controller, including information on outstanding bonds and other forms of debt.
- Compliance with bond covenants requiring the maintenance of adequate debt coverage ratios and their filing with the Municipal Securities Rulemaking Board (MSRB) via the EMMA platform.

This report is intended not only for the City’s governing body but also for all citizens, taxpayers, businesses, grantors, creditors, investors, and others who rely on this information for accountability and decision-making.

Accounting Standards

This report follows the Governmental Accounting Standards Board (GASB) guidelines, which govern how state and local governments and special districts present their financial information. These standards ensure consistency, accuracy, and transparency in the City's financial reporting.

The ACFR is organized into three sections:

1. **Introductory Section:**
 - Letter of Transmittal
 - GFOA Certificate of Achievement
 - Organizational Chart
 - Elected Officials and Executive Management

2. **Financial Section:**
 - Independent Auditor’s Report
 - Management’s Discussion and Analysis (MD&A)
 - Required Supplementary Information (RSI - Unaudited)
 - Basic Financial Statements, which include:
 - Government-Wide Financial Statements
 - Fund Financial Statements (Government and Proprietary Funds)
 - Notes to the Financial Statements
 - Supplementary Information

3. **Statistical Section (Unaudited):**
 - Historical financial and operational data, offering insights into long-term trends to assist in evaluating the City’s fiscal health and capacity to meet future obligations.

City Management Representations

City management is responsible for the preparation and presentation of the financial statements. To support this, the City has established a comprehensive internal control framework designed to safeguard assets, ensure accurate reporting, and promote compliance with applicable laws and regulations.

The City’s internal controls include segregation of duties, regular reconciliations, and monitoring of financial activities. These controls provide reasonable assurance that the financial statements are free from material misstatement. Management asserts that, to the best of our knowledge, this financial report is complete and reliable in all material respects.

Financial Position Overview: Governmental Activities

During the fiscal year ended June 30, 2024, the City of Sierra Madre experienced notable increases in its financial position within governmental activities:

- **Current Assets:** The City's current assets increased from \$32.0 million to \$39.0 million, driven by higher cash and investment balances. This growth reflects improved revenue performance, particularly from property taxes, and disciplined expenditure management.
- **Current and Other Liabilities:** Current and other liabilities rose from \$9.7 million to \$12.3 million, primarily due to increases in unearned revenue related to grant funding and deposits. This reflects the City's proactive efforts to secure and manage external funding for critical projects and programs.
- **Unrestricted Net Position:** The unrestricted net position in governmental activities increased by approximately \$674,000, rising from \$13.3 million to \$13.9 million. This growth demonstrates the City's continued ability to generate operational surpluses, reinforcing fiscal resilience and the capacity to address future challenges.

These financial improvements highlight the City's strong financial stewardship and commitment to maintaining long-term fiscal sustainability while delivering essential services to the community.

Debt Management

The City of Sierra Madre continues to strategically manage its debt portfolio to support essential infrastructure projects and ensure long-term financial sustainability. As of June 30, 2024, the City has \$7.0 million in long-term debt obligations. This includes \$4.3 million under the 2017 Installment Agreement and \$2.7 million from a loan provided by the San Gabriel Valley Municipal Water District. These liabilities primarily fund critical water and sewer infrastructure improvements.

Through prudent fiscal policies, the City is effectively managing debt trends while aligning funding strategies with long-term financial planning objectives. These measures ensure the continued provision of high-quality services to the community.

Budgetary Controls and Financial Oversight

The City of Sierra Madre maintains robust budgetary controls to ensure fiscal responsibility and alignment with its financial goals. Each fiscal year, the City Council adopts an annual budget prior to its commencement. The City Manager oversees these controls, ensuring adherence to the approved budget while maintaining flexibility to address unforeseen changes.

Zero-Based Budgeting - The City of Sierra Madre employs a zero-based budgeting process to ensure fiscal responsibility and strategic allocation of resources. This approach requires a comprehensive, line-by-line review of all departmental expenditures, focusing on current priorities and strategies rather than historical spending patterns. Each expense must be justified for the new budget period, promoting efficient use of funds and alignment with the City's goals and departmental objectives supporting the goals.

Budget Amendment Procedures - Budget amendments are authorized throughout the fiscal year to reflect adjustments in revenues, expenditures, or priorities. Amendments are typically made in response to changes in funding availability, operational needs, or Council-directed priorities. All amendments are subject to City Council approval to ensure transparency and alignment with the City's strategic goals.

Purchase Order Carry-Overs - To facilitate ongoing projects and ensure operational continuity, unexpended purchase orders from the prior fiscal year may be carried over into the new fiscal

year. This process supports effective project management by preserving previously allocated funds for specific purposes.

Administrative Carryovers - Administrative carryovers allow for the extension of unspent departmental funds for key initiatives that remain active across fiscal years. These carryovers are reviewed by the Finance Department and City Manager to confirm their necessity and compliance with budgetary policies.

City Council Action - City Council plays a critical role in the financial oversight process, providing guidance, approving amendments, and authorizing major expenditures. Regular budget performance reviews ensure that Council is informed about financial trends and variances, supporting informed decision-making.

Fund Balance Policy - The City's Fund Balance Policy establishes a minimum reserve requirement equal to 25% of General Fund operating expenditures, ensuring sufficient resources for emergencies and fiscal stability. Additional reserves are maintained to address capital needs and reduce financial risks. These controls reflect the City's commitment to responsible financial management and sustainability.

Through these measures, Sierra Madre ensures its revenues and expenditures remain aligned with forecasts, enabling the City to provide high-quality services while maintaining financial resilience.

Economic Condition and Outlook

Sierra Madre's financial health is supported by strong fiscal management and efficient resource allocation. The City's two primary revenue sources—Property Taxes and Other Taxes—constituted 75% of the General Fund revenue for FY 2023-24. The General Fund balance increased by \$2.7 million, driven by higher-than-expected investment income and revenues from taxes and permits.

Major Accomplishments for Fiscal Year 2023/2024

Code Enforcement

- By prioritizing these initiatives, the City reinforces its commitment to safeguarding Sierra Madre's unique ecosystems, supporting biodiversity, and fostering a sustainable future for the community.

Community Services

- **Programs and Events:** Hosted community-focused events such as the July 3rd and 4th festivities, "Bark in the Park," and the Mount Wilson Trail Race, all achieving record participation.
- **Enhanced Senior Support through Meal Programs:** Community Services reintroduced the YMCA (Young Men's Christian Association) Senior Lunch Program, providing a vital service that offers nutritious meals and a welcoming environment for senior residents. This program goes beyond addressing dietary needs; it fosters social connections, combats isolation, and enhances the overall well-being of Sierra Madre's senior community. By prioritizing programs like these, the City demonstrates its commitment to supporting the health, dignity, and quality of life of its senior residents.

Finance

- **Commitment to Transparency and Accountability:** The Finance reinforced its dedication to transparency and accountability in financial management by producing detailed reports and creating accessible, user-friendly budget documents. These efforts empower residents to clearly understand how their tax dollars are allocated and spent, fostering trust and encouraging informed community engagement. This commitment not only upholds the City's ethical standards but also strengthens fiscal responsibility, ensuring that resources are managed effectively to meet the needs and priorities of Sierra Madre's residents. Such transparency is fundamental to building a strong partnership between the City and its community.
- **Recognition for Excellence in Budget Presentation:** For the fifth consecutive year, the City earned the prestigious Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). This award underscores the City's commitment to producing a budget document that meets the highest standards of clarity, accessibility, and professional financial planning. The City's budget document serves as a critical resource for a wide range of stakeholders:
 - **Elected Officials:** Enables informed decision-making by providing a comprehensive understanding of the City's financial priorities and resource allocation.
 - **City Management and Staff:** Acts as an operational guide for implementing policies and delivering services effectively.
 - **Residents and Community Groups:** Promotes transparency by offering clear insights into how public funds are managed and spent, fostering trust and community engagement.
 - **External Reviewers:** Demonstrates the City's adherence to best practices in financial management, enhancing credibility with grantors, auditors, and other oversight agencies.

This recognition highlights the City's dedication to financial excellence, ensuring that its budget document is not just a financial tool but a cornerstone of transparency and accountability for all users.

- **Excellence in Financial Reporting:** For the seventh consecutive year, the City received the prestigious Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This award recognizes the City's dedication to producing an Annual Comprehensive Financial Report (ACFR) that meets the highest standards of transparency, accuracy, and comprehensiveness in financial reporting. The ACFR is a vital document that serves the needs of multiple significant stakeholders:
 - **Elected Officials:** Provides a clear and detailed view of the City's financial health, enabling data-driven policy and budget decisions.
 - **City Management and Staff:** Serves as a strategic resource for planning, financial oversight, and operational management.
 - **Residents and Taxpayers:** Enhances public trust by demonstrating responsible stewardship of public funds and offering accessible insights into the City's financial activities.
 - **Investors and Bondholders:** Offers assurance of the City's fiscal responsibility and financial stability, critical for securing favorable credit ratings and investment terms.
 - **External Auditors and Grant Agencies:** Demonstrates compliance with regulatory requirements and adherence to best practices, ensuring continued access to grants and funding opportunities.

This award emphasizes the City's commitment to upholding the highest standards of financial accountability and transparency. By maintaining accurate and comprehensive financial records, the City ensures that all stakeholders have the information they need to understand and engage with its financial operations.

- **Foundation for Financial Stability:** Finance maintained high standards in financial reporting and budgeting, laying a strong foundation for fiscal stability and preparing for future challenges.

Fire Department

- **Enhancing Fire Services through Comprehensive Training and Readiness:** The Fire Department reinforced its commitment to operational readiness by conducting a comprehensive training needs assessment, ensuring that firefighters possess the skills and knowledge necessary to respond effectively to emergencies.
 - **Identifying and Addressing Skill Gaps:** The training needs assessment was instrumental in identifying gaps in firefighter skills and prioritizing critical training areas. This process allowed the department to allocate resources strategically, ensuring that personnel are fully prepared to meet the community's emergency service demands.
 - **Setting and Exceeding Training Goals:** The department established a target of 3,500 training hours for the fiscal year, a reflection of its dedication to maintaining high standards of safety and competency in fire service delivery. By surpassing this goal and achieving 4,733 training hours, the department demonstrated its unwavering commitment to continuous improvement and operational excellence.
 - **Impact on Fire Service Delivery:**
 - **Enhanced Readiness:** The rigorous training ensures that firefighters are equipped to handle diverse and complex emergencies with confidence and precision.
 - **Improved Response Times:** A well-trained team operates more efficiently under pressure, reducing response times and mitigating the impact of incidents on the community.
 - **Increased Public Safety:** By prioritizing training, the department bolsters its ability to safeguard lives and property, reinforcing the City's trust in its fire services.

This accomplishment highlights the department's proactive approach to delivering exceptional fire services, ensuring that Sierra Madre remains prepared to address emergencies effectively and protect its residents.

- **Community Safety Classes: Empowering Residents to Save Lives:** The Fire Department offered free educational programs, including "Sidewalk CPR (Cardiopulmonary Resuscitation)" and "Stop the Bleed," designed to empower residents with life-saving skills.
 - **"Sidewalk CPR":** This hands-on program equips participants with the knowledge and confidence to perform CPR, a critical skill that can double or triple survival rates in cardiac emergencies.
 - **"Stop the Bleed":** Focused on teaching participants how to control severe bleeding, this program prepares individuals to respond effectively during trauma situations, preventing fatalities before professional help arrives.

These classes significantly enhance public safety by creating a more informed and prepared community. Residents trained in these skills can serve as first responders in emergencies, strengthening the City's overall capacity to save lives and reduce the impact of critical incidents.

- **Community Survey for Fire Department Master Plan:** The Fire Department conducted a community survey to gather valuable feedback from residents about their safety priorities, ensuring the development of a Master Plan that aligns with the unique needs and expectations of the community.
 - **Importance of Community Input:** By soliciting input directly from residents, the City ensured that the Master Plan reflects local concerns, priorities, and expectations regarding fire safety and emergency services.
 - **Building Trust and Transparency:** Engaging the community in this process fostered trust and transparency, creating a sense of shared responsibility for public safety initiatives.
 - **Guiding Future Fire Services:** The feedback provided through the survey shaped a strategic framework for improving fire services, ensuring resources are allocated effectively and future initiatives are tailored to meet the City's evolving needs.

This collaborative approach underscores the City's commitment to putting residents at the center of decision-making processes, ensuring that the Master Plan supports a safer and more resilient Sierra Madre.

- **Paramedic Licensure Maintenance by Ensuring Excellence in Emergency Medical Care:** The Fire Department successfully maintained 100% paramedic licensure for its current paramedics, with an overall department licensure rate of 87%, ensuring the highest level of emergency medical readiness for the community. Paramedic licensure is a certification process that qualifies individuals to provide Advanced Life Support (ALS) in medical emergencies. Licensed paramedics are trained to administer medications, perform advanced airway management, and handle life-threatening conditions before a patient reaches the hospital.
 - **Significance of the Achievement:**
 - **Enhanced Emergency Medical Services:** By ensuring all current paramedics are licensed, the department guarantees that residents receive expert care during critical moments.
 - **Improved Patient Outcomes:** Advanced medical interventions provided by licensed paramedics increase survival rates and improve recovery for patients experiencing severe medical emergencies.
 - **Commitment to Excellence:** This accomplishment reflects the department's dedication to maintaining high professional standards and providing top-tier emergency medical services.

This achievement underscores the City's focus on prioritizing the health and safety of its residents, ensuring that emergency medical services are delivered with the utmost skill and efficiency.

- **Training Excellence:** Increased training hours across fire suppression, emergency medical services (EMS), and professional development programs.

Information Technology (IT)

- **City-Wide Deployment of Next-Generation to Wireless Fidelity (Wi-Fi 6):** The IT Department installed Wi-Fi 6 technology across all City facilities. Wi-Fi 6 is the latest generation of wireless internet technology, offering faster speeds, greater capacity, and improved security compared to older Wi-Fi versions. This upgrade allows more devices to connect to the network at the same time without slowing it down. As a result, City staff and residents now benefit from faster and more reliable internet, enabling efficient service delivery, smoother access to online City services, and better communication across all departments and public spaces.
- **IT Infrastructure for Temporary City Library:** Completed the setup of the information technology (IT) infrastructure—the hardware, software, and network systems that keep technology running—for the temporary City Library. This ensured that residents continued to have uninterrupted access to important library resources and services, such as books, online materials, and educational programs, during the relocation. By maintaining connectivity and operations, the City supported community needs, including education, internet access, and public engagement.
- **Second Gig Fiber Internet Backup Line for City Hall:** Installed a second 1-Gigabit Fiber Internet Access Line (a high-speed internet connection) along with backup Virtual Private Network (VPN) tunnels. A VPN tunnel is a secure, private connection that allows information to travel safely over the internet, protecting it from unauthorized access. This backup system ensures that essential City services—like administrative tasks, public safety systems, and financial operations—continue to work smoothly, even if the main internet connection fails.
- **Police Department Bodycam Procurement and Implementation:** Body cameras were purchased and put into use for the Police Department, giving officers small cameras worn on their uniforms to record their interactions in real time. These cameras play an important role in improving public safety by providing an accurate record of events, increasing transparency in police activities, and helping to collect reliable evidence. By showing exactly what happened during encounters, body cameras help build trust between law enforcement and the community while ensuring accountability for all parties involved.
- **Conducted Security Training and Employee Phishing Campaigns:** Provided ongoing training for all City employees on how to recognize and respond to online threats, like suspicious emails designed to steal information (known as phishing). These practice exercises and training sessions have increased awareness and improved employees' ability to spot and avoid cyberattacks, helping to protect sensitive City and resident information from being compromised.

Library

- **Completion of Library Improvement Project Design:** Finalized the design phase of the Library Meaningful Improvement Project in collaboration with TSK Architects, marking significant **progress** toward modernizing the library.
- **Expansion of Digital Resources:** Introduced new digital services such as Kanopy, a movie streaming platform, and Mango, an online language-learning program, to enhance accessibility and support community learning.

- **Extension Secured for the Library Meaningful Improvement Project:** Secured an extension for the \$10 million Targeted State Grant, moving the deadline from January 31, 2025, to March 31, 2026, allowing for thoughtful planning and execution.
- **Grant Amendments Supporting Library Improvement Efforts:** Amended the Building Forward Infrastructure Grant to allocate funds for a geotechnical survey, ensuring the project aligns with safety and infrastructure best practices. Amended the Targeted State Grant to accommodate hiring a construction management firm.
- **Progress on the Library Meaningful Improvement Project:** Contracted Vertex Engineering to oversee the construction phase, maintaining uninterrupted services during renovations.
- **Public Programming Partnerships:** Partnered with the Fire Department to promote safety awareness during Fire Prevention Week and collaborated with the Sierra Madre Environmental Action Council to host Bailey Canyon Nature Walks.
- **Successful Relocation of the Sierra Madre Library:** Relocated the library from 440 W. Sierra Madre Blvd to a temporary facility at 350 W. Sierra Madre Blvd, ensuring continued access to services during the improvement project.

Planning and Building

- **Preservation and Compliance:** The Planning and Building implemented an online permitting system to comply with the requirements of Assembly Bill (AB) 2234 - Housing Development Application Review and Streamlining and Senate Bill (SB) 379 - Streamlining the solar permitting process and reporting to the California Energy Commission regarding solar permit data.
 - **AB 2234:** This legislation aims to streamline the housing development application process, ensuring timely and transparent post-entitlement reviews for residential projects. The intent is to reduce delays and support California's efforts to address the housing crisis by facilitating the development of affordable housing.
 - **SB 379:** This law requires local governments to implement an online, automated permitting system for residential solar energy systems, requiring them to verify code compliance and issue permits in real-time, with the goal of streamlining the solar permitting process.

By introducing online permitting, Planning and Building enhanced accessibility and efficiency in the application and review processes, aligning with the legislative intent of these bills. This system provides applicants with a user-friendly platform for submitting, tracking, and managing permits, reducing administrative barriers and supporting timely compliance with state housing and environmental goals. This effort demonstrates the City's commitment to modernizing operations while advancing equitable and sustainable development.

Planning and Community Preservation

- **Historic Landmarks Designation:** The City designated two new historic landmarks: the Edgar W. Camp House and the Sierra Madre Playhouse, preserving these culturally and architecturally significant sites for future generations.
 - **Edgar W. Camp House:** This designation acknowledges the home's architectural heritage and its contribution to the historical fabric of Sierra Madre, offering a tangible link to the City's rich past.

- **Sierra Madre Playhouse:** Recognizing this landmark celebrates its role as a cultural and artistic hub, highlighting its importance in fostering community engagement and the performing arts.

These designations are critical for protecting the City's historical assets, fostering civic pride, and promoting heritage tourism, ensuring Sierra Madre's history remains a vital part of its identity.

Police Department

- **Community Engagement Programs Supporting Public Safety:** The Police Department hosted community-focused events such as "Coffee with a Cop" and "Smoothies with a Dispatcher", designed to foster stronger relationships between residents and public safety personnel. These programs hold significant value for public safety by:
 - **Building Community Trust:** Providing informal settings for residents to connect with law enforcement and dispatch staff, fostering transparency and mutual understanding.
 - **Encouraging Open Dialogue:** Creating opportunities for community members to voice concerns, ask questions, and gain insight into public safety operations.
 - **Promoting Collaboration:** Strengthening partnerships between the police department, dispatch services, and the community, which are essential for effective crime prevention and emergency response.

By hosting these events, the City demonstrates its commitment to proactive community engagement, ensuring public safety efforts are collaborative, inclusive, and trusted by all residents.

- **Grant Secured for Traffic Safety:** the Police Department received a \$40,000 grant from the California Office of Traffic Safety for driving under the influence (DUI) and distracted driving education.
- **Proactive Law Enforcement:** The City actively participated in regional programs such as the Foothill Special Enforcement Team (FSET) and the Internet Crimes Against Children (ICAC) Task Force Program, both of which play a critical role in enhancing public safety:
 - **Foothill Special Enforcement Team (FSET):** This multi-agency task force addresses serious crimes, such as gang activity, drug trafficking, and violent offenses, within the Foothill region. By collaborating with neighboring jurisdictions, the City contributes to maintaining regional safety and combating criminal activities that transcend city boundaries.
 - **Internet Crimes Against Children (ICAC) Task Force Program:** This program is dedicated to investigating and preventing the exploitation of children online. Participation enables the City to proactively address cybercrimes, protect vulnerable youth, and enhance community awareness of digital safety.

These initiatives demonstrate the City's commitment to leveraging regional partnerships to address complex public safety challenges, ensuring a safer environment for all residents.

- **Regional Auto Theft Taskforce Participation:** The Police Department assigned a Police Detective to the Regional Auto Theft Taskforce (TRAP) to strengthen efforts in combating vehicle theft across the region.

- **Purpose:** TRAP is a multi-agency task force designed to investigate and prosecute organized vehicle theft rings and reduce auto theft through targeted enforcement and strategic operations.
- **Significance:**
 - Enhances regional collaboration to address auto theft, a crime that often spans multiple jurisdictions.
 - Protects residents and businesses from the financial and emotional toll of vehicle theft.
 - Deters organized criminal activity by focusing resources on dismantling theft networks and recovering stolen vehicles.

Participation in TRAP reflects the City’s commitment to leveraging regional partnerships to reduce crime and enhance public safety, ensuring a proactive approach to addressing vehicle theft and its broader impacts on the community.

Public Works

- **Emergency Preparedness and Flood Prevention:** The Public Works Department enhanced its resilience to severe weather by updating drainage systems, ensuring efficient water flow and reducing the risk of blockages that could lead to localized flooding. In addition, the implementation of flood prevention measures—such as improved culverts, retention basins, and stormwater redirection systems—provides critical protection for vulnerable areas. These updates not only mitigate the risk of property damage and infrastructure strain during heavy rains but also safeguard public safety, ensuring the community is better prepared to withstand the impacts of severe weather events.
- **Environmental Policy Development:** The Public Works Department collaborated with the Natural Resources Commission, a local advisory body dedicated to promoting sustainability and protecting Sierra Madre’s natural environment, to advance several key environmental initiatives:
 - **Building Electrification Reach Codes:** Provided guidance on developing advanced energy standards to encourage the transition from natural gas to electric appliances in new buildings, reducing greenhouse gas emissions and promoting energy efficiency.
 - **Water-Efficient Landscape Ordinance:** Supported updates to the ordinance to ensure compliance with state regulations and promote landscaping practices that conserve water, a critical resource for Sierra Madre’s drought-prone environment.
 - **Rodenticide Usage Education:** Engaged the community with educational efforts to reduce the use of harmful rodenticides, which pose significant risks to local wildlife, including predators vital to maintaining ecological balance.
- **Facility Upgrades:** The Public Works Department completed significant upgrades to recreational facilities, including the installation of new playground and fitness equipment at Sierra Vista Park. Obtained Community Services Commission and City Council Approval of tennis court conversion to pickleball courts at Sierra Vista Park.

Infrastructure Enhancements: The Public Works Department addressed critical water infrastructure issues by repairing 340 water line leaks, which helped prevent water loss, reduce service disruptions, and protect the integrity of the system. Additionally, the installation of over 2,000 linear feet of new mainline replaced aging infrastructure, ensuring reliable water delivery

to residents and businesses. These improvements are vital for enhancing the efficiency of the City's water system, reducing maintenance costs, and safeguarding a sustainable water supply for the community.

- **Local Infrastructure Improvements and Upgrades:** The Public Works Department completed several critical infrastructure upgrades in FY 2023-2024, enhancing streets and sidewalks to improve safety, accessibility, and service reliability. Key projects included:
 - **Sierra Madre Boulevard Water Main Replacement and Street Improvement Project:** Replaced aging water mains to ensure consistent water service and modernized the street surface to improve road durability and safety for vehicles and pedestrians.
 - **Canyon Crest Drive Resurfacing Project:** Addressed deteriorated pavement to enhance roadway quality and accessibility for residents traveling through this vital neighborhood route.
 - **Downtown Sidewalk Revitalization Project:** Upgraded sidewalks in the downtown area to improve pedestrian safety, ensure ADA (Americans with Disabilities Act) compliance, and create a more inviting space for residents and visitors.

These projects highlight the City's dedication to maintaining essential infrastructure while addressing community needs and supporting long-term sustainability.

- **Street and Sidewalk Improvements:** The Public Works Department successfully completed three major street repair projects, each addressing critical infrastructure needs and enhancing safety and accessibility:
 - **Sierra Madre Boulevard Resurfacing Project:** Upgraded road surfaces along Sierra Madre Boulevard to improve vehicle and pedestrian safety while extending the lifespan of the roadway.
 - **Mountain Trail Avenue Rehabilitation Project:** Focused on repairing damaged pavement and enhancing sidewalk accessibility, ensuring compliance with ADA (Americans with Disabilities Act) standards and improving walkability.
 - **Hermosa Avenue Waterline and Street Repair Project:** Combined necessary waterline replacements with street resurfacing to address subsurface issues and create a smoother, more durable roadway for residents.

These projects demonstrate the City's commitment to maintaining and modernizing its infrastructure to meet community needs effectively.

- **Sustainability Initiatives:** Joined a Joint Powers Authority (JPA), a legal entity that allows public agencies to collaborate on storm water management, and entered an agreement to develop 16 electric vehicle (EV) charging stations.
- **Sustainable Transportation Standards:** Adopted regional Vehicle Miles Traveled (VMT) baselines and thresholds, which measure and regulate vehicle travel to minimize environmental impacts, in compliance with the California Environmental Quality Act (CEQA), a state law requiring the assessment and mitigation of significant environmental impacts, to promote sustainable transportation.

- **Water and Sewer System Enhancements:** Undertook significant capital projects to enhance its water and sewer systems that ensured compliance with pertinent state environmental standards. These efforts aligned with the following regulations:
 - **Sanitary Sewer Systems General Order:** Mandates the proper management and maintenance of sewer systems to prevent overflows and protect water quality.
 - **California Toxics Rule:** Establishes water quality criteria to control pollutants and safeguard aquatic ecosystems.
 - **Sierra Madre Sewer System Management Plan (SSMP):** The city's strategies for maintaining and improving its sewer infrastructure in compliance with state directives.

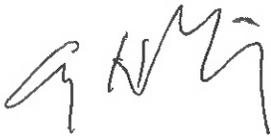
Adhering to these standards ensured that its water and sewer systems operated efficiently while upholding environmental integrity.

Independent Audit

The audit for FY 2023-24 was conducted by Rogers, Anderson, Malody & Scott, LLP, ensuring that the City's financial statements comply with all relevant accounting standards. The City of Sierra Madre extends its sincere appreciation to the firm for their diligent work and commitment to upholding the highest standards of financial integrity and transparency.

The preparation and publication of this report were made possible by the dedication and hard work of the Finance Department staff, along with the invaluable assistance of other City departments. The City of Sierra Madre extends its heartfelt appreciation to the City Manager for his guidance and to the City Council for their exemplary leadership in overseeing the City's financial operations and ensuring open, public, and transparent disclosures.

Respectfully,



Anthony H. Rainey
Finance Director



Satnam Rait
Finance and Budget Manager

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sierra Madre
California**

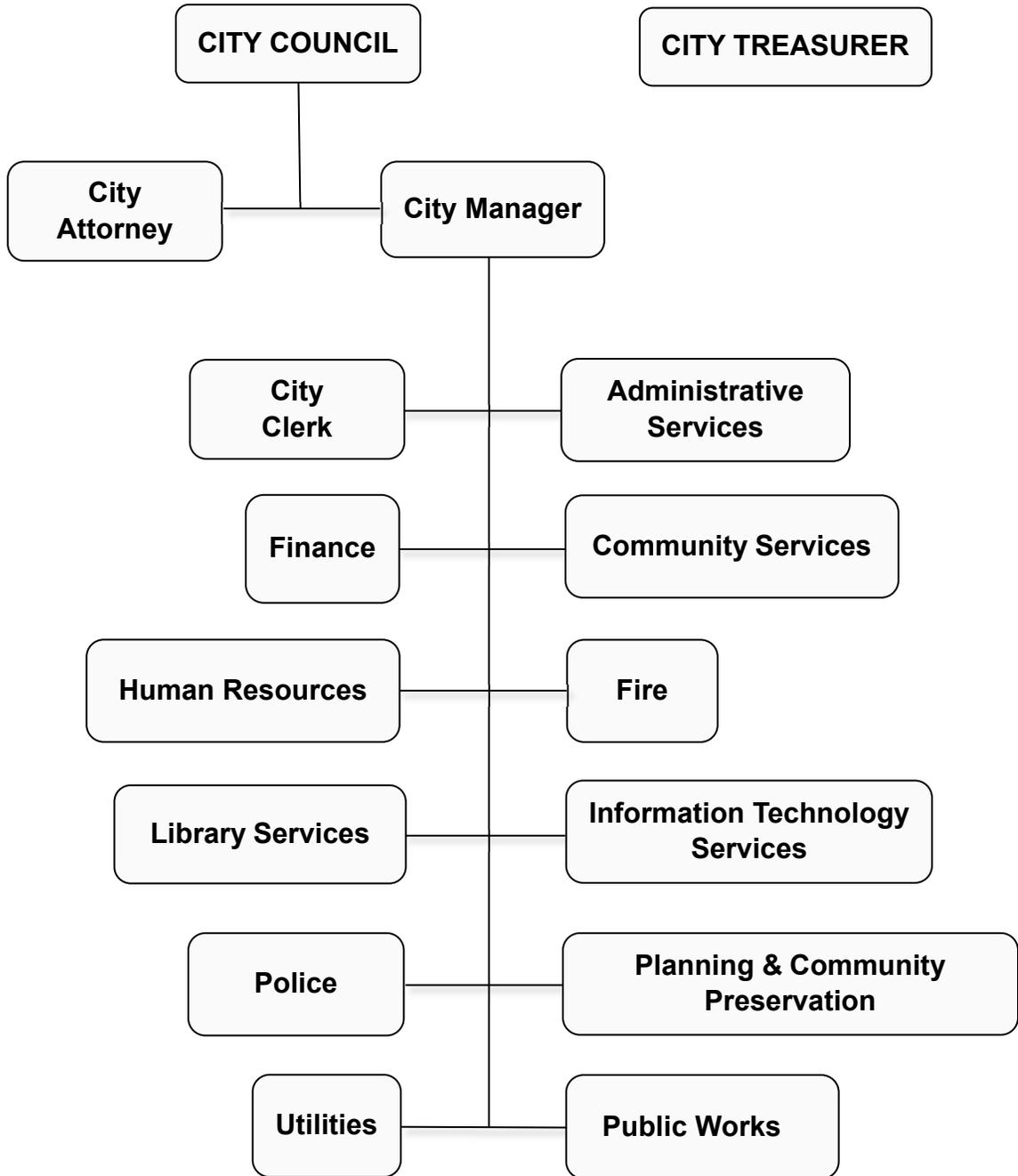
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF SIERRA MADRE
Organizational Structure
As of June 30, 2024



City of Sierra Madre, California

Village of the Foothills

Annual Comprehensive Financial Report



For the Year Ended June 30, 2024

Sierra Madre, California

City Council and Elected Officials

As of June 30, 2024

Kelly Kriebs
Robert Parkhurst
Kristine Lowe
Gene Goss
Edward Garcia

Laura Aguilar
Michael Amerio

Mayor
Mayor Pro Tempore
Council Member
Council Member
Council Member

City Clerk
City Treasurer

Executive Management

Jose Reynoso
Aleks Giragosian
Miguel Hernandez
Laura Aguilar
Anthony Rainey
Clare Lin
Brent Bartlett
Ted Tegart
Leila Regan
Gustavo Barrientos
Arnulfo Yanez

City Manager
City Attorney
Assistant City Manager
Deputy City Manager
Finance Director
Acting Planning Director
Fire Chief
Community Services Manager
City Librarian
Police Chief
Director of Public Works

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Independent Auditor's Report

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To the Honorable Mayor and Members of City Council
City of Sierra Madre, California

Report on the Audit of the Financial Statements

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Anny Gonzalez, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Madre, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2024

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City of Sierra Madre, California

Village of the Foothills



Management's Discussion and Analysis For the Year Ended June 30, 2024

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CITY OF SIERRA MADRE
Management Discussion and Analysis
June 30, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City of Sierra Madre (“City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xiii of this report.

FINANCIAL HIGHLIGHTS

- At June 30, 2024, the City’s net position was \$246M, reflecting a \$5.1M increase compared to FY 2022-2023. This growth resulted from an increase in cash and investments due to \$4 million received from the Targeted State Library Grant and higher interest earned on City’s LAIF investment. The net position is composed of: a) Net Investment in Capital Assets at \$211.0M, b) Restricted Net Position at \$9.4M, and c) Unrestricted Net Position at \$25.8M.
- During FY 2023-2024, the City’s General Fund fund balance increased by \$2.6 million, the American Rescue Plan Act (ARPA) Fund balance increased by \$69,000, the Targeted State Grant Library Fund increased by \$272,000, and Non-Major Governmental fund balance increased by \$1 million. The City allotted \$442,481 to a Section 115 Trust for long-term pension obligations, reflecting its commitment to financial sustainability.
- The increase in the General Fund was driven by an increase in investment income, and property taxes and other taxes.
- The General Fund had an adopted expenditure budget of \$15.6M, which reflects the original spending plan approved at the start of the fiscal year.
- In the City’s proprietary funds: The Water Fund net position increased by \$2.0M and the Sewer Fund increased by \$36,000.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Sierra Madre’s basic financial statements. The City’s basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

CITY OF SIERRA MADRE
Management Discussion and Analysis
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Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Sierra Madre's finances, in a manner similar to the private sector business. These statements are designed to provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The statements are prepared using the accrual basis of accounting which considers money available when earned and considers money spent when a liability is incurred. As such, this basis of accounting focuses on measuring economic resources that are available to the City regardless of the timing of the availability of those resources. The accrual basis of accounting is similar to that used by most private sector companies.

Accordingly, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Additionally, these statements reflect the capitalization and depreciation of infrastructure and other capital assets (e.g., buildings, vehicles, and equipment, etc.) as well as the recognition of various long-term liabilities (e.g., bonds payable, accrued employee benefits, claims and judgments payable, etc.).

The statement of net position presents information on all the City's assets, liabilities, and deferred inflows/outflows of resources. The difference between assets plus deferred outflows of resources, and liabilities and deferred inflows of resources is reported as net position. This statement includes changes in capitalized and depreciated capital assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (police and fire protection), public works, development services, and culture and recreation (community and library services). The City's business-type activities include the Municipal Utility operations and other self-supporting activities.

The government-wide financial statements include the City and its component units. As stated in Note 1A of the notes to the financial statements, the inclusion of an organization within the scope of the reporting entity of the City of Sierra Madre, as either blended or separately shown, is based on the provisions of GASB Statement No. 14 *the Financial Reporting Entity*.

The *government-wide* financial statements can be found on pages 16 through 18 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. Some funds are required by state law and by bond covenants. In addition, in order to meet legal responsibilities for using certain taxes, grants, and other resources, prudent fiscal management requires the establishment of other funds to help control and manage money. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The basic fund financial statements can be found on pages 19 through 26 of this report.

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By contrast to the government-wide financial statements, the governmental fund financial statements, a part of the Fund Financial Statements, use the modified accrual basis of accounting which considers money available when it is collectible within the current period or soon enough thereafter (60 days after the end of the current fiscal period, except for expenditure driven grants) to pay liabilities of the current period. Expenses are recorded when a liability is incurred. Debt service, claims and judgments, and accrued employee leave benefits are not recorded as liabilities, they are expensed at the time a payment is due. Note 1 of the notes to the Financial Statements more fully describes each basis of accounting.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the results in the governmental fund financial statements and those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

The City maintains 39 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements in the Supplementary Information.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. This comparison can be found on page 62 of this report.

Although legally separate, component units function for all practical purposes as departments of the City and, therefore, have been blended as part of the primary government.

Proprietary funds: When the City charges customers' fees to cover the cost of the services it provides; these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. In the fund financial statements section, proprietary funds provide similar information to that contained in the business-type activities in the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 23 through 26 of this report.

Enterprise refers to the fund type while business-type refers to the activity type. The City uses enterprise funds to account for its Water Utility and Sewer Utility, both of which are major funds; and various smaller self-supporting community operations, which are shown in aggregate titled Non-Major Enterprise Funds. Enterprise funds are used to report the same functions presented as Business-Type activities in the government-wide financial statements.

Internal Service funds by contrast are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for Vehicle/Equipment Replacement and Maintenance, Facilities Maintenance, City Administration, and Information Technology (IT), Personnel/Risk Management, and General Plan/Housing Update. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Internal Service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting. However, because these services predominantly involve governmental rather than business-type activities, this fund type has been included within Governmental Activities in the government-wide financial statements.

CITY OF SIERRA MADRE
Management Discussion and Analysis
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Notes to the Financial Statements

The notes provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information and compliance; Schedule of the City's Proportionate Share of the Plan's Net Pension Liability and Related Ratios, Schedule of Plan Contributions, and Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of OPEB Contributions. Required supplementary information can be found on pages 61 through 68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, enterprise funds, and internal service funds are presented immediately following the required supplementary information captioned supplementary schedules. Combining and individual fund statements and schedules can be found on pages 69 through 125 of this report.

THE CITY AS A WHOLE

Government-Wide Financial Statements

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

The Statement of Net Position and the Statement of Activities

As noted earlier, the Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, liabilities, and deferred outflows/inflows of resources of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements report the City's net position and changes in them. Net position is the difference between assets, liabilities, and deferred outflows/inflows of resources, which is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure, such as City wells and reservoirs construction/replacements, street maintenance/repairs, and building maintenance/improvements.

CITY OF SIERRA MADRE
Management Discussion and Analysis
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In the Statement of Net Position and the Statement of Activities, City activities are separated as follows:

Governmental activities – The majority of the City’s basic services are reported in this category, including Administrative Services, Police, Fire, Public Works, Planning and Development Services, Parks and Recreation, and the Library. Revenues such as property taxes, sales taxes, utility user taxes, franchise fees, and other state and federal funds finance these activities.

Business-type activities – The City charges a fee to customers to cover the services it provides within this category. The City’s water system, sewer system, and community operations are reported in this category.

Government-Wide Financial Analysis

Our analysis focuses on the City’s net position (Table 1) and the changes in net position (Table 2) as a result of the City’s activities. Comparative total data for the prior year have been presented. An analysis of the significant increases/decreases from the prior year is provided before each table.

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CITY OF SIERRA MADRE
Management Discussion and Analysis
June 30, 2024

Net Position: Net Position, the difference between a government’s assets plus deferred outflows of resources and liabilities and deferred inflows of resources, may serve over time as one potential useful indicator of a government’s financial position (Table 1). Net Position includes the City’s capital assets, cash balances, amounts receivable from other entities, and other similar resources offset by payments due to vendors, interest payable, long-term debt, and other similar obligations. By far the largest portion of the City’s net position (86%) reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, and infrastructure), net of any related outstanding debt, used to acquire those assets. The City uses these assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In the case of the City, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$246 million at the close of the most recent fiscal year as compared to the net position of \$241 million in fiscal year 2022-23.

Table 1
Condensed Statement of Net Position
June 30, 2023 and 2024
(in thousands)

	Governmental activities		Business-type activities		Total	
	2023	2024	2023	2024	2023	2024
Assets						
Current and other assets	\$ 32,021	\$ 39,028	\$ 12,054	\$ 12,932	\$ 44,075	\$ 51,960
Noncurrent assets	1,500	1,500	-	-	1,500	1,500
Capital assets, net	<u>185,294</u>	<u>186,460</u>	<u>31,400</u>	<u>31,662</u>	<u>216,694</u>	<u>218,122</u>
Total assets	<u>218,815</u>	<u>226,988</u>	<u>43,454</u>	<u>44,594</u>	<u>262,269</u>	<u>271,582</u>
Deferred outflows of resources	<u>9,263</u>	<u>7,359</u>	<u>493</u>	<u>389</u>	<u>9,756</u>	<u>7,748</u>
Liabilities						
Current and other liabilities	9,663	12,337	1,672	1,518	11,335	13,855
Noncurrent liabilities	<u>8,660</u>	<u>10,202</u>	<u>7,650</u>	<u>6,819</u>	<u>16,310</u>	<u>17,021</u>
Total liabilities	<u>18,323</u>	<u>22,539</u>	<u>9,322</u>	<u>8,337</u>	<u>27,645</u>	<u>30,876</u>
Deferred inflows of resources	<u>3,065</u>	<u>2,043</u>	<u>148</u>	<u>115</u>	<u>3,213</u>	<u>2,158</u>
Net position:						
Net investment in capital assets	185,245	186,427	23,997	24,634	209,242	211,061
Restricted	8,132	9,351	49	53	8,181	9,404
Unrestricted	<u>13,313</u>	<u>13,987</u>	<u>10,431</u>	<u>11,844</u>	<u>23,744</u>	<u>25,831</u>
Total net position	<u>\$ 206,690</u>	<u>\$ 209,765</u>	<u>\$ 34,477</u>	<u>\$ 36,531</u>	<u>\$ 241,167</u>	<u>\$ 246,296</u>

CITY OF SIERRA MADRE
Management Discussion and Analysis
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Statement of Activities and Changes in Net Position: Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before transfers, changes in and total net position are presented in the Statement of Activities (Table 2). Total revenues increased by approximately \$4.5 million, and total expenses decreased by \$3.5 million.

Table 2
Condensed Statement of Activities
For the years ended June 30, 2023 and 2024
(in thousands)

	Governmental activities		Business-type activities		Total	
	2023	2024	2023	2024	2023	2024
Revenues:						
Program revenues						
Charges for services	\$ 2,932	\$ 3,258	\$ 7,645	\$ 7,951	\$ 10,577	\$ 11,209
Operating grants and contributions	2,390	3,824	-	-	2,390	3,824
General revenues						
Taxes	13,647	14,168	-	-	13,647	14,168
Investment income	261	1,631	98	411	359	2,042
Miscellaneous	259	503	82	74	341	577
Total revenues	<u>19,489</u>	<u>23,384</u>	<u>7,825</u>	<u>8,436</u>	<u>27,314</u>	<u>31,820</u>
Expenses:						
General government	5,545	3,689	-	-	5,545	3,689
Public safety	8,085	8,788	-	-	8,085	8,788
Public works	3,748	4,316	-	-	3,748	4,316
Development services	2,384	1,824	-	-	2,384	1,824
Culture and recreation	2,986	1,667	-	-	2,986	1,667
Interest	-	1	-	-	-	1
Water	-	-	5,155	5,116	5,155	5,116
Sewer	-	-	1,305	1,289	1,305	1,289
Total expenses	<u>22,748</u>	<u>20,285</u>	<u>6,460</u>	<u>6,405</u>	<u>29,208</u>	<u>26,690</u>
Change in net position before transfers	(3,259)	3,099	1,365	2,031	(1,894)	5,130
Transfers	(22)	(22)	22	22	-	-
Change in net position	(3,281)	3,077	1,387	2,053	(1,894)	5,130
Net position, beginning of year, as restated	<u>209,971</u>	<u>206,690</u>	<u>33,090</u>	<u>34,478</u>	<u>243,061</u>	<u>241,168</u>
Net position, end of year	<u>\$ 206,690</u>	<u>\$ 209,767</u>	<u>\$ 34,477</u>	<u>\$ 36,531</u>	<u>\$ 241,167</u>	<u>\$ 246,298</u>

CITY OF SIERRA MADRE
Management Discussion and Analysis
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Governmental Activities: The following (Table 3) presents the cost of each of the City’s largest programs – general government, public safety, public works, community development and culture and recreation, – and in addition, each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions (excludes interest expense and includes the change in Net Pension Liability):

Table 3
Net Cost of Governmental Activities
For the year ended June 30, 2024
(in thousands)

	Total cost of services	Total program revenues	Net cost of services
General government	\$ 3,689	\$ 1,416	\$ (2,273)
Public safety	8,788	1,032	(7,756)
Public works	4,316	3,406	(910)
Development services	1,824	296	(1528)
Culture and recreation	1,667	931	(736)
Totals	\$ 20,284	\$ 7,081	\$ (13,203)

THE CITY’S FUNDS

Financial Analysis of the Government’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The following financial analysis is performed only for the governmental (Table 4) and proprietary funds (Table 5). The fiduciary funds are excluded from this analysis as they do not represent resources available to the City.

Table 4
Condensed Statement of Revenues, Expenditures and Changes in Fund Balance
For the years ended June 30, 2023 and 2024
(in thousands)

	Revenues		Expenditures		Transfers		Net change in fund balance	
	2023	2024	2023	2024	2023	2024	2023	2024
General Fund	\$ 16,684	\$ 18,717	\$ 14,384	\$ 15,404	\$ (290)	\$ (684)	\$ 2,010	\$ 2,629
Target State Grant Library	87	1,060	64	788	-	-	23	272
American Rescue Plan Act	94	770	49	701	-	-	45	69
Other governmental funds	2,604	2,953	2,054	2,586	294	662	844	1,029
Totals	\$ 19,469	\$ 23,500	\$ 16,551	\$ 19,479	\$ 4	-\$ 22	\$ 2,922	\$ 3,999

CITY OF SIERRA MADRE
Management Discussion and Analysis
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Governmental Funds: Based on the audited Statement of Revenues, Expenditures and Changes in Fund Balance, the total fund balance of the City’s General Fund increased by approximately \$2.6 million in FY 2023-24. General Fund revenues increased by approximately \$2.0 million, or 12.2 percent from prior year; expenditures increased by approximately \$1.0 million, and net transfers out increased by approximately \$394 thousand.

The increase in General Fund balance during FY 23-24 was primarily due to an increase in revenue projected and decrease in expenditures projected. Key contributing factors include:

1. Investment Income (+\$942,338): The largest contributor to the fund balance increase was investment income, which rose significantly due to higher prevailing interest rates on LAIF and other investments.
2. Property Tax Revenue (+\$427,483): Growth in property tax revenue reflects rising property values and reassessments, further contributing to the General Fund balance.
3. Licenses and Permits (+\$275,264): Revenue from licenses and permits increased, signaling robust development activity within the City.

The American Rescue Plan Act (ARPA) Fund accounts for Federal funding received for eligible expenditures related to the COVID-19 pandemic. The ARPA fund had expenditures of \$701 thousand and a total fund balance of \$120 thousand. Other non-major governmental funds total fund balance increased by \$1 million.

At June 30, 2024, the fund balance for the General Fund was \$14.7 million which was an increase of approximately \$2.6 million. The City adopted an operating reserve as follows:

Table 4-a
Fund balances for the General Fund

	Amount
General Fund - fund balance for the year ending June 30, 2023	\$ 12,019,402
Total revenues	18,716,581
Total expenditures	(15,404,477)
Subscription acquisition and transfers	(684,025)
General Fund - fund balance for the year ending June 30, 2024	\$ 14,647,481
 <i>Unassigned reserves</i>	
25% of operating expenditures - cash flow reserve policy	\$ 3,851,119
<i>Unassigned (less nonspendable and restricted amounts)</i>	10,343,543

The unassigned General Fund reserves were accumulated over time. The total unassigned General Fund reserves increased. The unassigned General Fund reserves are the result of:

- Fluctuations in assigned reserves (25% of annual operating expenditures per the City’s fund balance policy); and
- Year-end operating surpluses/deficits.

It is important to note the 25% is the minimum fund balance for emergency reserves. Additional reserves are necessary above the 25% to minimize risk, for cash flow purposes, and to fund capital needs. The latest Capital Improvement Plan has \$16.4 million in unfunded projects over the next four years. Unfunded Projects will be reviewed alongside Strategic goals to determine priority and allocate limited resources.

CITY OF SIERRA MADRE
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Enterprise Funds: As shown in the Statement of Revenues, Expenses, and Changes in Net Position, the Enterprise Funds had an increase in net position of \$2.1 million for the current year. The Water fund had an increase in net position of \$2.0 million primarily due to investment in capital assets; and the Sewer Fund had an increase in net position of \$36 thousand. At the close of FY 2023-2024, the total net change in net position of the City’s Internal Service Funds was an increase of \$372 thousand.

Table 5
Statement of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2023 and 2024
(in thousands)

	Revenues		Expenses		Nonoperating revenue(expenses) and transfers		Net change in fund balance	
	2023	2024	2023	2024	2023	2024	2023	2024
Water	\$ 6,446	\$ 6,707	\$4,953	\$ 4,929	\$ (18)	\$ 240	\$ 1,475	\$ 2,018
Sewer	1,199	1,245	1,305	1,289	17	80	(89)	36
Totals	<u>\$ 7,645</u>	<u>\$ 7,952</u>	<u>\$6,258</u>	<u>\$ 6,218</u>	<u>\$ (1)</u>	<u>\$ 320</u>	<u>\$ 1,386</u>	<u>\$ 2,054</u>
Governmental Activities -								
Internal Service Funds	<u>\$ 4,976</u>	<u>\$ 5,191</u>	<u>\$4,777</u>	<u>\$ 4,953</u>	<u>\$ 45</u>	<u>\$ 134</u>	<u>\$ 244</u>	<u>\$ 372</u>

Capital Assets and Debt Administration

Capital Assets and intangible right-to-use assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$218.8 million (net of accumulated depreciation and amortization). This net investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, sewer lines, and the water distribution system.

Table 6
Capital assets and intangible assets (net of depreciation and amortization)
June 30, 2023 and 2024
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Land	\$ 162,276	\$162,276	\$ 1,483	\$1,483	\$ 163,759	\$163,759
Trees	1,206	1,206	-	-	1,206	1,206
Construction in progress	3,503	5,077	95	135	3,598	5,212
Structures and improvements	6,437	6,197	114	95	6,551	6,292
Machinery and equipment	1,924	1,710	251	213	2,175	1,923
Infrastructure	9,896	9,955	29,457	29,735	39,353	39,690
Right-to-use - leases	5	21	-	-	5	21
Right-to-use - subscription	48	18	-	-	48	18
Total	<u>\$ 185,295</u>	<u>\$186,460</u>	<u>\$ 31,400</u>	<u>\$31,661</u>	<u>\$ 216,695</u>	<u>\$218,121</u>

CITY OF SIERRA MADRE
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Additional information on the City of Sierra Madre's capital assets can be found in Note 6 on pages 40 through 42 of this report.

Debt Administration

At the end of FY 2023-2024, the City had long-term debt outstanding of \$7.0 million, of which \$4.3 million is due for the 2017 Installment Agreement, and \$2.7 million for the loan from the San Gabriel Valley Municipal Water District.

Additional information on the City's long-term debt can be found in Note 6 of the Financial Statements (pages 43 through 45).

Economic Condition and Budget Outlook

Sierra Madre is a full-service municipality; it funds 90 full-time employees assigned to nine operating departments which include general government activity, police and fire services, and water and sewer utilities. The City's primary goal is to provide high-quality, cost-effective services to its residents and businesses. As in all service industries, personnel expense is the primary business cost. During the budget preparation for FY2017-18, Zero-based budget techniques were inaugurated to more efficiently manage financial resources; the technique is effective and has become a permanent part of the annual budget planning process. Zero-Based budgeting ensures accountability and provides departments with a City-wide budget perspective.

Citizens of Sierra Madre approved a permanent extension of the Utility Users Tax (UUT) at 10% (the City's second largest revenue source), and property taxes in Sierra Madre continued to increase similar to the property value increases in Los Angeles County as a whole. Moving forward, challenges to the budget will include mandatory programs from the County and State and increases in pension obligations through CalPERS and the unfunded accrued liability (UAL). The City has made additional prepayment which has reduced our annual contributions going forward. The City also set aside funds in a Section 115 Trust fund for the purpose of paying off pension liabilities.

Strategic goals will be implemented into the budget process and as a resource to help prioritize programs and projects. The latest Capital Improvement Plan has \$16.4M in unfunded projects over the next four years. Unfunded Projects will be reviewed alongside Strategic goals to determine priority and allocate limited resources. Strategic goals will also help guide a General Fund reserve policy to set aside funding for future projects.

The City continued work with a third party consultant to develop a Master Plan for both Fire and Police Departments. These Master Plan results are expected to be reviewed to determine available funding sources for implementing prioritized recommendations related to public safety services.

The City hired a third party consultant to perform a User Fee Study identifying the full service cost of providing each City service. The City initiated a cost of service analysis in an effort to establish appropriate levels of cost recovery of City service.

General Fund

The City's largest fund is the General Fund and its revenues are approximately \$18.7 million. It provides the resources necessary to sustain the day-to-day activities and services to the community. All ten departments receive support from the General Fund, either directly or indirectly in the form of subsidies (recorded as Transfers Out in the financial statements) or cost allocations (overhead).

The City of Sierra Madre, with a population of approximately 11,000, is primarily a residential community. Its small size and quiet neighborhoods provide a village-like atmosphere the residents are proud to maintain. Sierra Madre has a small, bustling downtown, centered around the iconic Kersting Court. The commercial activity is proportional to the small population of the City, meaning Sierra Madre receives its most significant support from property tax and utility user tax (UUT), and a smaller amount from sales tax and other commercial activities.

CITY OF SIERRA MADRE
Management Discussion and Analysis
June 30, 2024

At fiscal year ending June 30, 2024, General Fund revenues were 47% property taxes, 28% other taxes, 10% licenses and permits, and 15% other sources.

Water Fund

The City Water fund utility is the City's second largest fund. As a proprietary fund, the fund must collect fees for the services (water) that it provides and should be self-funding. In other words, the water fund must perform as if it were a separate business that should stand alone from the other city funds.

In FY 2018-2019 the City adopted the comprehensive water and wastewater cost of service and a Proposition 218 process to increase the rates and is currently in the process of adopting the updated Water and Waste Water Study. An infrastructure charge was implemented to raise funding to match the annual need of main replacements and improvements. In FY 23-24 the water fund invested \$1.2 million in capital and \$2.2 million in FY 22-23. The Water Fund will continue to invest in capital to make improvements needed.

Sewer Fund

The second Utility fund is the City's Sewer Fund. As a proprietary fund, the fund must collect fees for the services (sewer discharge) that it provides and should be self-funding. Similar to the Water Fund, in FY 18-19, the Sewer fund had a new rate study implemented and a Proposition 218 process to increase the rates.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Sierra Madre's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at the City of Sierra Madre, 232 West Sierra Madre Boulevard, Sierra Madre, California, 91024.

City of Sierra Madre, California

Village of the Foothills



Basic Financial Statements For the Year Ended June 30, 2024

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CITY OF SIERRA MADRE
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 36,938,299	\$ 12,000,769	\$ 48,939,068
Restricted cash and investments	442,481	53,195	495,676
Receivables, net:			
Accounts	617,524	878,462	1,495,986
Taxes	546,726	-	546,726
Interest	424,002	-	424,002
Lease	55,897	-	55,897
Due from other governments	1,673	-	1,673
Prepays	1,293	-	1,293
Total current assets	<u>39,027,895</u>	<u>12,932,426</u>	<u>51,960,321</u>
Noncurrent assets:			
Land held for resale	1,500,000	-	1,500,000
Capital assets:			
Non-depreciable assets	168,559,551	1,618,473	170,178,024
Depreciable assets-net	<u>17,900,978</u>	<u>30,043,050</u>	<u>47,944,028</u>
Total noncurrent assets	<u>187,960,529</u>	<u>31,661,523</u>	<u>219,622,052</u>
Total assets	<u>226,988,424</u>	<u>44,593,949</u>	<u>271,582,373</u>
Deferred Outflows of Resources:			
OPEB related	494,160	48,873	543,033
Pension related	<u>6,864,587</u>	<u>340,270</u>	<u>7,204,857</u>
Total deferred outflows of resources	<u>7,358,747</u>	<u>389,143</u>	<u>7,747,890</u>
Liabilities:			
Current liabilities:			
Accounts payable	881,709	227,979	1,109,688
Accrued payroll and related liabilities	689,763	69,803	759,566
Interest payable	-	29,576	29,576
Deposits	641,349	204,252	845,601
Unearned revenue	9,877,764	-	9,877,764
Due within one year	<u>246,154</u>	<u>986,210</u>	<u>1,232,364</u>
Total current liabilities	<u>12,336,739</u>	<u>1,517,820</u>	<u>13,854,559</u>
Noncurrent liabilities:			
Due in more than one year	956,839	6,323,765	7,280,604
Net pension liability	9,023,364	472,963	9,496,327
Net OPEB liability	<u>222,034</u>	<u>21,960</u>	<u>243,994</u>
Total noncurrent liabilities	<u>10,202,237</u>	<u>6,818,688</u>	<u>17,020,925</u>
Total liabilities	<u>22,538,976</u>	<u>8,336,508</u>	<u>30,875,484</u>
Deferred Inflows of Resources:			
OPEB related	290,304	28,712	319,016
Pension related	1,706,101	86,877	1,792,978
Leases	<u>46,714</u>	<u>-</u>	<u>46,714</u>
Total deferred inflows of resources	<u>2,043,119</u>	<u>115,589</u>	<u>2,158,708</u>
Net Position:			
Net investment in capital assets	186,427,424	24,633,990	211,061,414
Restricted for:			
Culture and recreation	774,632	-	774,632
Development services	4,625,466	-	4,625,466
Public safety	250,250	-	250,250
Public works	3,257,708	-	3,257,708
Section 115 Trust	442,481	53,195	495,676
Unrestricted	<u>13,987,115</u>	<u>11,843,810</u>	<u>25,830,925</u>
Total net position	<u>\$ 209,765,076</u>	<u>\$ 36,530,995</u>	<u>\$ 246,296,071</u>

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Statement of Activities
For the year ended June 30, 2024

Functions/programs	Expenses	Program Revenues			Total
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,689,340	\$ 484,100	\$ 932,274	\$ -	\$ 1,416,374
Public safety	8,788,024	757,021	274,707	-	1,031,728
Public works	4,316,367	1,692,712	1,713,487	-	3,406,199
Development services	1,824,297	272,815	23,205	-	296,020
Culture and recreation	1,666,617	50,938	880,058	-	930,996
Interest on long-term liability	1,304	-	-	-	-
Total governmental activities	20,285,949	3,257,586	3,823,731	-	7,081,317
Business-type activities:					
Water	5,115,315	6,707,324	-	-	6,707,324
Sewer	1,289,314	1,244,718	-	-	1,244,718
Total business-type activities	6,404,629	7,952,042	-	-	7,952,042
Total primary government	\$ 26,690,578	\$ 11,209,628	\$ 3,823,731	\$ -	\$ 15,033,359

General revenues:
Taxes:
Property taxes
Utility user taxes
Other taxes
Unrestricted sales taxes - shared state revenue
Investment earnings
Miscellaneous
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the basic financial statements.

Net (expense) revenue and changes in net position		
Governmental Activities	Business-type Activities	Total
\$ (2,272,966)	\$ -	\$ (2,272,966)
(7,756,296)	-	(7,756,296)
(910,168)	-	(910,168)
(1,528,277)	-	(1,528,277)
(735,621)	-	(735,621)
(1,304)	-	(1,304)
<u>(13,204,632)</u>	<u>-</u>	<u>(13,204,632)</u>
-	1,592,009	1,592,009
-	(44,596)	(44,596)
<u>-</u>	<u>1,547,413</u>	<u>1,547,413</u>
<u>(13,204,632)</u>	<u>1,547,413</u>	<u>(11,657,219)</u>
8,741,395	-	8,741,395
3,275,120	-	3,275,120
727,438	-	727,438
1,424,087	-	1,424,087
1,631,059	410,946	2,042,005
502,929	73,671	576,600
(22,120)	22,120	-
<u>16,279,908</u>	<u>506,737</u>	<u>16,786,645</u>
3,075,276	2,054,150	5,129,426
<u>206,689,800</u>	<u>34,476,845</u>	<u>241,166,645</u>
<u>\$ 209,765,076</u>	<u>\$ 36,530,995</u>	<u>\$ 246,296,071</u>

CITY OF SIERRA MADRE
Balance Sheet
Governmental funds
June 30, 2024

	General Fund	Target State Grant Library	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 14,196,925	\$ 8,508,168	\$ 1,649,140	\$ 7,428,394	\$ 31,782,627
Restricted cash and investments	421,774	-	-	-	421,774
Receivables:					
Accounts	442,192	-	-	168,370	610,562
Taxes	483,912	-	-	62,814	546,726
Interest	424,002	-	-	-	424,002
Leases	55,897	-	-	-	55,897
Due from other agencies	-	-	-	1,673	1,673
Due from other funds	18,308	-	-	-	18,308
Prepaid	-	-	-	1,293	1,293
Land held for resale	-	-	-	1,500,000	1,500,000
Total assets	<u>\$ 16,043,010</u>	<u>\$ 8,508,168</u>	<u>\$ 1,649,140</u>	<u>\$ 9,162,544</u>	<u>\$ 35,362,862</u>
Liabilities, deferred inflows of resources, and fund balances:					
Liabilities:					
Accounts payable	\$ 336,525	\$ 60,992	\$ 1,225	\$ 285,927	\$ 684,669
Accrued payroll and related liabilities	430,843	5,376	82,324	22,685	541,228
Due to other funds	-	-	-	18,308	18,308
Deposits	581,447	-	4,462	55,440	641,349
Unearned revenue	-	8,147,663	1,441,101	289,000	9,877,764
Total liabilities	<u>1,348,815</u>	<u>8,214,031</u>	<u>1,529,112</u>	<u>671,360</u>	<u>11,763,318</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	-	15,000	15,000
Leases	46,714	-	-	-	46,714
Total deferred inflows of resources	<u>46,714</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>61,714</u>
Fund balances:					
Restricted	452,819	294,137	120,028	8,462,846	9,329,830
Committed	-	-	-	13,338	13,338
Unassigned	14,194,662	-	-	-	14,194,662
Total fund balances	<u>14,647,481</u>	<u>294,137</u>	<u>120,028</u>	<u>8,476,184</u>	<u>23,537,830</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,043,010</u>	<u>\$ 8,508,168</u>	<u>\$ 1,649,140</u>	<u>\$ 9,162,544</u>	<u>\$ 35,362,862</u>

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2024

Total fund balances - total governmental funds \$ 23,537,830

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds:

Capital assets, net of depreciation 185,288,729

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position:

Subscription liability (12,353)
Net pension liability (8,643,510)
Net OPEB liability (212,274)
Compensated absences (934,536)

Deferred outflows and inflows of resources related to pension and OPEB are not reported in the governmental funds:

Pension and OPEB related deferred outflows of resources 7,048,832
Pension and OPEB related deferred inflows of resources (1,911,925)

Revenues reported as unavailable revenue in the governmental funds are recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.

15,000

Internal service funds are used by management to charge the costs of certain activities, such as facilities management, to individual funds. The assets and liabilities of the internal service funds are not included in the governmental funds balance sheet, however, these are included in governmental activities in the Statement of Net Position.

5,589,283

Net position of governmental activities \$ 209,765,076

CITY OF SIERRA MADRE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

	General Fund	Target State Grant Library	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 8,741,395	\$ -	\$ -	\$ 118,006	\$ 8,859,401
Other taxes	5,284,445	-	-	-	5,284,445
Charges for services	956,736	-	-	468	957,204
Intergovernmental	269,162	787,888	701,088	2,085,024	3,843,162
Licenses and permits	1,838,502	-	-	342,928	2,181,430
Fines and forfeitures	89,175	-	-	-	89,175
Investment income	1,051,748	271,751	68,709	229,551	1,621,759
Miscellaneous	485,418	-	-	176,823	662,241
Total revenues	<u>18,716,581</u>	<u>1,059,639</u>	<u>769,797</u>	<u>2,952,800</u>	<u>23,498,817</u>
Expenditures:					
Current:					
General government	3,760,203	-	56,480	-	3,816,683
Public safety	8,299,322	-	-	250,937	8,550,259
Public works	574,970	787,888	644,608	2,213,722	4,221,188
Development	1,600,931	-	-	23,205	1,624,136
Culture and recreation	1,159,097	-	-	98,114	1,257,211
Debt Service:					
Principal	9,487	-	-	-	9,487
Interest	467	-	-	-	467
Total expenditures	<u>15,404,477</u>	<u>787,888</u>	<u>701,088</u>	<u>2,585,978</u>	<u>19,479,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,312,104</u>	<u>271,751</u>	<u>68,709</u>	<u>366,822</u>	<u>4,019,386</u>
Other financing sources (uses):					
Transfers in	-	-	-	686,905	686,905
Transfers out	(684,025)	-	-	(25,000)	(709,025)
Total other financing sources (uses)	<u>(684,025)</u>	<u>-</u>	<u>-</u>	<u>661,905</u>	<u>(22,120)</u>
Net change in fund balances	2,628,079	271,751	68,709	1,028,727	3,997,266
Fund balances, beginning of year	<u>12,019,402</u>	<u>22,386</u>	<u>51,319</u>	<u>7,447,457</u>	<u>19,540,564</u>
Fund balances, end of year	<u>\$ 14,647,481</u>	<u>\$ 294,137</u>	<u>\$ 120,028</u>	<u>\$ 8,476,184</u>	<u>\$ 23,537,830</u>

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the year ended June 30, 2024

Net change in fund balances - total governmental funds \$ 3,997,266

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Position, the costs of those assets meeting the City's capitalization policy threshold are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:

Depreciation and amortization expense	(1,487,279)
Capital outlay	2,806,518

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and Changes in Net Position. These differences are as follows:

Principal payments	9,487
--------------------	-------

Revenues that do not meet the revenue recognition criteria are recorded as unavailable revenue in the governmental funds, however, they are reported as revenues in the Statement of Activities. (250,487)

Internal service funds are used by management to charge the costs of self-insurance and capital replacements to individual funds. The net revenue of internal service funds is reported with governmental activities. 372,588

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

Net change in compensated absences	(118,003)
Net change in net OPEB liability related deferred outflows and inflows of resources	(5,893)
Net change in net pension liability related deferred outflows and inflows of resources	<u>(2,248,921)</u>

Change in net position of governmental activities \$ 3,075,276

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Statement of Fund Net Position
Proprietary Funds
June 30, 2024

	Business-type Activities					Governmental Activities Internal Service Funds
	Enterprise Funds					
	Major Funds		Non-Major Fund		Total Enterprise Funds	
	Water	Sewer	Special Strike Team Services			
Assets:						
Current assets:						
Cash and investments	\$ 9,540,839	\$ 2,378,056	\$ 81,874	\$ 12,000,769	\$ 5,155,672	
Restricted cash and investments	29,561	23,634	-	53,195	20,707	
Receivables:						
Accounts	743,208	135,254	-	878,462	6,962	
Total current assets	<u>10,313,608</u>	<u>2,536,944</u>	<u>81,874</u>	<u>12,932,426</u>	<u>5,183,341</u>	
Noncurrent assets:						
Capital assets:						
Non-depreciable assets	1,618,473	-	-	1,618,473	1,980	
Depreciable assets, net	27,629,145	2,413,905	-	30,043,050	1,169,820	
Total noncurrent assets	<u>29,247,618</u>	<u>2,413,905</u>	<u>-</u>	<u>31,661,523</u>	<u>1,171,800</u>	
Total assets	<u>39,561,226</u>	<u>4,950,849</u>	<u>81,874</u>	<u>44,593,949</u>	<u>6,355,141</u>	
Deferred Outflows of Resources:						
OPEB related	27,152	21,721	-	48,873	21,721	
Pension related	189,039	151,231	-	340,270	288,194	
Total deferred outflows of resources	<u>216,191</u>	<u>172,952</u>	<u>-</u>	<u>389,143</u>	<u>309,915</u>	
Liabilities:						
Current liabilities:						
Accounts payable	220,772	7,207	-	227,979	197,040	
Accrued payroll and related liabilities	45,640	24,163	-	69,803	148,535	
Interest payable	29,576	-	-	29,576	-	
Deposits	204,252	-	-	204,252	-	
Compensated absences - current	37,049	19,439	-	56,488	47,070	
Lease liability - current	-	-	-	-	4,614	
Loan payable - current	540,000	-	-	540,000	-	
Installment agreement payable - current	389,722	-	-	389,722	-	
Total current liabilities	<u>1,467,011</u>	<u>50,809</u>	<u>-</u>	<u>1,517,820</u>	<u>397,259</u>	
Noncurrent liabilities:						
Compensated absences	148,197	77,757	-	225,954	188,282	
Net pension liability	262,757	210,206	-	472,963	379,854	
Net OPEB liability	12,200	9,760	-	21,960	9,760	
Lease liability	-	-	-	-	16,138	
Installment agreement/loan payable	6,097,811	-	-	6,097,811	-	
Total noncurrent liabilities	<u>6,520,965</u>	<u>297,723</u>	<u>-</u>	<u>6,818,688</u>	<u>594,034</u>	
Total liabilities	<u>7,987,976</u>	<u>348,532</u>	<u>-</u>	<u>8,336,508</u>	<u>991,293</u>	
Deferred Inflows of Resources:						
OPEB related	15,951	12,761	-	28,712	12,761	
Pension related	48,265	38,612	-	86,877	71,719	
Total deferred inflows of resources	<u>64,216</u>	<u>51,373</u>	<u>-</u>	<u>115,589</u>	<u>84,480</u>	
Net Position:						
Net investment in capital assets	22,220,085	2,413,905	-	24,633,990	1,151,048	
Restricted - Section 115 Trust	29,561	23,634	-	53,195	20,707	
Unrestricted	9,475,579	2,286,357	81,874	11,843,810	4,417,528	
Total net position	<u>\$ 31,725,225</u>	<u>\$ 4,723,896</u>	<u>\$ 81,874</u>	<u>\$ 36,530,995</u>	<u>\$ 5,589,283</u>	

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2024

	Business-type Activities				Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major Funds		Non-Major Fund		
	Water	Sewer	Special Strike Team Services	Total Enterprise Funds	
Operating revenues:					
Charges for services	\$ 6,707,324	\$ 1,243,128	\$ -	\$ 7,950,452	\$ 5,116,985
Licenses and permits	-	1,590	-	1,590	27,377
Miscellaneous	-	-	-	-	46,613
Total operating revenues	<u>6,707,324</u>	<u>1,244,718</u>	<u>-</u>	<u>7,952,042</u>	<u>5,190,975</u>
Operating expenses:					
Personnel services	800,447	663,950	-	1,464,397	1,873,106
Contractual services	383,678	44,984	-	428,662	677,965
Materials and supplies	644,386	6,390	-	650,776	283,246
Utilities	780,272	-	-	780,272	684,841
Maintenance and operation	67,825	3,093	-	70,918	90,496
Administrative charges	1,455,537	397,242	-	1,852,779	1,165,638
Depreciation	796,773	173,655	-	970,428	148,411
Amortization	-	-	-	-	28,862
Total operating expenses	<u>4,928,918</u>	<u>1,289,314</u>	<u>-</u>	<u>6,218,232</u>	<u>4,952,565</u>
Operating income (loss)	<u>1,778,406</u>	<u>(44,596)</u>	<u>-</u>	<u>1,733,810</u>	<u>238,410</u>
Nonoperating revenues (expenses):					
Investment income	330,112	80,834	-	410,946	135,015
Interest expense	(186,397)	-	-	(186,397)	(837)
Grant revenue	73,671	-	-	73,671	-
Total nonoperating revenues (expenses)	<u>217,386</u>	<u>80,834</u>	<u>-</u>	<u>298,220</u>	<u>134,178</u>
Income before transfers	<u>1,995,792</u>	<u>36,238</u>	<u>-</u>	<u>2,032,030</u>	<u>372,588</u>
Transfers:					
Transfers in	22,120	-	-	22,120	-
Total transfers	<u>22,120</u>	<u>-</u>	<u>-</u>	<u>22,120</u>	<u>-</u>
Change in net position	2,017,912	36,238	-	2,054,150	372,588
Net position, beginning of year	<u>29,707,313</u>	<u>4,687,658</u>	<u>81,874</u>	<u>34,476,845</u>	<u>5,216,695</u>
Net position, end of year	<u>\$ 31,725,225</u>	<u>\$ 4,723,896</u>	<u>\$ 81,874</u>	<u>\$ 36,530,995</u>	<u>\$ 5,589,283</u>

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Business-type Activities			Total Enterprise Funds	Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major Funds	Non-Major Fund			
Water	Sewer	Special Strike Team Services			
Cash flows from operating activities:					
Receipts from customers and users	\$ 6,581,892	\$ 1,229,132	\$ -	\$ 7,811,024	\$ -
Receipts from interfund services provided	-	-	-	-	5,191,215
Payments to suppliers	(4,052,653)	(456,859)	-	(4,509,512)	(2,952,561)
Payments to employees	(696,510)	(577,509)	-	(1,274,019)	(1,737,180)
Net cash provided (used) by operating activities	1,832,729	194,764	-	2,027,493	501,474
Cash flows from non-capital financing activities:					
Transfers from other funds	22,120	-	-	22,120	-
Grant revenue	73,671	-	-	73,671	-
Net cash provided (used) by non-capital financing activities	95,791	-	-	95,791	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,231,739)	-	-	(1,231,739)	-
Principal paid	(376,062)	-	-	(376,062)	(31,056)
Interest paid	(188,967)	-	-	(188,967)	(837)
Net cash provided (used) by capital and related financing activities	(1,796,768)	-	-	(1,796,768)	(31,893)
Cash flows from investing activities:					
Investment income	330,112	80,834	-	410,946	135,015
Net cash provided (used) by investing activities	330,112	80,834	-	410,946	135,015
Net increase (decrease) in cash and cash equivalents	461,864	275,598	-	737,462	604,596
Cash and investments:					
Beginning of year	9,108,536	2,126,092	81,874	11,316,502	4,571,783
End of year	\$ 9,570,400	\$ 2,401,690	\$ 81,874	\$ 12,053,964	\$ 5,176,379
Reconciliation to the Statement of Net Position:					
Cash and investments	\$ 9,540,839	\$ 2,378,056	\$ 81,874	\$ 12,000,769	\$ 5,155,672
Restricted cash and investments	29,561	23,634	-	53,195	20,707
Total	\$ 9,570,400	\$ 2,401,690	\$ 81,874	\$ 12,053,964	\$ 5,176,379

See accompanying notes to the basic financial statements.

CITY OF SIERRA MADRE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Business-type Activities				Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major Funds		Non-Major Fund		
	Water	Sewer	Non-Major Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,778,406	\$ (44,596)	\$ -	\$ 1,733,810	\$ 238,410
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	796,773	173,655	-	970,428	148,411
Amortization	-	-	-	-	28,862
Changes in assets, liabilities and deferred amounts:					
(Increase) decrease in accounts receivable	(125,432)	(15,586)	-	(141,018)	240
(Increase) decrease in prepaid expenses	-	-	-	-	1,300
(Increase) decrease in deferred outflows	57,727	46,182	-	103,909	80,341
Increase (decrease) in accounts payable	(824,846)	(5,150)	-	(829,996)	(51,675)
Increase (decrease) in accrued liabilities	10,400	5,563	-	15,963	42,683
Increase (decrease) in deposits payable	103,891	-	-	103,891	-
Increase (decrease) in compensated absences	10,880	14,752	-	25,632	(6,907)
Increase (decrease) in deferred inflows	(18,194)	(14,555)	-	(32,749)	(41,120)
Increase (decrease) in net OPEB liability	4,693	3,754	-	8,447	3,754
Increase (decrease) in net pension liability	38,431	30,745	-	69,176	57,175
Total adjustments	54,323	239,360	-	293,683	263,064
Net cash provided (used) by operating activities	\$ 1,832,729	\$ 194,764	\$ -	\$ 2,027,493	\$ 501,474
Noncash investing, capital and financing activities:					
Lease liabilities	\$ -	\$ -	\$ -	\$ -	\$ 24,317
Lease acquisition	-	-	-	-	(24,317)

See accompanying notes to the basic financial statements.

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City of Sierra Madre, California

Village of the Foothills



Notes to Basic Financial Statements For the Year Ended June 30, 2024

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CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The City was incorporated on February 2, 1907, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: police protection, fire suppression and prevention, emergency medical response, recreation programs, senior services, local transportation, planning and permit processing, water utility, public library, streets, parks, sewer and storm drain utility, and general government and administrative services.

As required by GAAP, these basic financial statements present the City (the primary government) and its component unit for which the City is considered to be financially accountable. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The entity is legally separate; however, the City of Sierra Madre elected officials have a continuing oversight responsibility over the Authority.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

The Sierra Madre Public Financing Authority (Authority):

The Authority is a joint powers authority organized pursuant to Government Code Section 6500 of the State of California. The Authority exists pursuant to a Joint Exercise of Powers Agreement dated November 1972, between the City and the Authority. Its purpose is facilitating the issuance of debt instruments, loans, and other financing to the City or Authority for the construction of public improvements. It has no separate existence and has acted as a conduit between the issuer (the Authority and/or the City) and the underwriters. It was established as a vehicle to reduce local borrowing costs and promote greater use of existing and new financial instruments and mechanisms. City Council members, in concurrent sessions, serve as the governing board of the Authority. Financial activity of the Authority has been blended into the City's Annual Comprehensive Financial Report (ACFR) into various governmental and business-type activities and funds of the City as applicable.

Separate financial statements are not prepared for the Sierra Madre Public Financing Authority.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Financial Reporting Entity, (continued)

Organizations Other Than Component Units

Other governmental agencies, such as the County of Los Angeles, the Pasadena Unified School District, etc., provide services within the City. However, each of these agencies is governed by an independently elected governing board. Accordingly, their financial information is not included within the scope of this financial report, because the City Council does not have a continuing oversight responsibility over them, nor are their financial operations closely related thereto.

B. Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all Governmental Accounting Standards Board pronouncements.

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets (as well as infrastructure assets) and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses reported for specific functions.

Certain types of transactions are reported as program revenues for the City in three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Certain eliminations have been made as prescribed by generally accepted accounting principles in regard to interfund activities. All internal balances in the Statement of Net Position have been eliminated except those representing internal balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Accounting and Measurement Focus, (continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, franchise taxes, and other taxes associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). All other revenue items are considered measurable and available only when cash is received by the government.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund – Accounts for all financial resources of the general government except those required to be accounted for in another fund.

Target State Grant Library Fund – Accounts for a \$10,000,000 award from the California State Library and allowable expenditures

American Rescue Plan Act Fund – Accounts for all American Rescue Plan Act grant funds and allowable expenditures.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for the major proprietary funds and the non-major funds aggregated. The City maintains two proprietary fund types: enterprise funds and internal service funds. Enterprise funds are used to account for services provided to businesses and individuals within the community. Internal service funds account for services provided by one City department to other departments.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Accounting and Measurement Focus, (continued)

Proprietary Fund Financial Statements, (continued)

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period when they are earned; expenses are recognized when they are incurred. Unbilled service receivables are recorded as accounts receivable and as revenue when earned.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major enterprise funds:

Water Fund – Accounts for the operations of the City’s water utility operations.

Sewer Fund – Accounts for the operations of the City’s sewer system and storm drain operations.

Additionally, the City also reports *Internal Service Funds*. These funds account for the administrative services, insurance coverage and facilities, fleet and electronic equipment maintenance services, all which are provided to other departments on a cost-reimbursement basis. A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

C. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, as well as short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments. Additionally, each fund’s equity in the City’s investment pool is treated as a cash equivalent, because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

In accordance with generally accepted accounting principles, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotation are readily available or exceed cost. However, if the liquidity needs of the City were to require that investments be sold at a loss subsequent to year-end, the decline in value would be recorded as a loss at year-end.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Cash, Cash Equivalents, and Investments, (continued)

In accordance with generally accepted accounting principles, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Inherent Rate Risk
- Credit Risk
- Overall
- Custodial Credit Risk
- Concentration of Credit Risk
- Foreign Currency Risk

D. Land Held for Resale

Land Held for Resale in the Capital Projects Fund is an inventory of land owned by the City's Housing Fund for low-moderate housing needs, which will be sold or leased to developers. The land is recorded at the lower of acquisition cost or market. Fund balances are reserved in amounts equal to the carrying value of land held for resale, because such assets are not available to finance the City's current operations.

E. Prepaid Expenses

Certain payments to vendors such as insurance premiums, prepaid rents, and deposits for real property acquisitions reflect costs applicable to future periods and are recorded as prepaid and other assets in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when the City receives title to the real property.

F. Property Taxes

Property tax in California is levied in accordance with Article 13B of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to State law to the appropriate units of local government. Property tax revenue is recognized in the fiscal year for which taxes have been levied provided that the revenues collected in the current period or will be collected within 60 days thereafter.

The following dates relate to property tax levies and collections:

Lien Date	January 1
Levy Date	July 1
Due Dates	November 1 and February 1
Delinquent Dates	December 10 and April 10

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at acquisition value on the date of acquisition. The City’s capitalization policy is \$5,000 and above for various capital assets and \$25,000 for improvements and infrastructure. Capital assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Roadways pavement AC	25 years
Street appurtenances bridges	40 years
Park structures	25 years
Wastewater manholes	60 years
Pipelines	60 years
Spreading basins	60 years
Pump stations	60 years
Meters	30 years
Pipelines	50 years
Pressure reducing stations	40 years
Fire hydrants	50 years
Wells	50 years
Reservoirs	75 years
General buildings	50 years
Vehicles and equipment	10 years

H. Claims Payable

The City records a liability to reflect an estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers’ compensation claims.

I. Compensated Absences

All vested vacation and compensatory leave time is recognized as an expense and as a liability in the proprietary type funds at the time the liability vests. Governmental fund types recognize the vested vacation and compensatory time as expenditure in the current year to the extent that it is paid during the year. Accrued vacation and compensatory time relating to governmental funds is only included as a liability in the statement of net position as those amounts are payable from future resources and within the respective balance sheets for amounts relating to proprietary fund types. For governmental funds, compensated absences are primarily liquidated by the City’s General Fund.

J. Net Position and Fund Balances

Government-Wide Financial Statements – In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

J. Net Position and Fund Balances, (continued)

When both restricted and unrestricted net position is available to meet an expense, the City's policy is to apply restricted net position first.

Fund Financial Statements – Generally accepted accounting principles require the City to report the governmental fund balances in the following categories:

Nonspendable - reflects amounts that are not in a spendable form, examples of which include inventory, prepaid items, and other items legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation.

Committed - includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (City Council by ordinance). Committed fund balance may be redirected by the City to other purposes, as long as, the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the highest level of decision-making authority.

Assigned - comprises amounts intended to be used by the government for specific purposes. Assignments may be established either by the City Council or by a designee of the City (the City Council has delegated this authority to the City Manager), and are subject to neither the restricted nor committed levels of constraints.

Unassigned - is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

When expenditures are incurred for purposes for which restricted, committed, assigned, or unassigned fund balances are available, the City's policy is to apply restricted fund balance first, committed second, then assigned fund balance, and finally unassigned fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance and lastly unassigned fund balance.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. The City currently has OPEB and pension related deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has OPEB, pension and lease related deferred inflows of resources.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Pensions

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

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

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

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 48,939,068
Restricted cash and investments	495,676
Total cash and investments	<u>\$ 49,434,744</u>

Cash and investments as of June 30, 2024 consist of the following:

Petty cash	\$ 2,300
Deposits with financial institutions	2,333,194
Investments	47,099,250
Total cash and investments	<u>\$ 49,434,744</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by the fiscal agent that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
Local Agency Bonds	Yes	5 years	None	None
US Treasury Obligations	Yes	5 years	None	None
US Agency Securities	Yes	5 years	None	None
Bankers' acceptances	Yes	180 days	40%	5%
Commercial paper	Yes	270 days	25%	5%
Negotiable certificates of deposit	Yes	5 years	30%	None
Repurchase agreements	Yes	92 days	20%	None
Reverse repurchase agreements	No	91 days	20%	None
Medium-term notes	No	5 years	10%	None
Money market mutual funds	No	N/A	20%	10%
Mortgage pass-through securities	No	5 years	20%	None
County pooled investment funds	No	N/A	None	None
Local Agency Investment Funds (LAIF)	Yes	N/A	None	\$ 75,000,000
JPA Pools (other investment pools)	No	N/A	None	None

* based on state law requirements or investment policy requirements, whichever is more restrictive

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Money market funds	None	None	None
Certificates of deposit secured by collateral	None	None	None
Interest-bearing deposit accounts	None	None	None
Investment agreements	None	None	None
Commercial paper	None	None	None
Municipal bonds or notes	None	None	None
State bonds or notes	None	None	None
Bankers' acceptances	1 year	None	None
Repurchase agreements	30 days	None	None

Concentration of Credit

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2024, there were no investments in any one issuer (other than US Treasury securities and external investment pools) that represents 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing, or coming close to maturity evenly over time, as necessary to provide cash flow and liquidity needed for operations.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, (continued)

Interest Rate Risk, (continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

Investment type	Total	Investment maturities (in months)		
		12 or less	13 -24	25 - 60
State investment pool	\$ 38,921,077	\$ 38,921,077	\$ -	\$ -
US Treasury Bills	2,430,828	2,430,828	-	-
US Treasury Notes	5,500,040	4,029,671	1,470,369	-
Certificate of Deposits	247,305	247,305	-	-
Total	\$ 47,099,250	\$ 45,628,881	\$ 1,470,369	\$ -

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy or debt agreements, and the actual rating as of year-end for each investment type.

Investment type	Total	Minimum legal rating	Ratings as of year-end	
			AAA	Not rated
State investment pool	\$ 38,921,077	N/A	\$ -	\$ 38,921,077
US Treasury Bills	2,430,828	N/A	2,430,828	-
US Treasury Notes	5,500,040	N/A	5,500,040	-
Certificates of Deposits	247,305	N/A	247,305	-
Total	\$ 47,099,250		\$ 8,178,173	\$ 38,921,077

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment type	Total	Fair value measurement		
		Level 1	Level 2	Level 3
US Treasury Bills	\$ 2,430,828	\$ -	\$ 2,430,828	\$ -
US Treasury Notes	5,500,040	-	5,500,040	-
Certificates of Deposits	247,305	-	247,305	-
Sub-total	8,178,173	\$ -	\$ 8,178,173	\$ -
Investments not subject to fair value hierarchy:				
State investment pool	38,921,077			
Total	\$ 47,099,250			

Level 2 investments are valued using a *Continuous Fixed Income Evaluated Pricing* service.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. INTERFUND BALANCES AND TRANSFERS

A. Due To/Due From

At June 30, 2024, the City had the following short-term interfund receivables and payables:

Receivable	Payable	Amount
General Fund	Non-major Governmental Funds	\$ 18,308

The interfund amounts are for short-term loans to cover temporary cash deficits.

B. Transfers

At June 30, 2024, the City had the following transfers:

Transfers out	Transfers in	Amount
General Fund	Non-major Governmental Funds	\$ 661,905
General Fund	Water Fund	22,120
Non-major Governmental Funds	Non-major Governmental Funds	25,000
	Total	\$ 709,025

- a. \$661,905 from General Fund to non-major governmental funds to fund street capital expenditures as a match requirement, and to reimburse a grant fund for unallowed expenditures.
- b. \$22,120 transfer from the General Fund to the Water Fund to subsidize low-income discount.
- c. \$25,000 transfer from Robert Day Trust Fund to the Library Gift and Memorial Fund as approved by the Library Board of Trustees.

4. LEASES RECEIVABLE

As of June 30, 2024, the City had one active lease. The lease has receipts of \$31,420 and an interest rate of 0.9800%. As of June 30, 2024, the total combined value of the lease receivable is \$55,897, and the value of the deferred inflow of resources is \$46,714.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. CAPITAL ASSETS

A. Governmental Activities

A summary of changes in the governmental activities capital assets at June 30, 2024 is as follows:

Governmental activities:	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 162,275,945	\$ -	\$ -	\$ 162,275,945
Trees	1,206,214	-	-	1,206,214
Construction in progress	3,503,311	1,592,061	(17,980)	5,077,392
Total capital assets, not being depreciated	166,985,470	1,592,061	(17,980)	168,559,551
Capital assets, being depreciated and amortized				
Structures and improvements	14,123,406	-	-	14,123,406
Machinery and equipment	5,515,826	97,860	-	5,613,686
Infrastructure	28,401,322	1,118,202	-	29,519,524
Right-to-use lease equipment	16,375	24,317	-	40,692
Right-to-use subscription	76,790	-	-	76,790
Total capital assets, being depreciated and amortized	48,133,719	1,240,379	-	49,374,098
Less accumulated depreciation and amortization				
Structures and improvements	(7,686,599)	(239,392)	-	(7,925,991)
Machinery and equipment	(3,592,022)	(311,977)	-	(3,903,999)
Infrastructure	(18,505,466)	(1,059,459)	-	(19,564,925)
Right-to-use lease equipment	(11,802)	(7,684)	-	(19,486)
Right-to-use subscription	(29,054)	(29,665)	-	(58,719)
Total accumulated depreciation and amortization	(29,824,943)	(1,648,177)	-	(31,473,120)
Total capital assets being depreciated and amortized	18,308,776	(407,798)	-	17,900,978
Governmental activities, capital assets, net	\$ 185,294,246	\$ 1,184,263	\$ (17,980)	\$ 186,460,529

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. CAPITAL ASSETS, (continued)

A. Governmental Activities, (continued)

Depreciation and amortization expense was charged to functions/programs of the City's governmental activities as follows:

Governmental activities:	
General government	\$ 85,738
Public safety	217,937
Public works	1,157,840
Culture and recreation	<u>186,662</u>
Total	<u>\$ 1,648,177</u>

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CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. CAPITAL ASSETS, (continued)

B. Business-type Activities

A summary of changes in the business-type activities capital assets at June 30, 2024 is as follows:

Business-type activities:	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 1,483,250	\$ -	\$ -	\$ 1,483,250
Construction in progress	<u>95,456</u>	<u>39,767</u>	<u>-</u>	<u>135,223</u>
Total capital assets, not being depreciated	<u>1,578,706</u>	<u>39,767</u>	<u>-</u>	<u>1,618,473</u>
Capital assets, being depreciated:				
Structures and improvements	821,290	-	-	821,290
Machinery and equipment	1,312,175	-	-	1,312,175
Infrastructure	<u>53,662,979</u>	<u>1,191,972</u>	<u>-</u>	<u>54,854,951</u>
Total capital assets, being depreciated	<u>55,796,444</u>	<u>1,191,972</u>	<u>-</u>	<u>56,988,416</u>
Structures and improvements	(707,353)	(19,395)	-	(726,748)
Machinery and equipment	(1,061,162)	(37,666)	-	(1,098,828)
Infrastructure	<u>(24,206,423)</u>	<u>(913,367)</u>	<u>-</u>	<u>(25,119,790)</u>
Total accumulated depreciation	<u>(25,974,938)</u>	<u>(970,428)</u>	<u>-</u>	<u>(26,945,366)</u>
Total capital assets being depreciated	<u>29,821,506</u>	<u>221,544</u>	<u>-</u>	<u>30,043,050</u>
Business-type activities, capital assets, net	<u>\$ 31,400,212</u>	<u>\$ 261,311</u>	<u>\$ -</u>	<u>\$ 31,661,523</u>

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:	
Water	\$ 796,773
Sewer	<u>173,655</u>
Total	<u>\$ 970,428</u>

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. LONG-TERM LIABILITIES

A. Governmental Activities

A summary of changes in the governmental activities long-term liabilities at June 30, 2024 is as follows:

<u>Governmental activities:</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>	<u>Due more than one year</u>
Lease liability	\$ 4,488	\$ 24,317	\$ (8,053)	\$ 20,752	\$ 4,614	\$ 16,138
Subscription liability	44,843	-	(32,490)	12,353	7,562	4,791
Compensated absences	1,058,792	719,209	(608,113)	1,169,888	233,978	935,910
Total	<u>\$ 1,108,123</u>	<u>\$ 743,526</u>	<u>\$ (648,656)</u>	<u>\$ 1,202,993</u>	<u>\$ 246,154</u>	<u>\$ 956,839</u>

Lease Liability

As of June 30, 2024, the City had 2 active leases. The leases have payments that range from \$3,953 to \$4,503 and interest rates that range from 0.6480% to 3.4510%. As of June 30, 2024, the total combined value of the lease liability is \$20,752, the total combined value of the short-term lease liability is \$4,614. The combined value of the right-to-use asset, as of June 30, 2024 of \$40,692 with accumulated amortization of \$19,486 is included with the right-to-use lease equipment in the capital assets note.

Annual debt service requirements are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,614	\$ 657	\$ 5,271
2026	4,775	496	5,271
2027	4,942	329	5,271
2028	5,115	156	5,271
2029	1,306	11	1,317
Totals	<u>\$ 20,752</u>	<u>\$ 1,649</u>	<u>\$ 22,401</u>

Subscription Liabilities

As of June 30, 2024, the City had 6 active subscriptions. The subscriptions have payments that range from \$735 to \$15,482 and interest rates that range from 1.8937% to 2.3100%. As of June 30, 2024, the total combined value of the subscription liability is \$12,353, and the total combined value of the short-term subscription liability is \$7,562. The combined value of the right-to-use asset, as of June 30, 2024 of \$76,790 with accumulated amortization of \$58,719 is included with the right-to-use subscription in the capital assets note.

Annual debt service requirements are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,562	\$ 268	\$ 7,830
2026	4,791	105	4,896
Totals	<u>\$ 12,353</u>	<u>\$ 373</u>	<u>\$ 12,726</u>

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. LONG-TERM LIABILITIES, (continued)

B. Business-type Activities

A summary of changes in the Business-type Activities long-term liabilities at June 30, 2024 is as follows:

Business-type activities:	Beginning balance	Additions	Deletions	Ending balance	Due within one year	Due more than one year
Long-term debt						
<i>Direct borrowings:</i>						
2017 Installment agreement	\$ 4,703,595	\$ -	\$ (376,062)	\$ 4,327,533	\$ 389,722	\$ 3,937,811
Loan payable to SGVMWD	2,700,000	-	-	2,700,000	540,000	2,160,000
Subtotal long-term debt	7,403,595	-	(376,062)	7,027,533	929,722	6,097,811
Other long-term liabilities						
Compensated absences	256,810	140,595	(114,963)	282,442	56,488	225,954
Subtotal other long-term liabilities	256,810	140,595	(114,963)	282,442	56,488	225,954
Total long-term liabilities	\$ 7,660,405	\$ 140,595	\$ (491,025)	\$ 7,309,975	\$ 986,210	\$ 6,323,765

2017 Installment Agreement \$6,761,977 – direct borrowing

In October 2017, the City entered into an installment agreement to issue debt totaling \$6,761,977. The purpose of the issuance was to pay off the outstanding principal of the 1998 A Series and 2003 Series bonds. The interest and principal are due semi-annually with payments due on April 30 and October 31 each year. Principal payments will be made through October 31, 2033 in amounts ranging from \$158,711 to \$266,253. Principal and interest payments range from \$272,078 to \$405,215. The interest rate of the debt is currently 4.10%.

The City has pledged all of the net water revenues (as described in the agreement) to the payment of the debt until paid in full. The current year debt service was \$376,062 and the net revenues were \$1,778,406.

In the event of default, the lender, at its option upon notice to the City, may declare the entire principal amount of the unpaid 2017 Installment Agreement and any accrued interest thereon to be accelerated and immediately due and payable, whereupon the same shall immediately become due and payable.

The outstanding balance is \$4,327,533 at June 30, 2024.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. LONG-TERM LIABILITIES, (continued)

B. Business-type Activities (continued)

Annual debt service requirements on this debt are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ 389,722	\$ 173,497	\$ 563,219
2026	403,878	157,374	561,252
2027	418,549	140,666	559,215
2028	433,752	123,351	557,103
2029	449,508	105,407	554,915
2030 - 2034	<u>2,232,124</u>	<u>234,236</u>	<u>2,466,360</u>
Totals	<u>\$ 4,327,533</u>	<u>\$ 934,531</u>	<u>\$ 5,262,064</u>

Loan Payable to San Gabriel Valley Municipal Water District \$2,700,000 – direct borrowing

The City has identified three water main infrastructure replacement projects. Therefore, the City entered into a loan agreement with the San Gabriel Valley Municipal Water District to fund a portion of the project cost in the amount up to \$2,700,000. As of June 30, 2024, the City reported a loan payable of \$2,700,000. Payments are due in ten annual installments beginning one year after the Notice of Completion is approved by City Council. The loan bears no interest unless there is an event of default in payment, at which time interest would begin to accrue at the rate of 6% per annum.

Annual debt service requirements on this debt are as follows:

Year ending June 30,	Principal
2025	\$ 540,000
2026	270,000
2027	270,000
2028	270,000
2029	270,000
2030 - 2032	<u>1,080,000</u>
Totals	<u>\$ 2,700,000</u>

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. NET POSITION AND FUND BALANCES

A. Fund Balance Classification

In accordance with generally accepted accounting principles, the City’s fund balances are as follows:

	General Fund	Target State Grant Library	American Rescue Plan Act	Non-Major Governmental Funds	Total
Restricted for:					
Public works	\$ -	\$ -	\$ -	\$ 2,418,017	\$ 2,418,017
Public safety	31,045	-	-	219,205	250,250
Community services/development	-	294,137	120,028	4,211,301	4,625,466
Streets projects	-	-	-	839,691	839,691
Culture and recreation	-	-	-	774,632	774,632
Section 115 Trust	421,774	-	-	-	421,774
Committed to:					
Debt service	-	-	-	13,338	13,338
Unassigned	<u>14,194,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,194,662</u>
Total fund balance	<u>\$ 14,647,481</u>	<u>\$ 294,137</u>	<u>\$ 120,028</u>	<u>\$ 8,476,184</u>	<u>\$ 23,537,830</u>

The City Council has adopted a minimum fund balance policy for the General Fund. The intent of the policy is to maintain a minimum unassigned fund balance. The policy requires 25% of General Fund expenditures be set aside. As of June 30, 2024, the amount set aside was \$3,842,369 and is reported as unassigned fund balance.

B. Net Position Classification

In accordance with generally accepted accounting principles, the City’s restricted net position is as follows:

Description	Governmental Activities	Business-type Activities	Total
Restricted:			
Culture and recreation	\$ 774,632	\$ -	\$ 774,632
Development services	4,625,466	-	4,625,466
Public safety	250,250	-	250,250
Public works	3,257,708	-	3,257,708
Section 115 Trust	<u>442,481</u>	<u>53,195</u>	<u>495,676</u>
Total restricted net position	<u>\$ 9,350,537</u>	<u>\$ 53,195</u>	<u>\$ 9,403,732</u>

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. NET POSITION AND FUND BALANCES, (continued)

C. Net Investment in Capital Assets

Net position for governmental activities and business-type activities is classified as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position that was classified as net investment in capital assets as of June 30, 2024, was determined as follows:

	Governmental Activities
Capital assets, net of accumulated depreciation	\$ 186,460,529
Less capital related debt balance:	
Lease and subscription liabilities	(33,105)
Net investment in capital assets	<u>\$ 186,427,424</u>

	Business-type Activities		
	Water	Sewer	Total Enterprise Funds
Capital assets, net of accumulated depreciation	\$ 29,247,618	\$ 2,413,905	\$ 31,661,523
Less capital related debt balance:			
Outstanding principal balance of 2017 Installment Agreement and Loan Payable to SGVMWD	(7,027,533)	-	(7,027,533)
Net investment in capital assets	<u>\$ 22,220,085</u>	<u>\$ 2,413,905</u>	<u>\$ 24,633,990</u>

8. RISK MANAGEMENT

The City of Sierra Madre is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Member entity obtains insurance coverage.

The City of Sierra Madre is a Member of the California Intergovernmental Risk Authority (CIRA), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation, and property claims. Under the General Liability program, the City has a \$25,000 retention limit similar to a deductible, with the Authority being responsible for losses above that amount up to \$1 million. The Authority has additional coverage of \$39 million in excess of its \$1 million retention limit through affiliated risk management authorities. The Authority also provides \$600 million aggregate property coverage to its members with such coverage provided by purchased insurance.

Liabilities of the member entity are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. RISK MANAGEMENT, (continued)

The Authority covers workers' compensation claims up to its self-insurance limit of \$500,000. Safety National and Gray Insurance Company provide excess coverage to statutory limits. Financial Statements of CIRA may be obtained from its administrative office located at 2330 E. Bidwell Street, Suite 150, Folsom, CA 95630; www.cira-jpa.org or by calling (916) 927-7727.

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 2023-24.

9. DEFERRED COMPENSATION PLAN

The City has made available to its employees a deferred compensation plan (Plan). The Plan permits employees to defer a portion of their salary until future years. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such trust accounts for the exclusive benefit of the employee participants and their beneficiaries. The accumulated assets of the Plan are not required to be reported in the accompanying financial statements.

10. DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in five rate plans (two miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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 5 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 SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. DEFINED BENEFIT PENSION PLAN, (continued)

A. General Information About the Pension Plan, (continued)

The Plan operates under the provisions of the California Public Employees’ Retirement Law (PERL), the California Public Employees’ Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan’s authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans’ provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 57	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employer contribution rates	14.92%	8.00%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employer contribution rates	26.11%	14.50%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2024 were \$1,544,110. The actual employer payments of \$1,712,415 made to CalPERS by the City during the measurement period ended June 30, 2023 differed from the City’s proportionate share of the employer’s contributions of \$2,423,224 by \$710,809, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions.

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Actuarial Cost Method
Asset valuation method	Fair Value of Assets
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table (1)	Derived using CALPERS' membership data for all Funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.3% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability, (continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset class	Assumed asset allocation	Real return ^{1, 2}
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. DEFINED BENEFIT PENSION PLAN, (continued)

B. Net Pension Liability, (continued)

Discount Rate

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

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Pension Plan Fiduciary Net Position

Information about the pension plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS’ audited financial statements, which are publicly available reports that can be obtained at CalPERS’ website, at www.calpers.ca.gov. The plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

C. Proportionate Share of Net Pension Liability

The following table shows the Plans’ proportionate share of the net pension liability over the measurement period.

	Plan Total Pension Liability (a)	Increase (decrease) Plan Fiduciary Net Position (b)	Plan Net Pension Liability / (Asset) (c) = (a) - (b)
Balance at: 6/30/2022 (VD*)	\$ 63,827,851	\$ 55,760,888	\$ 8,066,963
Balance at: 6/30/2023 (MD*)	68,870,976	59,374,649	9,496,327
Net Changes during 2022-23	5,043,125	3,613,761	1,429,364

* Valuation Date (VD), Measurement Date (MD)

The City’s proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS’ website, at www.calpers.ca.gov.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. DEFINED BENEFIT PENSION PLAN, (continued)

C. Proportionate Share of Net Pension Liability, (continued)

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

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2023	0.09588%	0.05211%	0.06984%
Proportion - June 30, 2024	<u>0.10509%</u>	<u>0.05674%</u>	<u>0.07612%</u>
Change - increase/(decrease)	<u>0.00921%</u>	<u>0.00463%</u>	<u>0.00628%</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/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	<u>Discount rate -1%</u> 5.90%	<u>Current discount rate</u> 6.90%	<u>Discount rate +1%</u> 7.90%
Net Pension Liability / (Asset) - Misc.	\$ 10,454,933	\$ 5,255,140	\$ 975,261
Net Pension Liability / (Asset) - Safety	<u>8,414,814</u>	<u>4,241,187</u>	<u>828,950</u>
Net Pension Liability / (Asset) - Total	<u>\$ 18,869,747</u>	<u>\$ 9,496,327</u>	<u>\$ 1,804,211</u>

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. DEFINED BENEFIT PENSION PLAN, (continued)

C. Proportionate Share of Net Pension Liability, (continued)

The EARSL for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2022), the City's net pension liability was \$8,066,963. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense of \$4,041,083.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 564,798	\$ -
Differences between expected and actual experience	579,842	68,302
Differences between projected and actual investment earnings	1,431,259	-
Differences between employer's contributions and proportionate share of contributions	119,140	1,638,874
Change in employer's proportion	2,965,708	85,802
Pension contributions made subsequent to measurement date	1,544,110	-
Totals	<u>\$ 7,204,857</u>	<u>\$ 1,792,978</u>

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$1,544,110 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ending June 30:	Misc.	Safety	Total
2025	\$ 968,880	\$ 727,451	\$ 1,696,331
2026	620,705	470,036	1,090,741
2027	589,702	450,380	1,040,082
2028	24,415	16,200	40,615
2029	-	-	-
Thereafter	-	-	-
	<u>\$ 2,203,702</u>	<u>\$ 1,664,067</u>	<u>\$ 3,867,769</u>

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

11. DEFINED CONTRIBUTION PENSION PLAN

E. Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$10,351 for the outstanding amount of contributions to the pension plan required for the year then ended.

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the Accumulation Program for Part-time and Limited-service Employees (The APPLE Plan) all part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan; the employee pays the entire 7.5% of the contribution. The contributions for each employee (and interest earned by the accounts) are fully vested immediately. The 457(b) pension plan for part-time employees was implemented in response to the Omnibus Reconciliation Act of 1990 (OBRA 90) that required all part-time employees working for governmental agencies to include these employees in Social Security (Old Age Security and Disability Insurance - OASDI) or a qualified alternative to Social Security covered under section IRC 3121.

For the year ended June 30, 2024, the City's payroll covered by the plan was \$273,741. The employees contributed 100% of the contributions.

12. COMMITMENTS AND CONTINGENCIES

A. Grant Audits

The City participates in Federal and State grant programs. No cost disallowance is expected, as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

B. Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City beyond that already accrued in the basic financial statements. Additionally, City management believes that sufficient resources are available to the City to cover any potential losses, should an unfavorable outcome arise.

C. Compliance with Laws and Regulations

The City has complied with the California State Controller's requirements by filing its audited financial statements in a timely manner. Management is working to prepare and file the audited financial statements to fulfill such regulatory requirements.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT EMPLOYEE BENEFITS

Plan Description

The City administers an agent-multiple employer defined benefit plan which provides medical benefits to eligible retirees and their spouses. Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if new to PERS on or after January 1, 2013) with 5 years of State or public City service or (b) approved disability retirement. The Plan does not issue separate financial statements.

Benefits Provided

The City has participated in the CalPERS medical program since 1995 for all employees other than Police Officer's Association (POA) employees, and since 1999 for POA employees. As such, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's and spouse's lifetime so long as they remain eligible for and covered by this medical program. The City provides additional benefits based on employee agreements beyond those required under PEMHCA. The following is a summary of these benefits:

- All employees who retire from the City (including disability retirement) and continue coverage in the CalPERS medical program are eligible for the benefit provided in the PEMHCA resolutions.
- Those resolutions provide for the City to contribute toward retiree premiums by multiplying together the following items: 5% times the number of prior years the City has been contracted with PEMHCA times The monthly contracted PEMCHA contribution the employer makes towards active employee health benefits, which was \$157 per month in 2024.

The City's monthly PEMCHA contribution toward health plan benefits for retirees as of the June 30, 2023 measurement date is \$157 for all retirees, since all employee groups have been contracted with CalPERS for over 20 years.

In addition to the benefits described above, the City also provides the following monthly subsidy toward retiree (single coverage) medical premiums until the retiree reaches age 65.

- For CEA (and other non-POA) employees hired before October 15, 1995 and POA employees hired on or before December 22, 2011 who meet the requirements for CalPERS retirement (including industrial disability retirement), 5% times the number of years worked for the City (up to a maximum of 100%) times the lowest premium in Region 3.
- For CEA (and other non-POA) employees hired on or after October 15, 1995 and POA employees hired after December 22, 2011 who retire (including disability retirement) at age 60 or older with at least 30 years of service with the City, 100% of the actual premium in Region 3.

The lowest cost HMO plan premium in the Region 3 available to retirees in 2024 is the Health Net Salud y Mas plan with a monthly premium of \$630.13

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT EMPLOYEE BENEFITS, (continued)

Employee covered

As of the June 30, 2023 valuation, the following current and former employees are covered by the benefit terms under the plan:

Active employees	94
Inactive employees entitle to but not receiving benefits	22
Inactive employees or beneficiaries currently receiving benefits	<u>22</u>
Total	<u><u>138</u></u>

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City makes contributions to eligible retirees for their medical plan premiums when the retiree enrolls in a City sponsored health plan. The current monthly amount paid by the City varies depending on the retiree’s bargaining unit at retirement. These amounts do not increase in future years to account for inflation. The City provided amounts are detailed in the Summary of Principal Plan Provisions. For the fiscal year ended June 30, 2024, the City’s contributions to the trust were \$54,122, cash contributions were \$61,649 in payments for premiums and \$33,935 in implicit subsidy payment. The City voluntarily prefunds its annual contribution requirement (i.e. to set aside funds in advance of when medical premiums become due).

Net OPEB liability/(asset)

The City’s net OPEB liability/(asset) was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Discount rate	5.60%
Inflation	2.50%
Salary increases	3.00%
Mortality rate	MacLeod Watts Scale 2022 applied generationally
Healthcare trend	6.5% to 4.9% for 2024 and beyond

Changes of Assumptions

Trust rate of return and discount rate	For accounting purposes: Decreased from 5.65% to 5.60%.
Demographic Assumptions	Updated demographic assumptions from 2019 to the 2021 CalPERS experience study.
Healthcare Trend	Updated to the Getzen model which was published by the Society of Actuaries.

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT EMPLOYEE BENEFITS, (continued)

Discount rate

The discount rate used to measure the total OPEB liability/(asset) was 5.60% percent. The discount rate is the expected long-term return on trust assets. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

The following table reflects 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.

<u>Asset class</u>	<u>Current target allocation</u>	<u>Expected long-term rate of return</u>
Global equity	34.0%	6.80%
Fixed income	41.0%	4.50%
REIT's	17.0%	6.20%
Treasury inflation protected securities	5.0%	3.60%
Commodities	3.0%	3.50%
Total	<u>100%</u>	

Changes in the net OPEB liability/(asset)

The changes in the net OPEB liability for the plan are as follows:

	<u>Total OPEB liability (a)</u>	<u>Plan fiduciary net position (b)</u>	<u>Net OPEB liability/(asset) (a)-(b)=(c)</u>
Balance at June 30, 2023 (measurement date June 30, 2022)	\$ 2,244,077	\$ 2,093,939	\$ 150,138
Changes recognized for the measurement period:			
Service cost	138,183	-	138,183
Interest cost	131,943	-	131,943
Difference between the expected and the actual experience	(14,531)	(43,714)	29,183
Changes of assumptions	6,215	-	6,215
Employer contributions	-	93,977	(93,977)
Net investment income	-	118,291	(118,291)
Benefit payments	(93,977)	(93,977)	-
Administrative expenses	-	(600)	600
Net changes	<u>167,833</u>	<u>73,977</u>	<u>93,856</u>
Balance at June 30, 2024 (measurement date June 30, 2023)	<u>\$ 2,411,910</u>	<u>\$ 2,167,916</u>	<u>\$ 243,994</u>

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT EMPLOYEE BENEFITS, (continued)

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	Discount rate		
	1% decrease	Current rate	1% increase
Net OPEB liability/(asset)	<u>\$ 536,872</u>	<u>\$ 243,994</u>	<u>\$ (1,469)</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	Healthcare Cost Trend Rates		
	1% decrease	Current rate	1% increase
Net OPEB liability/(asset)	<u>\$ (37,786)</u>	<u>\$ 243,994</u>	<u>\$ 588,683</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight line recognition over the expected average remaining service lifetime (EARSL) (10.36 years at June 30, 2023)

CITY OF SIERRA MADRE
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. OTHER POST EMPLOYMENT EMPLOYEE BENEFITS, (continued)

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$156,480. As of fiscal year ended June 30, 2024, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in assumptions	\$ 178,744	\$ 93,863
Differences between expected and actual experience	9,075	225,153
Net difference between projected and actual earnings on investments	205,508	-
Contributions subsequent to the measurement date	<u>149,706</u>	<u>-</u>
Totals	<u>\$ 543,033</u>	<u>\$ 319,016</u>

The \$149,706 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability / (asset) in the upcoming fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>For the fiscal year ending June 30,</u>	<u>Recognized net deferred outflows (inflows) of resources</u>
2025	\$ 4,724
2026	1,051
2027	71,686
2028	(17,767)
2029	(14,123)
Thereafter	<u>28,740</u>
	<u>\$ 74,311</u>

City of Sierra Madre, California

Village of the Foothills



Required Supplementary Information For the Year Ended June 30, 2024

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CITY OF SIERRA MADRE
Required Supplementary Information
For the year ended June 30, 2024

BUDGETS AND BUDGETARY ACCOUNTING

The City adopts an annual budget prepared on the modified accrual basis of accounting for governmental funds. The City Manager or a designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any department or fund may be approved by the City Council. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year.

The City did not adopt budgets for the following funds: Homeland Security Fund, Officer Wellness and Mental Health Program, Fane/Winwood Assessment District, Development Fees Art in Public Places, DUI Enforcement, Community Arts Commission, Recreation Department Donations, SM Community Foundation, YAC-Youth Activity Center, County Prop A Park Development, CA Beverage Container Grant, Community Development Block Grant, Local Historical Society, and Low & Moderate Income Housing Asset Fund.

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CITY OF SIERRA MADRE
Required Supplementary Information
General Fund Budgetary Comparison Schedule
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 8,598,800	\$ 8,686,300	\$ 8,741,395	\$ 55,095
Other taxes	5,160,800	5,044,800	5,284,445	239,645
Charges for services	773,800	866,000	956,736	90,736
Intergovernmental	148,000	194,000	269,162	75,162
Licenses and permits	1,395,000	1,706,000	1,838,502	132,502
Fines and forfeitures	108,000	68,000	89,175	21,175
Investment income	20,000	350,000	1,051,748	701,748
Miscellaneous	56,000	363,000	485,418	122,418
Total revenues	<u>16,260,400</u>	<u>17,278,100</u>	<u>18,716,581</u>	<u>1,438,481</u>
Expenditures:				
Current:				
General government:				
Administrative Services	3,358,830	3,412,530	3,373,498	39,032
Elected and Appointed	432,970	410,670	386,705	23,965
Total general government	<u>3,791,800</u>	<u>3,823,200</u>	<u>3,760,203</u>	<u>62,997</u>
Public safety:				
Police	4,884,400	4,936,400	4,860,378	76,022
Fire	3,636,564	3,426,014	3,438,944	(12,930)
Total public safety	<u>8,520,964</u>	<u>8,362,414</u>	<u>8,299,322</u>	<u>63,092</u>
Public works	637,510	688,660	574,970	113,690
Development	1,510,850	1,617,850	1,600,931	16,919
Culture and recreation:				
Community Services	455,200	400,200	438,108	(37,908)
Library Services	703,800	727,800	720,989	6,811
Total culture and recreation	<u>1,159,000</u>	<u>1,128,000</u>	<u>1,159,097</u>	<u>(31,097)</u>
Debt Service:				
Principal	8,419	8,419	9,487	(1,068)
Interest	467	467	467	-
Total expenditures	<u>15,629,010</u>	<u>15,629,010</u>	<u>15,404,477</u>	<u>224,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>631,390</u>	<u>1,649,090</u>	<u>3,312,104</u>	<u>1,663,014</u>
Other financing sources (uses):				
Transfers out	(711,140)	(723,704)	(684,025)	39,679
Total other financing sources (uses)	<u>(711,140)</u>	<u>(723,704)</u>	<u>(684,025)</u>	<u>39,679</u>
Net change in fund balance	(79,750)	925,386	2,628,079	1,702,693
Fund balance, beginning of year	<u>12,019,402</u>	<u>12,019,402</u>	<u>12,019,402</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,939,652</u>	<u>\$ 12,944,788</u>	<u>\$ 14,647,481</u>	<u>\$ 1,702,693</u>

CITY OF SIERRA MADRE
Required Supplementary Information
Target State Grants Library Fund Budgetary Comparison Schedule
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 10,000,000	\$ 10,000,000	\$ 787,888	\$ (9,212,112)
Investment income	-	300,000	271,751	(28,249)
Total revenues	<u>10,000,000</u>	<u>10,300,000</u>	<u>1,059,639</u>	<u>(9,240,361)</u>
Expenditures:				
Current:				
Public works	<u>10,000,000</u>	<u>9,935,551</u>	<u>787,888</u>	<u>9,147,663</u>
Total expenditures	<u>10,000,000</u>	<u>9,935,551</u>	<u>787,888</u>	<u>9,147,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>364,449</u>	<u>271,751</u>	<u>(92,698)</u>
Net change to fund balance	-	364,449	271,751	(92,698)
Fund balance, beginning of year	<u>22,386</u>	<u>22,386</u>	<u>22,386</u>	<u>-</u>
Fund balance, end of year	<u>\$ 22,386</u>	<u>\$ 386,835</u>	<u>\$ 294,137</u>	<u>\$ (92,698)</u>

CITY OF SIERRA MADRE
Required Supplementary Information
American Rescue Plan Act Fund Budgetary Comparison Schedule
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 701,088	\$ 701,088
Investment income	-	60,000	68,709	8,709
Total revenues	<u>-</u>	<u>60,000</u>	<u>769,797</u>	<u>709,797</u>
Expenditures:				
Current:				
General government	-	-	56,480	(56,480)
Public works	1,845,012	1,845,012	644,608	1,200,404
Total expenditures	<u>1,845,012</u>	<u>1,845,012</u>	<u>701,088</u>	<u>1,143,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,845,012)</u>	<u>(1,785,012)</u>	<u>68,709</u>	<u>1,853,721</u>
Net change to fund balance	(1,845,012)	(1,785,012)	68,709	1,853,721
Fund balance, beginning of year	<u>51,319</u>	<u>51,319</u>	<u>51,319</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,793,693)</u>	<u>\$ (1,733,693)</u>	<u>\$ 120,028</u>	<u>\$ 1,853,721</u>

CITY OF SIERRA MADRE
Required Supplementary Information
For the year ended June 30, 2024

1. DEFINED BENEFIT PENSION PLAN – PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)

Schedule of Employer's Proportionate Share of the Plan's Net Pension Liability and related Ratios as of the Measurement Date – Last 10 Years

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability / (Asset)¹</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll</u>	<u>Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability/Asset</u>
June 30, 2014	\$ 9,021,417	0.14780%	\$ 4,688,122	192.43%	77.90%
June 30, 2015	10,143,930	0.14779%	4,841,779	209.51%	75.43%
June 30, 2016	12,331,116	0.14251%	4,869,024	253.26%	71.10%
June 30, 2017	13,878,779	0.13995%	5,243,636	264.68%	70.40%
June 30, 2018	12,568,021	0.13042%	4,566,971	275.19%	74.85%
June 30, 2019	9,173,681	0.08953%	4,773,023	192.20%	82.91%
June 30, 2020	6,798,937	0.06249%	5,315,808	127.90%	87.87%
June 30, 2021	(2,304,014)	-0.04260%	5,789,730	-39.79%	103.89%
June 30, 2022	8,066,963	0.06984%	6,343,997	127.16%	87.36%
June 30, 2023	9,496,327	0.07612%	6,846,964	138.69%	86.21%

¹Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool

CITY OF SIERRA MADRE
Required Supplementary Information
For the year ended June 30, 2024

1. DEFINED BENEFIT PENSION PLAN – PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS), (continued)

Schedule of Plan Contributions – Last 10 Years

Fiscal year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 1,004,211	\$ (1,004,211)	\$ -	\$ 4,841,779	20.74%
June 30, 2016	1,175,439	(1,175,439)	-	4,869,024	24.14%
June 30, 2017	1,272,198	(1,272,198)	-	5,243,636	24.26%
June 30, 2018	1,418,218	(1,418,218)	-	4,566,971	31.05%
June 30, 2019	1,585,121	(6,585,121)	(5,000,000)	4,773,023	137.97%
June 30, 2020	1,107,313	(4,107,313)	(3,000,000)	5,315,808	77.27%
June 30, 2021	1,046,555	(2,546,555)	(1,500,000)	5,789,730	43.98%
June 30, 2022	1,202,469	(1,202,469)	-	6,343,997	18.95%
June 30, 2023	1,372,415	(1,712,415)	(340,000)	6,846,964	25.01%
June 30, 2024	1,354,110	(1,544,110)	(190,000)	7,971,708	19.37%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF SIERRA MADRE
Required Supplementary Information
For the year ended June 30, 2024

2. OTHER POST EMPLOYMENT BENEFITS

Schedule of Change's Net OPEB Liability and Related Ratios as of the Measurement Date – Last 10 Years*

Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability							
Service cost	\$ 138,183	\$ 113,161	\$ 96,434	\$ 93,625	\$ 113,216	\$ 109,652	\$ 107,444
Interest cost	131,943	128,999	127,156	120,510	139,838	130,212	132,432
Plan experience	(14,531)	-	12,735	-	(352,670)	-	(186,345)
Changes in assumptions	6,215	182,231	(131,711)	-	47,406	-	13,329
Benefit payments	(93,977)	(134,288)	(113,325)	(111,228)	(105,241)	(95,572)	(108,541)
Net change in Total OPEB Liability	167,833	290,103	(8,711)	102,907	(157,451)	144,292	(41,681)
Total OPEB Liability - beginning	2,244,077	1,953,974	1,962,685	1,859,778	2,017,229	1,872,937	1,914,618
Total OPEB Liability - ending (a)	2,411,910	2,244,077	1,953,974	1,962,685	1,859,778	2,017,229	1,872,937
Plan Fiduciary Net Position							
Contribution - employer	93,977	134,288	113,325	150,528	163,349	95,572	108,541
Expected investment income/experience	118,291	154,513	393,718	101,166	118,856	98,236	99,406
Investment experience	(43,714)	(455,814)	-	-	-	-	15,348
Benefit payments	(93,977)	(134,288)	(113,325)	(111,228)	(105,241)	(95,572)	(108,541)
Administrative expense	(600)	(606)	(729)	(920)	(363)	(2,941)	(782)
Net change in Plan Fiduciary Net Position	73,977	(301,907)	392,989	139,546	176,601	95,295	113,972
Plan Fiduciary Net Position - beginning	2,093,939	2,395,846	2,002,857	1,863,311	1,686,710	1,591,415	1,477,443
Plan Fiduciary Net Position - ending (b)	2,167,916	2,093,939	2,395,846	2,002,857	1,863,311	1,686,710	1,591,415
Net OPEB Liability (asset) - ending (a) - (b)	\$ 243,994	\$ 150,138	\$ (441,872)	\$ (40,172)	\$ (3,533)	\$ 330,519	\$ 281,522
Plan fiduciary net position as a percentage of the total OPEB liability	89.88%	93.31%	122.61%	102.05%	100.19%	83.62%	84.97%
Covered-employee payroll	\$ 8,852,694	\$ 8,203,079	\$ 7,686,509	\$ 6,061,061	\$ 5,884,525	\$ 5,537,332	\$ 4,937,800
Net OPEB liability (asset) as a percentage of covered-employee payroll	2.76%	1.83%	-5.75%	-0.66%	-0.06%	5.97%	5.70%

Notes to schedule: The following assumptions were changed from the prior valuation: Discount rate: decreased from 5.65% to 5.60% Demographic assumptions: Mortality rates use the 2021 experience study. General inflation rate: same as that of prior year 2.5% Salary increase: Same as that of prior year 3.0% Medical trend: updated to use Getzen Model 2023 published by the Society of Actuaries

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF SIERRA MADRE
Required Supplementary Information
For the year ended June 30, 2024

2. OTHER POST EMPLOYMENT BENEFITS, (continued)

*Schedule of Plan Contributions – Last 10 Years**

<u>Fiscal year</u>	<u>Actuarially Determined Contributions (ADC)</u>	<u>Contributions in relation to the ADC</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2018	\$ 153,086	\$ (95,572)	\$ 57,514	\$ 5,537,332	1.73%
June 30, 2019	145,849	(163,349)	(17,500)	5,884,525	2.78%
June 30, 2020	150,528	(150,528)	-	6,061,061	2.48%
June 30, 2021	100,910	(113,325)	(12,415)	7,686,509	1.47%
June 30, 2022	103,663	(134,288)	(30,625)	8,203,079	1.64%
June 30, 2023	90,289	(93,977)	(3,688)	8,852,694	1.06%
June 30, 2024	149,706	(149,706)	-	9,779,206	1.53%

Notes to schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. Benefits are not based on a measure of pay so covered-employee payroll is issued.

Methods and assumptions used to determine contributions:

Valuation date	June 30, 2023
Funding method	Entry age normal cost, level % of pay
Asset valuation	Fair value of assets
Discount Rate	5.60%
Inflation	2.50%
Salary Increases	3.00%
Mortality Rate	CalPERS 2021 Experience Study
Healthcare Trend Rate	6.5% in 2024 stepping down to 3.9% by 2075

*Fiscal year 2017-18 was the first year of implementation. Additional years to be presented as information becomes available.

City of Sierra Madre, California

Village of the Foothills



Supplementary Information For the Year Ended June 30, 2024

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CITY OF SIERRA MADRE
Combined Balance Sheet
Non-Major Governmental Funds by Fund Type
June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Citywide Debt Service Fund	Total Non-Major Governmental Funds
Assets:				
Cash and investments	\$ 6,401,574	\$ 1,013,482	\$ 13,338	\$ 7,428,394
Receivables:				
Accounts	168,370	-	-	168,370
Taxes	62,814	-	-	62,814
Due from other agencies	1,673	-	-	1,673
Prepaid	1,293	-	-	1,293
Land held for resale	-	1,500,000	-	1,500,000
Total assets	<u>\$ 6,635,724</u>	<u>\$ 2,513,482</u>	<u>\$ 13,338</u>	<u>\$ 9,162,544</u>
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ 99,193	\$ 186,734	\$ -	\$ 285,927
Accrued payroll and related liabilities	14,685	8,000	-	22,685
Due to other funds	18,308	-	-	18,308
Deposits	52,940	2,500	-	55,440
Unearned revenue	289,000	-	-	289,000
Total liabilities	<u>474,126</u>	<u>197,234</u>	<u>-</u>	<u>671,360</u>
Deferred inflows of resources:				
Unavailable revenues	15,000	-	-	15,000
Total deferred inflows of resources	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Fund balances (deficit):				
Restricted	6,146,598	2,316,248	-	8,462,846
Committed	-	-	13,338	13,338
Total fund balances	<u>6,146,598</u>	<u>2,316,248</u>	<u>13,338</u>	<u>8,476,184</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,635,724</u>	<u>\$ 2,513,482</u>	<u>\$ 13,338</u>	<u>\$ 9,162,544</u>

CITY OF SIERRA MADRE
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds by Fund Type
For the year ended June 30, 2024

	Special Revenue Funds	Capital Projects Funds	City-wide Debt Service Fund	Total Non-Major Governmental Funds
Revenues:				
Property taxes	\$ 118,006	\$ -	\$ -	\$ 118,006
Other taxes				
Charges for services	468	-	-	468
Intergovernmental	2,085,024	-	-	2,085,024
Licenses and permits	342,928	-	-	342,928
Investment income	211,433	18,118	-	229,551
Miscellaneous	176,823	-	-	176,823
Total revenues	<u>2,934,682</u>	<u>18,118</u>	<u>-</u>	<u>2,952,800</u>
Expenditures:				
Current:				
Public safety	250,937	-	-	250,937
Public works	1,764,118	449,604	-	2,213,722
Development	23,205	-	-	23,205
Culture and recreation	98,114	-	-	98,114
Total expenditures	<u>2,136,374</u>	<u>449,604</u>	<u>-</u>	<u>2,585,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>798,308</u>	<u>(431,486)</u>	<u>-</u>	<u>366,822</u>
Other financing sources (uses):				
Transfers in	66,905	620,000	-	686,905
Transfers out	(25,000)	-	-	(25,000)
Total other financing sources (uses)	<u>41,905</u>	<u>620,000</u>	<u>-</u>	<u>661,905</u>
Net change to fund balances	840,213	188,514	-	1,028,727
Fund balances, beginning of year	<u>5,306,385</u>	<u>2,127,734</u>	<u>13,338</u>	<u>7,447,457</u>
Fund balances, end of year	<u>\$ 6,146,598</u>	<u>\$ 2,316,248</u>	<u>\$ 13,338</u>	<u>\$ 8,476,184</u>

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2024

	Grant Funds	Assessment Funds	Other Special Revenue Funds	Total Special Revenue Funds
Assets:				
Cash and investments	\$ 319,530	\$ 1,278,462	\$ 4,803,582	\$ 6,401,574
Receivables:				
Accounts	-	-	168,370	168,370
Taxes	-	2,785	60,029	62,814
Due from other agencies	-	-	1,673	1,673
Prepaid	-	-	1,293	1,293
Total assets	<u>\$ 319,530</u>	<u>\$ 1,281,247</u>	<u>\$ 5,034,947</u>	<u>\$ 6,635,724</u>
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ 1,225	\$ 11,231	\$ 86,737	\$ 99,193
Accrued payroll and related liabilities	-	-	14,685	14,685
Due to other funds	-	-	18,308	18,308
Deposits	-	-	52,940	52,940
Unearned revenue	289,000	-	-	289,000
Total liabilities	<u>290,225</u>	<u>11,231</u>	<u>172,670</u>	<u>474,126</u>
Deferred inflows of resources:				
Unavailable revenues	15,000	-	-	15,000
Total deferred inflows of resources	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Fund balances (deficit):				
Restricted	14,305	1,270,016	4,862,277	6,146,598
Total fund balances	<u>14,305</u>	<u>1,270,016</u>	<u>4,862,277</u>	<u>6,146,598</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 319,530</u>	<u>\$ 1,281,247</u>	<u>\$ 5,034,947</u>	<u>\$ 6,635,724</u>

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CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the year ended June 30, 2024

	<u>Grant Funds</u>	<u>Assessment Funds</u>	<u>Other Special Revenue Funds</u>	<u>Total Special Revenue Funds</u>
Revenues:				
Property taxes	\$ -	\$ 118,006	\$ -	\$ 118,006
Charges for services	-	-	468	468
Intergovernmental	12,145	-	2,072,879	2,085,024
Licenses and permits	-	-	342,928	342,928
Investment income	11,265	46,046	154,122	211,433
Miscellaneous	<u>11,445</u>	<u>-</u>	<u>165,378</u>	<u>176,823</u>
Total revenues	<u>34,855</u>	<u>164,052</u>	<u>2,735,775</u>	<u>2,934,682</u>
Expenditures:				
Current:				
Public safety	-	-	250,937	250,937
Public works	12,145	302,835	1,449,138	1,764,118
Development	-	-	23,205	23,205
Culture and recreation	<u>-</u>	<u>-</u>	<u>98,114</u>	<u>98,114</u>
Total expenditures	<u>12,145</u>	<u>302,835</u>	<u>1,821,394</u>	<u>2,136,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,710</u>	<u>(138,783)</u>	<u>914,381</u>	<u>798,308</u>
Other financing sources (uses):				
Transfers in	-	-	66,905	66,905
Transfers out	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>41,905</u>	<u>41,905</u>
Net change in fund balances	22,710	(138,783)	956,286	840,213
Fund balances (deficit), beginning of year	<u>(8,405)</u>	<u>1,408,799</u>	<u>3,905,991</u>	<u>5,306,385</u>
Fund balances (deficit), end of year	<u>\$ 14,305</u>	<u>\$ 1,270,016</u>	<u>\$ 4,862,277</u>	<u>\$ 6,146,598</u>

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Special Revenue Funds – Grants
June 30, 2024

	Library Grant	Homeland Security Fund	Officer Wellness and Mental Health Program	Total Special Revenue-Grant Funds
Assets:				
Cash and investments	\$ 303,886	\$ -	\$ 15,644	\$ 319,530
Total assets	<u>\$ 303,886</u>	<u>\$ -</u>	<u>\$ 15,644</u>	<u>\$ 319,530</u>
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ 1,225	\$ -	\$ -	\$ 1,225
Unearned revenue	289,000	-	-	289,000
Total liabilities	<u>290,225</u>	<u>-</u>	<u>-</u>	<u>290,225</u>
Deferred inflows of resources:				
Unavailable revenues	-	-	15,000	15,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Fund balances:				
Restricted	13,661	-	644	14,305
Total fund balances	<u>13,661</u>	<u>-</u>	<u>644</u>	<u>14,305</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 303,886</u>	<u>\$ -</u>	<u>\$ 15,644</u>	<u>\$ 319,530</u>

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds – Grants
For the year ended June 30, 2024

	Library Grant	Homeland Security Fund	Officer Wellness and Mental Health Program	Total Special Revenue-Grant Funds
Revenues:				
Intergovernmental	\$ 12,145	\$ -	\$ -	\$ 12,145
Investment income	10,732	-	533	11,265
Miscellaneous	-	11,445	-	11,445
Total revenues	<u>22,877</u>	<u>11,445</u>	<u>533</u>	<u>34,855</u>
Expenditures:				
Current:				
Public works	<u>12,145</u>	-	-	<u>12,145</u>
Total expenditures	<u>12,145</u>	-	-	<u>12,145</u>
Excess (deficit) of revenues over (under) expenditures	<u>10,732</u>	<u>11,445</u>	<u>533</u>	<u>22,710</u>
Net change to fund balances	10,732	11,445	533	22,710
Fund balances (deficit), beginning of year	<u>2,929</u>	<u>(11,445)</u>	<u>111</u>	<u>(8,405)</u>
Fund balances (deficit), end of year	<u>\$ 13,661</u>	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 14,305</u>

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Special Revenue Funds – Assessments
June 30, 2024

	Bonita Sewer Assessment District	Fane/Winwood Assessment District	Lighting District #1	Sewer Assessment District
Assets:				
Cash and investments	\$ 90,517	\$ 8,435	\$ 551,466	\$ 44,753
Taxes receivable	-	-	-	646
Total assets	<u>\$ 90,517</u>	<u>\$ 8,435</u>	<u>\$ 551,466</u>	<u>\$ 45,399</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 200	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
Fund balances:				
Restricted	<u>90,517</u>	<u>8,435</u>	<u>551,266</u>	<u>45,399</u>
Total fund balances	<u>90,517</u>	<u>8,435</u>	<u>551,266</u>	<u>45,399</u>
Total liabilities and fund balances	<u>\$ 90,517</u>	<u>\$ 8,435</u>	<u>\$ 551,466</u>	<u>\$ 45,399</u>

Sierra Madre CFD	Downtown Landscaping and Lighting Maintenance District	Total Special Revenue- Assessment Funds
\$ 89,626	\$ 493,665	\$ 1,278,462
<u>-</u>	<u>2,139</u>	<u>2,785</u>
<u>\$ 89,626</u>	<u>\$ 495,804</u>	<u>\$ 1,281,247</u>
<u>\$ -</u>	<u>\$ 11,031</u>	<u>\$ 11,231</u>
<u>-</u>	<u>11,031</u>	<u>11,231</u>
<u>89,626</u>	<u>484,773</u>	<u>1,270,016</u>
<u>89,626</u>	<u>484,773</u>	<u>1,270,016</u>
<u>\$ 89,626</u>	<u>\$ 495,804</u>	<u>\$ 1,281,247</u>

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds – Assessments
For the year ended June 30, 2024

	Bonita Sewer Assessment District	Fane/Winwood Assessment District	Lighting District #1	Sewer Assessment District
Revenues:				
Property taxes	\$ 10,290	\$ -	\$ -	\$ 7,037
Investment income	2,873	287	18,843	1,408
Total revenues	<u>13,163</u>	<u>287</u>	<u>18,843</u>	<u>8,445</u>
Expenditures:				
Current:				
Public works	-	-	2,366	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,366</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,163</u>	<u>287</u>	<u>16,477</u>	<u>8,445</u>
Net change to fund balances	13,163	287	16,477	8,445
Fund balances, beginning of year	<u>77,354</u>	<u>8,148</u>	<u>534,789</u>	<u>36,954</u>
Fund balances (deficit), end of year	<u>\$ 90,517</u>	<u>\$ 8,435</u>	<u>\$ 551,266</u>	<u>\$ 45,399</u>

Sierra Madre CFD	Downtown Landscaping and Lighting Maintenance District	Total Special Revenue- Assessment Funds
\$ 6,845	\$ 93,834	\$ 118,006
<u>2,913</u>	<u>19,722</u>	<u>46,046</u>
<u>9,758</u>	<u>113,556</u>	<u>164,052</u>
<u>-</u>	<u>300,469</u>	<u>302,835</u>
<u>-</u>	<u>300,469</u>	<u>302,835</u>
<u>9,758</u>	<u>(186,913)</u>	<u>(138,783)</u>
9,758	(186,913)	(138,783)
<u>79,868</u>	<u>671,686</u>	<u>1,408,799</u>
<u>\$ 89,626</u>	<u>\$ 484,773</u>	<u>\$ 1,270,016</u>

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Special Revenue Funds – Other
June 30, 2024

	Development Impact Fees	Development Fees Art in Public Places	DUI Enforcement	Police Department Donations	Public Safety Augmentation Fund
Assets:					
Cash and investments	\$ 1,112,683	\$ 26,888	\$ 1,243	\$ 41,184	\$ 130,921
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	29,902
Due from other agencies	-	-	-	-	-
Prepaid	-	-	-	-	-
Total assets	<u>\$ 1,112,683</u>	<u>\$ 26,888</u>	<u>\$ 1,243</u>	<u>\$ 41,184</u>	<u>\$ 160,823</u>
Liabilities, deferred inflows of resources, and fund balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	2,454	-	-	-	4,001
Due to other funds	-	-	-	-	-
Deposits	50,780	-	-	-	-
Total liabilities	<u>53,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,001</u>
Fund balances (deficit):					
Restricted	1,059,449	26,888	1,243	41,184	156,822
Total fund balances	<u>1,059,449</u>	<u>26,888</u>	<u>1,243</u>	<u>41,184</u>	<u>156,822</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,112,683</u>	<u>\$ 26,888</u>	<u>\$ 1,243</u>	<u>\$ 41,184</u>	<u>\$ 160,823</u>

<u>State COPS</u>	<u>Fire Department Donations</u>	<u>Community Arts Commission</u>	<u>Recreation Department Donations</u>	<u>Local Transportation Prop A</u>	<u>Open Space</u>	<u>Senior Center</u>
\$ 17,309	\$ 11,260	\$ 6,127	\$ 13,269	\$ 837,325	\$ 196,208	\$ 224,430
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	840	-	-	-	-
<u>\$ 17,309</u>	<u>\$ 11,260</u>	<u>\$ 6,967</u>	<u>\$ 13,269</u>	<u>\$ 837,325</u>	<u>\$ 196,208</u>	<u>\$ 224,430</u>
\$ 5,811	\$ -	\$ -	\$ -	\$ 15,382	\$ -	\$ 992
3,446	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,382</u>	<u>-</u>	<u>992</u>
<u>8,052</u>	<u>11,260</u>	<u>6,967</u>	<u>13,269</u>	<u>821,943</u>	<u>196,208</u>	<u>223,438</u>
<u>8,052</u>	<u>11,260</u>	<u>6,967</u>	<u>13,269</u>	<u>821,943</u>	<u>196,208</u>	<u>223,438</u>
<u>\$ 17,309</u>	<u>\$ 11,260</u>	<u>\$ 6,967</u>	<u>\$ 13,269</u>	<u>\$ 837,325</u>	<u>\$ 196,208</u>	<u>\$ 224,430</u>

(continued)

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Special Revenue Funds – Other, Continued
June 30, 2024

	SM Community Foundation	YAC-Youth Activity Center	Local Transit Prop C	County Prop A Park Development	CA Beverage Container
Assets:					
Cash and investments	\$ 54,961	\$ 66,387	\$ 975	\$ -	\$ 17,979
Receivables:					
Accounts	-	-	18,771	-	-
Taxes	-	-	-	-	-
Due from other agencies	-	-	-	-	-
Prepaid	-	-	-	-	-
Total assets	<u>\$ 54,961</u>	<u>\$ 66,387</u>	<u>\$ 19,746</u>	<u>\$ -</u>	<u>\$ 17,979</u>
Liabilities, deferred inflows of resources, and fund balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):					
Restricted	<u>54,961</u>	<u>66,387</u>	<u>19,746</u>	<u>-</u>	<u>17,979</u>
Total fund balances	<u>54,961</u>	<u>66,387</u>	<u>19,746</u>	<u>-</u>	<u>17,979</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 54,961</u>	<u>\$ 66,387</u>	<u>\$ 19,746</u>	<u>\$ -</u>	<u>\$ 17,979</u>

Community Development Block Grant	Clean Air Fund (AQMD)	Environmental Fund	Gas Tax Fund	Measure R	Measure M
\$ -	\$ 26,086	\$ 194,149	\$ 229,673	\$ 1,987	\$ 276,934
-	3,641	41,491	26,413	-	-
-	-	-	-	14,119	16,008
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 29,727</u>	<u>\$ 235,640</u>	<u>\$ 256,086</u>	<u>\$ 16,106</u>	<u>\$ 292,942</u>

\$ -	\$ -	\$ -	\$ 14,519	\$ -	\$ -
-	-	-	4,784	-	-
-	-	-	-	-	-
-	-	2,160	-	-	-
-	-	2,160	19,303	-	-

-	29,727	233,480	236,783	16,106	292,942
-	29,727	233,480	236,783	16,106	292,942

<u>\$ -</u>	<u>\$ 29,727</u>	<u>\$ 235,640</u>	<u>\$ 256,086</u>	<u>\$ 16,106</u>	<u>\$ 292,942</u>
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(continued)

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Special Revenue Funds – Other, Continued
June 30, 2024

	Road Maintenance and Rehabilitation	Library Gift and Memorial	Friends of the Library	Local Historical Society	Measure W
Assets:					
Cash and investments	\$ 263,794	\$ 213,382	\$ -	\$ 174	\$ 99,264
Receivables:					
Accounts	50,277	-	27,777	-	-
Taxes	-	-	-	-	-
Due from other agencies	-	-	-	-	1,673
Prepaid	-	-	453	-	-
Total assets	<u>\$ 314,071</u>	<u>\$ 213,382</u>	<u>\$ 28,230</u>	<u>\$ 174</u>	<u>\$ 100,937</u>
Liabilities, deferred inflows of resources, and fund balances:					
Liabilities:					
Accounts payable	\$ 39,957	\$ 154	\$ 9,922	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-	-
Due to other funds	-	-	18,308	-	-
Deposits	-	-	-	-	-
Total liabilities	<u>39,957</u>	<u>154</u>	<u>28,230</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):					
Restricted	<u>274,114</u>	<u>213,228</u>	<u>-</u>	<u>174</u>	<u>100,937</u>
Total fund balances	<u>274,114</u>	<u>213,228</u>	<u>-</u>	<u>174</u>	<u>100,937</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 314,071</u>	<u>\$ 213,382</u>	<u>\$ 28,230</u>	<u>\$ 174</u>	<u>\$ 100,937</u>

<u>Robert Day Trust Fund</u>	<u>Cal Energy Grant</u>	<u>Total Other Special Revenue Funds</u>
\$ 738,990	\$ -	\$ 4,803,582
-	-	168,370
-	-	60,029
-	-	1,673
-	-	1,293
<u>\$ 738,990</u>	<u>\$ -</u>	<u>\$ 5,034,947</u>

\$ -	\$ -	\$ 86,737
-	-	14,685
-	-	18,308
-	-	52,940
<u>-</u>	<u>-</u>	<u>172,670</u>

<u>738,990</u>	<u>-</u>	<u>4,862,277</u>
<u>738,990</u>	<u>-</u>	<u>4,862,277</u>

<u>\$ 738,990</u>	<u>\$ -</u>	<u>\$ 5,034,947</u>
		(concluded)

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds – Other
For the year ended June 30, 2024

	Development Impact Fees	Development Fees Art in Public Places	DUI Enforcement	Police Department Donations	Public Safety Augmentation Fund
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	169,546
Licenses and permits	197,428	-	-	-	-
Investment income	34,616	917	43	1,337	3,411
Miscellaneous	-	-	-	5,000	-
Total revenues	<u>232,044</u>	<u>917</u>	<u>43</u>	<u>6,337</u>	<u>172,957</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	107,053
Public works	-	-	-	-	-
Development	-	-	-	-	-
Culture and recreation	11,078	-	-	-	-
Total expenditures	<u>11,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>220,966</u>	<u>917</u>	<u>43</u>	<u>6,337</u>	<u>65,904</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change to fund balances	220,966	917	43	6,337	65,904
Fund balances (deficit), beginning of year	<u>838,483</u>	<u>25,971</u>	<u>1,200</u>	<u>34,847</u>	<u>90,918</u>
Fund balances (deficit), end of year	<u>\$ 1,059,449</u>	<u>\$ 26,888</u>	<u>\$ 1,243</u>	<u>\$ 41,184</u>	<u>\$ 156,822</u>

<u>State COPS Grant</u>	<u>Fire Department Donations</u>	<u>Community Arts Commission</u>	<u>Recreation Department Donations</u>	<u>Local Transportation Prop A</u>	<u>Open Space</u>	<u>Senior Center</u>
\$ -	\$ -	\$ -	\$ -	\$ 468	\$ -	\$ -
100,000	-	-	-	288,100	-	-
-	-	-	-	-	-	-
613	780	236	498	27,171	5,819	7,755
-	5,466	-	-	-	49,578	19,579
<u>100,613</u>	<u>6,246</u>	<u>236</u>	<u>498</u>	<u>315,739</u>	<u>55,397</u>	<u>27,334</u>
119,678	24,206	-	-	-	-	-
-	-	-	-	189,016	-	-
-	-	-	-	-	-	-
-	-	-	2,894	3,447	-	21,870
<u>119,678</u>	<u>24,206</u>	<u>-</u>	<u>2,894</u>	<u>192,463</u>	<u>-</u>	<u>21,870</u>
<u>(19,065)</u>	<u>(17,960)</u>	<u>236</u>	<u>(2,396)</u>	<u>123,276</u>	<u>55,397</u>	<u>5,464</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(19,065)	(17,960)	236	(2,396)	123,276	55,397	5,464
<u>27,117</u>	<u>29,220</u>	<u>6,731</u>	<u>15,665</u>	<u>698,667</u>	<u>140,811</u>	<u>217,974</u>
<u>\$ 8,052</u>	<u>\$ 11,260</u>	<u>\$ 6,967</u>	<u>\$ 13,269</u>	<u>\$ 821,943</u>	<u>\$ 196,208</u>	<u>\$ 223,438</u>

(continued)

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds – Other, Continued
For the year ended June 30, 2024

	SM Community Foundation	YAC-Youth Activity Center	Local Transit Prop C	County Prop A Park Development	CA Beverage Container Grant
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	238,973	57,055	-
Licenses and permits	-	-	-	-	-
Investment income	1,873	2,263	1,890	-	613
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,873</u>	<u>2,263</u>	<u>240,863</u>	<u>57,055</u>	<u>613</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	302,500	-	-
Development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>302,500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,873</u>	<u>2,263</u>	<u>(61,637)</u>	<u>57,055</u>	<u>613</u>
Other financing sources (uses):					
Transfers in	-	-	-	6,801	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,801</u>	<u>-</u>
Net change to fund balances	1,873	2,263	(61,637)	63,856	613
Fund balances (deficit), beginning of year	<u>53,088</u>	<u>64,124</u>	<u>81,383</u>	<u>(63,856)</u>	<u>17,366</u>
Fund balances (deficit), end of year	<u>\$ 54,961</u>	<u>\$ 66,387</u>	<u>\$ 19,746</u>	<u>\$ -</u>	<u>\$ 17,979</u>

Community Development Block Grant	Clean Air Fund (AQMD)	Environmental Fund	Gas Tax Fund	Measure R	Measure M
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52,646	14,556	-	307,650	179,173	202,325
-	-	145,500	-	-	-
-	626	6,522	7,250	3,052	9,226
-	-	30,000	-	-	-
<u>52,646</u>	<u>15,182</u>	<u>182,022</u>	<u>314,900</u>	<u>182,225</u>	<u>211,551</u>
-	-	-	-	-	-
-	-	79,380	249,232	339,000	132,165
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>79,380</u>	<u>249,232</u>	<u>339,000</u>	<u>132,165</u>
<u>52,646</u>	<u>15,182</u>	<u>102,642</u>	<u>65,668</u>	<u>(156,775)</u>	<u>79,386</u>
22,540	-	-	-	-	-
-	-	-	-	-	-
<u>22,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
75,186	15,182	102,642	65,668	(156,775)	79,386
<u>(75,186)</u>	<u>14,545</u>	<u>130,838</u>	<u>171,115</u>	<u>172,881</u>	<u>213,556</u>
<u>\$ -</u>	<u>\$ 29,727</u>	<u>\$ 233,480</u>	<u>\$ 236,783</u>	<u>\$ 16,106</u>	<u>\$ 292,942</u>

(continued)

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds – Other, Continued
For the year ended June 30, 2024

	Road Maintenance and Rehabilitation	Library Gift and Memorial	Friends of the Library	Local Historical Society	Measure W
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	288,486	-	-	-	151,164
Licenses and permits	-	-	-	-	-
Investment income (loss)	4,258	6,479	-	-	830
Miscellaneous	-	8,731	47,024	-	-
Total revenues	<u>292,744</u>	<u>15,210</u>	<u>47,024</u>	<u>-</u>	<u>151,994</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Public works	39,958	-	-	-	117,887
Development	-	-	-	-	-
Culture and recreation	-	11,801	47,024	-	-
Total expenditures	<u>39,958</u>	<u>11,801</u>	<u>47,024</u>	<u>-</u>	<u>117,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>252,786</u>	<u>3,409</u>	<u>-</u>	<u>-</u>	<u>34,107</u>
Other financing sources (uses):					
Transfers in	-	25,000	-	-	12,564
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>12,564</u>
Net change to fund balances	252,786	28,409	-	-	46,671
Fund balances (deficit), beginning of year	<u>21,328</u>	<u>184,819</u>	<u>-</u>	<u>174</u>	<u>54,266</u>
Fund balances (deficit), end of year	<u>\$ 274,114</u>	<u>\$ 213,228</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 100,937</u>

Robert Day Trust Fund	Cal Energy Grant	Total Other Special Revenue Funds
\$ -	\$ -	\$ 468
-	23,205	2,072,879
-	-	342,928
26,044	-	154,122
-	-	165,378
<u>26,044</u>	<u>23,205</u>	<u>2,735,775</u>
-	-	250,937
-	-	1,449,138
-	23,205	23,205
-	-	98,114
<u>-</u>	<u>23,205</u>	<u>1,821,394</u>
<u>26,044</u>	<u>-</u>	<u>914,381</u>
-	-	66,905
<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
<u>(25,000)</u>	<u>-</u>	<u>41,905</u>
1,044	-	956,286
<u>737,946</u>	<u>-</u>	<u>3,905,991</u>
<u>\$ 738,990</u>	<u>\$ -</u>	<u>\$ 4,862,277</u>
		(concluded)

CITY OF SIERRA MADRE
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2024

	Low & Moderate Income Housing Asset Fund	Capital Projects Fund	Total Capital Project Funds
Assets:			
Cash and investments	\$ 347,492	\$ 665,990	\$ 1,013,482
Land held for resale	1,500,000	-	1,500,000
Total assets	<u>\$ 1,847,492</u>	<u>\$ 665,990</u>	<u>\$ 2,513,482</u>
Liabilities and Fund Balances:			
Accounts payable	\$ -	\$ 186,734	\$ 186,734
Accrued payroll and related liabilities	-	8,000	8,000
Deposits	2,500	-	2,500
Total liabilities	<u>2,500</u>	<u>194,734</u>	<u>197,234</u>
Fund balances:			
Restricted	1,844,992	471,256	2,316,248
Total fund balances	<u>1,844,992</u>	<u>471,256</u>	<u>2,316,248</u>
Total liabilities and fund balances	<u>\$ 1,847,492</u>	<u>\$ 665,990</u>	<u>\$ 2,513,482</u>

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
For the year ended June 30, 2024

	Low & Moderate Income Housing Asset Fund	Capital Projects Fund	Total Capital Project Funds
Revenues:			
Investment income	\$ 11,846	\$ 6,272	\$ 18,118
Total revenues	<u>11,846</u>	<u>6,272</u>	<u>18,118</u>
Expenditures:			
Current:			
Public works	-	449,604	449,604
Total expenditures	<u>-</u>	<u>449,604</u>	<u>449,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,846</u>	<u>(443,332)</u>	<u>(431,486)</u>
Other financing sources (uses):			
Transfers in	-	620,000	620,000
Total other financing sources (uses)	<u>-</u>	<u>620,000</u>	<u>620,000</u>
Net change to fund balance	11,846	176,668	188,514
Fund balances, beginning of year	<u>1,833,146</u>	<u>294,588</u>	<u>2,127,734</u>
Fund Balances, end of year	<u>\$ 1,844,992</u>	<u>\$ 471,256</u>	<u>\$ 2,316,248</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Library Grant Fund Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 12,145	\$ 12,145
Investment income	-	-	10,732	10,732
Total revenues	<u>-</u>	<u>-</u>	<u>22,877</u>	<u>22,877</u>
Expenditures:				
Current:				
Public works	334,605	334,605	12,145	322,460
Total expenditures	<u>334,605</u>	<u>334,605</u>	<u>12,145</u>	<u>322,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(334,605)</u>	<u>(334,605)</u>	<u>10,732</u>	<u>345,337</u>
Net change to fund balance	(334,605)	(334,605)	10,732	345,337
Fund balance, beginning of year	<u>2,929</u>	<u>2,929</u>	<u>2,929</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (331,676)</u>	<u>\$ (331,676)</u>	<u>\$ 13,661</u>	<u>\$ 345,337</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Bonita Sewer Assessment District Fund Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ -	\$ 10,000	\$ 10,290	\$ 290
Investment income	-	-	2,873	2,873
Total revenues	<u>-</u>	<u>10,000</u>	<u>13,163</u>	<u>3,163</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>10,000</u>	<u>13,163</u>	<u>3,163</u>
Net change to fund balance	-	10,000	13,163	3,163
Fund balance, beginning of year	<u>77,354</u>	<u>77,354</u>	<u>77,354</u>	<u>-</u>
Fund balance, end of year	<u>\$ 77,354</u>	<u>\$ 87,354</u>	<u>\$ 90,517</u>	<u>\$ 3,163</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Lighting District #1 Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 18,843	\$ 18,843
Total revenues	<u>-</u>	<u>-</u>	<u>18,843</u>	<u>18,843</u>
Expenditures:				
Current:				
Public works	2,000	2,000	2,366	(366)
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,366</u>	<u>(366)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>16,477</u>	<u>18,477</u>
Net change to fund balance	(2,000)	(2,000)	16,477	18,477
Fund balance, beginning of year	<u>534,789</u>	<u>534,789</u>	<u>534,789</u>	<u>-</u>
Fund balance, end of year	<u>\$ 532,789</u>	<u>\$ 532,789</u>	<u>\$ 551,266</u>	<u>\$ 18,477</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sewer Assessment District Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ -	\$ 7,000	\$ 7,037	\$ 37
Investment income	-	-	1,408	1,408
Total revenues	<u>-</u>	<u>7,000</u>	<u>8,445</u>	<u>1,445</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>7,000</u>	<u>8,445</u>	<u>1,445</u>
Net change to fund balance	-	7,000	8,445	1,445
Fund balance, beginning of year	<u>36,954</u>	<u>36,954</u>	<u>36,954</u>	<u>-</u>
Fund balance, end of year	<u>\$ 36,954</u>	<u>\$ 43,954</u>	<u>\$ 45,399</u>	<u>\$ 1,445</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Sierra Madre CFD Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ -	\$ 6,800	\$ 6,845	\$ 45
Investment income	-	-	2,913	2,913
Total revenues	<u>-</u>	<u>6,800</u>	<u>9,758</u>	<u>2,958</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>6,800</u>	<u>9,758</u>	<u>2,958</u>
Net change to fund balance	-	6,800	9,758	2,958
Fund balance, beginning of year	<u>79,868</u>	<u>79,868</u>	<u>79,868</u>	<u>-</u>
Fund balance, end of year	<u>\$ 79,868</u>	<u>\$ 86,668</u>	<u>\$ 89,626</u>	<u>\$ 2,958</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Downtown Landscaping and Lighting Maintenance District
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 95,000	\$ 95,000	\$ 93,834	\$ (1,166)
Investment income	-	40,000	19,722	(20,278)
Total revenues	<u>95,000</u>	<u>135,000</u>	<u>113,556</u>	<u>(21,444)</u>
Expenditures:				
Current:				
Public works	<u>609,250</u>	<u>688,697</u>	<u>300,469</u>	<u>(388,228)</u>
Total expenditures	<u>609,250</u>	<u>688,697</u>	<u>300,469</u>	<u>(388,228)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(514,250)</u>	<u>(553,697)</u>	<u>(186,913)</u>	<u>366,784</u>
Other financing sources (uses):				
Transfers in	<u>32,140</u>	<u>32,140</u>	<u>-</u>	<u>(32,140)</u>
Total other financing sources (uses)	<u>32,140</u>	<u>32,140</u>	<u>-</u>	<u>(32,140)</u>
Net change to fund balance	(482,110)	(521,557)	(186,913)	334,644
Fund balance, beginning of year	<u>671,686</u>	<u>671,686</u>	<u>671,686</u>	<u>-</u>
Fund balance, end of year	<u>\$ 189,576</u>	<u>\$ 150,129</u>	<u>\$ 484,773</u>	<u>\$ 334,644</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Development Impact Fees Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Licenses and permits	\$ -	\$ 64,700	\$ 197,428	\$ 132,728
Investment income	-	-	34,616	34,616
Total revenues	<u>-</u>	<u>64,700</u>	<u>232,044</u>	<u>167,344</u>
Expenditures:				
Current:				
Public works	104,580	104,580	-	104,580
Culture and recreation	<u>156,800</u>	<u>197,620</u>	<u>11,078</u>	<u>186,542</u>
Total expenditures	<u>261,380</u>	<u>302,200</u>	<u>11,078</u>	<u>291,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(261,380)</u>	<u>(237,500)</u>	<u>220,966</u>	<u>458,466</u>
Net change to fund balance	(261,380)	(237,500)	220,966	458,466
Fund balance, beginning of year	<u>838,483</u>	<u>838,483</u>	<u>838,483</u>	<u>-</u>
Fund balance, end of year	<u>\$ 577,103</u>	<u>\$ 600,983</u>	<u>\$ 1,059,449</u>	<u>\$ 458,466</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Police Department Donations Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 1,337	\$ 1,337
Miscellaneous	-	5,000	5,000	-
Total revenues	<u>-</u>	<u>5,000</u>	<u>6,337</u>	<u>1,337</u>
Expenditures:				
Current:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,000</u>	<u>6,337</u>	<u>1,337</u>
Net change to fund balance	-	5,000	6,337	1,337
Fund balance, beginning of year	<u>34,847</u>	<u>34,847</u>	<u>34,847</u>	<u>-</u>
Fund balance, end of year	<u>\$ 34,847</u>	<u>\$ 39,847</u>	<u>\$ 41,184</u>	<u>\$ 1,337</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Public Safety Augmentation Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 155,000	\$ 165,000	\$ 169,546	\$ 4,546
Investment income	-	-	3,411	3,411
Total revenues	<u>155,000</u>	<u>165,000</u>	<u>172,957</u>	<u>7,957</u>
Expenditures:				
Current:				
Public safety	<u>116,540</u>	<u>116,540</u>	<u>107,053</u>	<u>9,487</u>
Total expenditures	<u>116,540</u>	<u>116,540</u>	<u>107,053</u>	<u>9,487</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,460</u>	<u>48,460</u>	<u>65,904</u>	<u>17,444</u>
Net change to fund balance	38,460	48,460	65,904	17,444
Fund balance, beginning of year	<u>90,918</u>	<u>90,918</u>	<u>90,918</u>	-
Fund balance, end of year	<u>\$ 129,378</u>	<u>\$ 139,378</u>	<u>\$ 156,822</u>	<u>\$ 17,444</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State COPS Grant Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 165,000	\$ 180,000	\$ 100,000	\$ (80,000)
Investment income	-	-	613	613
Total revenues	<u>165,000</u>	<u>180,000</u>	<u>100,613</u>	<u>(79,387)</u>
Expenditures:				
Current:				
Public safety	165,000	165,000	119,678	45,322
Total expenditures	<u>165,000</u>	<u>165,000</u>	<u>119,678</u>	<u>45,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15,000</u>	<u>(19,065)</u>	<u>(34,065)</u>
Net change to fund balance	-	15,000	(19,065)	(34,065)
Fund balance, beginning of year	<u>27,117</u>	<u>27,117</u>	<u>27,117</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,117</u>	<u>\$ 42,117</u>	<u>\$ 8,052</u>	<u>\$ (34,065)</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Fire Department Donations Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 780	\$ 780
Miscellaneous	-	5,280	5,466	186
Total revenues	-	5,280	6,246	966
Expenditures:				
Current:				
Public safety	-	19,400	24,206	(4,806)
Total expenditures	-	19,400	24,206	(4,806)
Excess (deficiency) of revenues over (under) expenditures	-	(14,120)	(17,960)	(3,840)
Net change to fund balance	-	(14,120)	(17,960)	(3,840)
Fund balance, beginning of year	29,220	29,220	29,220	-
Fund balance, end of year	<u>\$ 29,220</u>	<u>\$ 15,100</u>	<u>\$ 11,260</u>	<u>\$ (3,840)</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Transportation Prop A Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Charges for services	\$ -	\$ -	\$ 468	\$ 468
Intergovernmental	314,000	314,000	288,100	(25,900)
Investment income	-	-	27,171	27,171
Total revenues	<u>314,000</u>	<u>314,000</u>	<u>315,739</u>	<u>1,739</u>
Expenditures:				
Current:				
Public works	182,000	195,000	189,016	5,984
Culture and recreation	-	1,300	3,447	(2,147)
Total expenditures	<u>182,000</u>	<u>196,300</u>	<u>192,463</u>	<u>3,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,000</u>	<u>117,700</u>	<u>123,276</u>	<u>5,576</u>
Net change to fund balance	132,000	117,700	123,276	5,576
Fund balance, beginning of year	<u>698,667</u>	<u>698,667</u>	<u>698,667</u>	<u>-</u>
Fund balance, end of year	<u>\$ 830,667</u>	<u>\$ 816,367</u>	<u>\$ 821,943</u>	<u>\$ 5,576</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Open Space Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 5,819	\$ 5,819
Miscellaneous	<u>49,550</u>	<u>49,550</u>	<u>49,578</u>	<u>28</u>
Total revenues	<u>49,550</u>	<u>49,550</u>	<u>55,397</u>	<u>5,847</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,550</u>	<u>49,550</u>	<u>55,397</u>	<u>5,847</u>
Net change to fund balance	49,550	49,550	55,397	5,847
Fund balance, beginning of year	<u>140,811</u>	<u>140,811</u>	<u>140,811</u>	<u>-</u>
Fund balance, end of year	<u>\$ 190,361</u>	<u>\$ 190,361</u>	<u>\$ 196,208</u>	<u>\$ 5,847</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Senior Center Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 7,755	\$ 7,755
Miscellaneous	-	-	19,579	19,579
Total revenues	<u>-</u>	<u>-</u>	<u>27,334</u>	<u>27,334</u>
Expenditures:				
Current:				
Culture and recreation	20,000	20,000	21,870	(1,870)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>21,870</u>	<u>(1,870)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>5,464</u>	<u>25,464</u>
Net change to fund balance	(20,000)	(20,000)	5,464	25,464
Fund balance, beginning of year	<u>217,974</u>	<u>217,974</u>	<u>217,974</u>	<u>-</u>
Fund balance, end of year	<u>\$ 197,974</u>	<u>\$ 197,974</u>	<u>\$ 223,438</u>	<u>\$ 25,464</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Transit Prop C Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 260,500	\$ 260,500	\$ 238,973	\$ (21,527)
Investment income	-	-	1,890	1,890
Total revenues	<u>260,500</u>	<u>260,500</u>	<u>240,863</u>	<u>(19,637)</u>
Expenditures:				
Current:				
Public works	302,500	307,300	302,500	4,800
Total expenditures	<u>302,500</u>	<u>307,300</u>	<u>302,500</u>	<u>4,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,000)</u>	<u>(46,800)</u>	<u>(61,637)</u>	<u>(14,837)</u>
Net change to fund balance	(42,000)	(46,800)	(61,637)	(14,837)
Fund balance, beginning of year	<u>81,383</u>	<u>81,383</u>	<u>81,383</u>	<u>-</u>
Fund balance, end of year	<u>\$ 39,383</u>	<u>\$ 34,583</u>	<u>\$ 19,746</u>	<u>\$ (14,837)</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Clear Air (AQMD) Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ 14,000	\$ 14,556	\$ 556
Investment income	-	-	626	626
Total revenues	<u>-</u>	<u>14,000</u>	<u>15,182</u>	<u>1,182</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>14,000</u>	<u>15,182</u>	<u>1,182</u>
Net change to fund balance	-	14,000	15,182	1,182
Fund balance, beginning of year	<u>14,545</u>	<u>14,545</u>	<u>14,545</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,545</u>	<u>\$ 28,545</u>	<u>\$ 29,727</u>	<u>\$ 1,182</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Environmental Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 145,500	\$ 45,500
Investment income	-	-	6,522	6,522
Miscellaneous	-	30,000	30,000	-
Total revenues	<u>100,000</u>	<u>130,000</u>	<u>182,022</u>	<u>52,022</u>
Expenditures:				
Current:				
Public works	<u>133,000</u>	<u>133,000</u>	<u>79,380</u>	<u>53,620</u>
Total expenditures	<u>133,000</u>	<u>133,000</u>	<u>79,380</u>	<u>53,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,000)</u>	<u>(3,000)</u>	<u>102,642</u>	<u>105,642</u>
Net change to fund balance	(33,000)	(3,000)	102,642	105,642
Fund balance, beginning of year	<u>130,838</u>	<u>130,838</u>	<u>130,838</u>	<u>-</u>
Fund balance, end of year	<u>\$ 97,838</u>	<u>\$ 127,838</u>	<u>\$ 233,480</u>	<u>\$ 105,642</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 320,000	\$ 312,300	\$ 307,650	\$ (4,650)
Investment income	-	-	7,250	7,250
Total revenues	<u>320,000</u>	<u>312,300</u>	<u>314,900</u>	<u>2,600</u>
Expenditures:				
Current:				
Public works	363,120	363,120	249,232	113,888
Total expenditures	<u>363,120</u>	<u>363,120</u>	<u>249,232</u>	<u>113,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,120)</u>	<u>(50,820)</u>	<u>65,668</u>	<u>116,488</u>
Net change to fund balance	(43,120)	(50,820)	65,668	116,488
Fund balance, beginning of year	<u>171,115</u>	<u>171,115</u>	<u>171,115</u>	<u>-</u>
Fund balance, end of year	<u>\$ 127,995</u>	<u>\$ 120,295</u>	<u>\$ 236,783</u>	<u>\$ 116,488</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure R Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 195,300	\$ 195,300	\$ 179,173	\$ (16,127)
Investment income	-	-	3,052	3,052
Total revenues	<u>195,300</u>	<u>195,300</u>	<u>182,225</u>	<u>(13,075)</u>
Expenditures:				
Current:				
Public works	<u>340,000</u>	<u>364,000</u>	<u>339,000</u>	<u>25,000</u>
Total expenditures	<u>340,000</u>	<u>364,000</u>	<u>339,000</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,700)</u>	<u>(168,700)</u>	<u>(156,775)</u>	<u>11,925</u>
Net change to fund balance	(144,700)	(168,700)	(156,775)	11,925
Fund balance, beginning of year	<u>172,881</u>	<u>172,881</u>	<u>172,881</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,181</u>	<u>\$ 4,181</u>	<u>\$ 16,106</u>	<u>\$ 11,925</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure M Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 221,400	\$ 221,400	\$ 202,325	\$ (19,075)
Investment income	-	-	9,226	9,226
Total revenues	<u>221,400</u>	<u>221,400</u>	<u>211,551</u>	<u>(9,849)</u>
Expenditures:				
Current:				
Public works	345,000	415,000	132,165	282,835
Total expenditures	<u>345,000</u>	<u>415,000</u>	<u>132,165</u>	<u>282,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,600)</u>	<u>(193,600)</u>	<u>79,386</u>	<u>272,986</u>
Net change to fund balance	(123,600)	(193,600)	79,386	272,986
Fund balance, beginning of year	<u>213,556</u>	<u>213,556</u>	<u>213,556</u>	<u>-</u>
Fund balance, end of year	<u>\$ 89,956</u>	<u>\$ 19,956</u>	<u>\$ 292,942</u>	<u>\$ 272,986</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Road Maintenance and Rehabilitation Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 275,000	\$ 267,000	\$ 288,486	\$ 21,486
Investment income	-	-	4,258	4,258
Total revenues	<u>275,000</u>	<u>267,000</u>	<u>292,744</u>	<u>25,744</u>
Expenditures:				
Current:				
Public works	<u>250,000</u>	<u>250,000</u>	<u>39,958</u>	<u>210,042</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>39,958</u>	<u>210,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,000</u>	<u>17,000</u>	<u>252,786</u>	<u>235,786</u>
Net change to fund balance	25,000	17,000	252,786	235,786
Fund balance, beginning of year	<u>21,328</u>	<u>21,328</u>	<u>21,328</u>	-
Fund balance, end of year	<u>\$ 46,328</u>	<u>\$ 38,328</u>	<u>\$ 274,114</u>	<u>\$ 235,786</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Library Gift and Memorial Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 6,479	\$ 6,479
Miscellaneous	-	-	8,731	8,731
Total revenues	<u>-</u>	<u>-</u>	<u>15,210</u>	<u>15,210</u>
Expenditures:				
Current:				
Culture and recreation	<u>104,000</u>	<u>104,000</u>	<u>11,801</u>	<u>92,199</u>
Total expenditures	<u>104,000</u>	<u>104,000</u>	<u>11,801</u>	<u>92,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(104,000)</u>	<u>(104,000)</u>	<u>3,409</u>	<u>107,409</u>
Other financing sources (uses):				
Transfers in	<u>25,000.00</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change to fund balance	(79,000)	(79,000)	28,409	107,409
Fund balance, beginning of year	<u>184,819</u>	<u>184,819</u>	<u>184,819</u>	<u>-</u>
Fund balance, end of year	<u>\$ 105,819</u>	<u>\$ 105,819</u>	<u>\$ 213,228</u>	<u>\$ 107,409</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Friends of the Library Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Miscellaneous	\$ 55,000	\$ 55,000	\$ 47,024	\$ (7,976)
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>47,024</u>	<u>(7,976)</u>
Expenditures:				
Current:				
Culture and recreation	55,000	55,000	47,024	7,976
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>47,024</u>	<u>7,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change to fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure W Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 151,164	\$ 1,164
Investment income	-	-	830	830
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>151,994</u>	<u>1,994</u>
Expenditures:				
Current:				
Public works	<u>150,000</u>	<u>150,000</u>	<u>117,887</u>	<u>32,113</u>
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>117,887</u>	<u>32,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>34,107</u>	<u>34,107</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>12,564</u>	<u>12,564</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>12,564</u>	<u>12,564</u>	<u>-</u>
Net change to fund balance	-	12,564	46,671	34,107
Fund balance (deficit), beginning of year	<u>54,266</u>	<u>54,266</u>	<u>54,266</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 54,266</u>	<u>\$ 66,830</u>	<u>\$ 100,937</u>	<u>\$ 34,107</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Robert Day Trust Fund Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 26,044	26,044
Total revenues	<u>-</u>	<u>-</u>	<u>26,044</u>	<u>26,044</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>26,044</u>	<u>26,044</u>
Other financing sources (uses):				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change to fund balance	(25,000)	(25,000)	1,044	26,044
Fund balance, beginning of year	<u>737,946</u>	<u>737,946</u>	<u>737,946</u>	<u>-</u>
Fund balance, end of year	<u>\$ 712,946</u>	<u>\$ 712,946</u>	<u>\$ 738,990</u>	<u>\$ 26,044</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Cal Energy Grant Fund Special Revenue Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ 23,200	\$ 23,205	\$ 5
Total revenues	<u>-</u>	<u>23,200</u>	<u>23,205</u>	<u>5</u>
Expenditures:				
Current:				
Development	-	23,200	23,205	(5)
Total expenditures	<u>-</u>	<u>23,200</u>	<u>23,205</u>	<u>(5)</u>
Net change to fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SIERRA MADRE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment income	\$ -	\$ -	\$ 6,272	\$ 6,272
Total revenues	<u>-</u>	<u>-</u>	<u>6,272</u>	<u>6,272</u>
Expenditures:				
Current:				
Public works	<u>643,200</u>	<u>713,200</u>	<u>449,604</u>	<u>263,596</u>
Total expenditures	<u>643,200</u>	<u>713,200</u>	<u>449,604</u>	<u>263,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643,200)</u>	<u>(713,200)</u>	<u>(443,332)</u>	<u>269,868</u>
Other financing sources (uses):				
Transfers in	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>	<u>-</u>
Total other financing sources (uses)	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>	<u>-</u>
Net change to fund balance	(23,200)	(93,200)	176,668	269,868
Fund balance, beginning of year	<u>294,588</u>	<u>294,588</u>	<u>294,588</u>	<u>-</u>
Fund balance, end of year	<u>\$ 271,388</u>	<u>\$ 201,388</u>	<u>\$ 471,256</u>	<u>\$ 269,868</u>

CITY OF SIERRA MADRE
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Fleet	Facilities Management	Administration
Assets:			
Current assets:			
Cash and investments	\$ 793,164	\$ 1,020,010	\$ 952,211
Restricted cash and investments	-	-	-
Receivables:			
Accounts	-	-	-
Total current assets	<u>793,164</u>	<u>1,020,010</u>	<u>952,211</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable assets	-	1,980	-
Depreciable, net	465,707	643,115	-
Total noncurrent assets	<u>465,707</u>	<u>645,095</u>	<u>-</u>
Total assets	<u>1,258,871</u>	<u>1,665,105</u>	<u>952,211</u>
Deferred Outflows of Resources:			
OPEB related	-	-	21,721
Pension related	-	-	288,194
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>309,915</u>
Liabilities:			
Current liabilities:			
Accounts payable	14,293	48,465	13,299
Accrued payroll and related liabilities	5,087	2,607	31,284
Compensated absences - current	3,140	7,426	27,613
Lease liability - current	-	-	-
Total current liabilities	<u>22,520</u>	<u>58,498</u>	<u>72,196</u>
Noncurrent liabilities:			
Compensated absences	12,562	29,704	110,450
Net pension liability	-	-	379,854
Net OPEB liability	-	-	9,760
Lease liability	-	-	-
Total noncurrent liabilities	<u>12,562</u>	<u>29,704</u>	<u>500,064</u>
Total liabilities	<u>35,082</u>	<u>88,202</u>	<u>572,260</u>
Deferred Inflows of Resources:			
OPEB related	-	-	12,761
Pension related	-	-	71,719
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>84,480</u>
Net Position:			
Net investment in capital assets	465,707	645,095	-
Restricted - Section 115 Trust	-	-	-
Unrestricted	758,082	931,808	605,386
Total net position	<u>\$ 1,223,789</u>	<u>\$ 1,576,903</u>	<u>\$ 605,386</u>

<u>Technology</u>	<u>Personnel and Risk Management</u>	<u>General Plan and Housing Update</u>	<u>Total Internal Service Funds</u>
\$ 875,386	\$ 1,369,791	\$ 145,110	\$ 5,155,672
-	20,707	-	20,707
6,661	301	-	6,962
<u>882,047</u>	<u>1,390,799</u>	<u>145,110</u>	<u>5,183,341</u>
-	-	-	1,980
60,998	-	-	1,169,820
60,998	-	-	1,171,800
<u>943,045</u>	<u>1,390,799</u>	<u>145,110</u>	<u>6,355,141</u>
-	-	-	21,721
-	-	-	288,194
<u>-</u>	<u>-</u>	<u>-</u>	<u>309,915</u>
37,630	83,353	-	197,040
13,560	95,997	-	148,535
8,519	372	-	47,070
4,614	-	-	4,614
<u>64,323</u>	<u>179,722</u>	<u>-</u>	<u>397,259</u>
34,078	1,488	-	188,282
-	-	-	379,854
-	-	-	9,760
16,138	-	-	16,138
<u>50,216</u>	<u>1,488</u>	<u>-</u>	<u>594,034</u>
<u>114,539</u>	<u>181,210</u>	<u>-</u>	<u>991,293</u>
-	-	-	12,761
-	-	-	71,719
<u>-</u>	<u>-</u>	<u>-</u>	<u>84,480</u>
40,246	-	-	1,151,048
-	20,707	-	20,707
788,260	1,188,882	145,110	4,417,528
<u>\$ 828,506</u>	<u>\$ 1,209,589</u>	<u>\$ 145,110</u>	<u>\$ 5,589,283</u>

CITY OF SIERRA MADRE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2024

	<u>Fleet</u>	<u>Facilities Management</u>	<u>Administration</u>
Operating revenues:			
Charges for services	\$ 547,600	\$ 1,038,000	\$ 975,000
Licenses and permits	-	-	-
Miscellaneous	-	-	-
Total operating revenues	<u>547,600</u>	<u>1,038,000</u>	<u>975,000</u>
Operating expenses:			
Personnel services	154,935	101,875	877,429
Contractual services	73,553	147,447	91,734
Materials and supplies	63,658	44,672	89,456
Utilities	134,065	315,717	-
Maintenance and operation	-	82,547	7,949
Insurance, claims and charges	-	-	-
Depreciation	105,837	19,541	-
Amortization	-	-	-
Total operating expenses	<u>532,048</u>	<u>711,799</u>	<u>1,066,568</u>
Operating income (loss)	<u>15,552</u>	<u>326,201</u>	<u>(91,568)</u>
Nonoperating revenues (expenses):			
Investment income	22,955	23,316	27,573
Interest expense	-	-	-
Total nonoperating revenues (expenses)	<u>22,955</u>	<u>23,316</u>	<u>27,573</u>
Income (loss) before transfers and capital contributions	38,507	349,517	(63,995)
Change in net position	38,507	349,517	(63,995)
Net position, beginning of year	<u>1,185,282</u>	<u>1,227,386</u>	<u>669,381</u>
Net position, end of year	<u>\$ 1,223,789</u>	<u>\$ 1,576,903</u>	<u>\$ 605,386</u>

<u>Technology</u>	<u>Personnel and Risk Management</u>	<u>General Plan and Housing Update</u>	<u>Total Internal Service Funds</u>
\$ 940,000	\$ 1,616,385	\$ -	\$ 5,116,985
27,377	-	-	27,377
-	11,613	35,000	46,613
<u>967,377</u>	<u>1,627,998</u>	<u>35,000</u>	<u>5,190,975</u>
398,856	340,011	-	1,873,106
269,366	95,865	-	677,965
63,307	22,153	-	283,246
235,059	-	-	684,841
-	-	-	90,496
-	1,165,638	-	1,165,638
23,033	-	-	148,411
28,862	-	-	28,862
<u>1,018,483</u>	<u>1,623,667</u>	<u>-</u>	<u>4,952,565</u>
<u>(51,106)</u>	<u>4,331</u>	<u>35,000</u>	<u>238,410</u>
25,219	32,199	3,753	135,015
(837)	-	-	(837)
<u>24,382</u>	<u>32,199</u>	<u>3,753</u>	<u>134,178</u>
(26,724)	36,530	38,753	372,588
(26,724)	36,530	38,753	372,588
<u>855,230</u>	<u>1,173,059</u>	<u>106,357</u>	<u>5,216,695</u>
<u>\$ 828,506</u>	<u>\$ 1,209,589</u>	<u>\$ 145,110</u>	<u>\$ 5,589,283</u>

CITY OF SIERRA MADRE
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2024

	Fleet	Facilities Management	Administration
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 547,600	\$ 1,038,000	\$ 975,000
Payments to suppliers	(307,946)	(639,040)	(192,467)
Payments to employees	(167,159)	(141,123)	(763,568)
Net cash provided (used) by operating activities	<u>72,495</u>	<u>257,837</u>	<u>18,965</u>
Cash flows from capital and related financing activities:			
Principal paid	-	-	-
Interest paid	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Investment income	22,955	23,316	27,573
Net cash provided (used) by investing activities	<u>22,955</u>	<u>23,316</u>	<u>27,573</u>
Net increase (decrease) in cash and cash equivalents	95,450	281,153	46,538
Cash and investments:			
Beginning of year	697,714	738,857	905,673
End of year	<u>\$ 793,164</u>	<u>\$ 1,020,010</u>	<u>\$ 952,211</u>
Reconciliation to the Statement of Net Position:			
Cash and investments	\$ 793,164	\$ 1,020,010	\$ 952,211
Restricted cash and investments	-	-	-
Total	<u>\$ 793,164</u>	<u>\$ 1,020,010</u>	<u>\$ 952,211</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 15,552	\$ 326,201	\$ (91,568)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	105,837	19,541	-
Amortization	-	-	-
Changes in assets, liabilities and deferred amounts:			
(Increase) decrease in accounts receivable	-	-	-
(Increase) decrease in prepaid expenses	-	-	1,300
(Increase) decrease in deferred outflow of resources	-	-	80,341
Increase (decrease) in accounts payable	(36,670)	(48,657)	(4,628)
Increase (decrease) in accrued liabilities	(841)	(19,353)	(1,762)
Increase (decrease) in compensated absences	(11,383)	(19,895)	15,473
Increase (decrease) in deferred inflow of resources	-	-	(41,120)
Increase (decrease) in net OPEB liability	-	-	3,754
Increase (decrease) in net pension liability	-	-	57,175
Total adjustments	<u>56,943</u>	<u>(68,364)</u>	<u>110,533</u>
Net cash provided (used) by operating activities	<u>\$ 72,495</u>	<u>\$ 257,837</u>	<u>\$ 18,965</u>
Noncash investing, capital and financing activities:			
Lease liabilities	\$ -	\$ -	\$ -
Lease acquisition	-	-	-

CITY OF SIERRA MADRE
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2024

Technology	Personnel and Risk Management	General Plan and Housing Update	Total Internal Service Funds
\$ 967,918	\$ 1,627,697	\$ 35,000	\$ 5,191,215
(578,079)	(1,235,029)	-	(2,952,561)
(375,790)	(289,540)	-	(1,737,180)
<u>14,049</u>	<u>103,128</u>	<u>35,000</u>	<u>501,474</u>
(31,056)	-	-	(31,056)
(837)	-	-	(837)
<u>(31,893)</u>	<u>-</u>	<u>-</u>	<u>(31,893)</u>
25,219	32,199	3,753	135,015
<u>25,219</u>	<u>32,199</u>	<u>3,753</u>	<u>135,015</u>
7,375	135,327	38,753	604,596
868,011	1,255,171	106,357	4,571,783
<u>\$ 875,386</u>	<u>\$ 1,390,498</u>	<u>\$ 145,110</u>	<u>\$ 5,176,379</u>
\$ 875,386	\$ 1,369,791	\$ 145,110	\$ 5,155,672
-	20,707	-	20,707
<u>\$ 875,386</u>	<u>\$ 1,390,498</u>	<u>\$ 145,110</u>	<u>\$ 5,176,379</u>
\$ (51,106)	\$ 4,331	\$ 35,000	\$ 238,410
23,033	-	-	148,411
28,862	-	-	28,862
541	(301)	-	240
-	-	-	1,300
-	-	-	80,341
(10,347)	48,627	-	(51,675)
1,835	62,804	-	42,683
21,231	(12,333)	-	(6,907)
-	-	-	(41,120)
-	-	-	3,754
<u>-</u>	<u>-</u>	<u>-</u>	<u>57,175</u>
<u>65,155</u>	<u>98,797</u>	<u>-</u>	<u>263,064</u>
<u>\$ 14,049</u>	<u>\$ 103,128</u>	<u>\$ 35,000</u>	<u>\$ 501,474</u>
\$ 24,317	\$ -	\$ -	\$ 24,317
(24,317)	-	-	(24,317)

City of Sierra Madre, California

Village of the Foothills



**Statistical Section
For the Year Ended
June 30, 2024**

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This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial trend information:

Intended to assist users in understanding and assessing how a government's financial position has changed over time.

Revenue capacity information:

Intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own revenue.

Debt capacity information:

Intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

Demographic and economic information:

Intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparison of financial statement information over time and among governments.

Operating information:

Intended to provide information about a government's operations and resources in order to assist readers in using financial information to understand and assess a government's economic condition.

CITY OF SIERRA MADRE
Net Position by Component
(accrual basis of accounting)

As of June 30,	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$ 181,862,536	\$ 181,328,167	\$ 180,505,323	\$ 181,067,634
Restricted	6,051,883	5,794,991	5,119,384	4,926,003
Unrestricted	764,679	1,731,997	5,264,763	6,263,121
Total governmental activities net position	\$ 188,679,098	\$ 188,855,155	\$ 190,889,470	\$ 192,256,758
Business-Type activities:				
Net investment in capital assets	\$ 16,668,550	\$ 16,824,482	\$ 16,892,266	\$ 17,975,946
Restricted	1,149,456	1,149,456	1,149,456	-
Unrestricted	1,994,086	1,313,820	1,439,579	2,585,503
Total business-type activities net position	\$ 19,812,092	\$ 19,287,758	\$ 19,481,301	\$ 20,561,449
Primary government:				
Net investment in capital assets	\$ 198,531,086	\$ 198,152,649	\$ 197,397,589	\$ 199,043,580
Restricted	7,201,339	6,944,447	6,268,840	4,926,003
Unrestricted	2,758,765	3,045,817	6,704,342	8,848,624
Total primary government net position	\$ 208,491,190	\$ 208,142,913	\$ 210,370,771	\$ 212,818,207

Source: City of Sierra Madre Finance Department

2019	2020	2021	2022	2023	2024
\$ 180,934,074	\$ 180,629,535	\$ 181,760,515	\$ 185,318,754	\$ 185,244,915	\$ 186,427,424
4,861,587	5,887,957	6,302,207	7,237,002	8,131,547	9,350,537
8,123,037	9,714,208	9,522,562	17,409,081	13,313,338	13,987,115
<u>\$ 193,918,698</u>	<u>\$ 196,231,700</u>	<u>\$ 197,585,284</u>	<u>\$ 209,964,837</u>	<u>\$ 206,689,800</u>	<u>\$ 209,765,076</u>
\$ 19,580,635	\$ 21,201,025	\$ 23,167,195	\$ 22,881,196	\$ 23,996,617	\$ 24,633,990
-	-	54,000	47,615	49,455	53,195
2,639,373	5,044,835	7,365,272	10,160,260	10,430,773	11,843,810
<u>\$ 22,220,008</u>	<u>\$ 26,245,860</u>	<u>\$ 30,586,467</u>	<u>\$ 33,089,071</u>	<u>\$ 34,476,845</u>	<u>\$ 36,530,995</u>
\$ 200,514,709	\$ 201,830,560	\$ 204,927,710	\$ 208,199,950	\$ 209,241,532	\$ 211,061,414
4,861,587	5,887,957	6,356,207	7,284,617	8,181,002	9,403,732
10,762,410	14,759,043	16,887,834	27,569,341	23,744,111	25,830,925
<u>\$ 216,138,706</u>	<u>\$ 222,477,560</u>	<u>\$ 228,171,751</u>	<u>\$ 243,053,908</u>	<u>\$ 241,166,645</u>	<u>\$ 246,296,071</u>

CITY OF SIERRA MADRE
Changes in Net Position
(accrual basis of accounting)

<u>Fiscal year ended June 30,</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses:				
Governmental activities:				
General government	\$ 1,581,532	\$ 1,791,927	\$ 1,710,653	\$ 1,334,388
Public safety	5,500,997	5,754,806	5,115,933	5,394,253
Public works	2,255,560	1,401,974	1,961,343	2,196,985
Development	1,089,493	1,412,537	1,129,817	1,557,850
Culture and recreation	1,325,706	1,280,228	1,078,262	1,388,943
Interest on long-term debt	20,580	17,322	13,909	10,336
Total governmental activities expenses	<u>11,773,868</u>	<u>11,658,794</u>	<u>11,009,917</u>	<u>11,882,755</u>
Business-type activities:				
Water	4,626,949	4,388,290	4,763,179	4,432,899
Sewer	939,202	1,172,547	1,371,492	1,029,623
Recreation services	113,608	259,594	22,697	4,150
Special services	101,219	108,211	125,547	171,228
Film services	18,035	43,620	50,618	77,923
Total business-type activities expenses	<u>5,799,013</u>	<u>5,972,262</u>	<u>6,333,533</u>	<u>5,715,823</u>
Total primary government expenses	<u>\$ 17,572,881</u>	<u>\$ 17,631,056</u>	<u>\$ 17,343,450</u>	<u>\$ 17,598,578</u>
Program revenues:				
Governmental activities:				
Charges for services	\$ 2,374,090	\$ 2,350,878	\$ 2,377,056	\$ 2,305,382
Operating grants and contributions	1,071,981	1,022,280	1,368,859	1,426,015
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>3,446,071</u>	<u>3,373,158</u>	<u>3,745,915</u>	<u>3,731,397</u>
Business-type activities:				
Charges for services	5,497,755	5,606,012	6,337,602	6,719,044
Capital grants and contributions	242,500	46,234	62,166	-
Total business-type activities program revenues	<u>5,740,255</u>	<u>5,652,246</u>	<u>6,399,768</u>	<u>6,719,044</u>
Total primary government program revenues	<u>\$ 9,186,326</u>	<u>\$ 9,025,404</u>	<u>\$ 10,145,683</u>	<u>\$ 10,450,441</u>
Net revenue/(expense):				
Governmental activities	\$ (8,327,797)	\$ (8,285,636)	\$ (7,264,002)	\$ (8,151,358)
Business-type activities	(58,758)	(320,016)	66,235	1,003,221
Total primary government net revenue/(expense)	<u>\$ (8,386,555)</u>	<u>\$ (8,605,652)</u>	<u>\$ (7,197,767)</u>	<u>\$ (7,148,137)</u>

Source: City of Sierra Madre Finance Department

	2019	2020	2021	2022	2023	2024
\$	3,416,581	\$ 5,111,963	\$ 4,322,627	\$ 1,464,496	\$ 5,544,945	\$ 3,689,340
	5,688,672	5,473,096	6,445,253	2,377,264	8,085,479	8,788,024
	1,883,420	2,260,036	2,464,339	2,131,163	3,747,946	4,316,367
	1,089,342	990,443	1,025,108	517,557	2,384,299	1,824,297
	1,457,670	1,065,948	1,114,768	373,800	2,985,550	1,666,617
	7,610	3,097	-	68	431	1,304
	<u>13,543,295</u>	<u>14,904,584</u>	<u>15,372,095</u>	<u>6,864,348</u>	<u>22,748,650</u>	<u>20,285,949</u>
	4,083,465	3,670,810	4,734,967	4,275,124	5,154,213	5,115,315
	629,988	582,658	1,110,982	945,302	1,305,431	1,289,314
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>4,713,453</u>	<u>4,253,468</u>	<u>5,845,949</u>	<u>5,220,426</u>	<u>6,459,644</u>	<u>6,404,629</u>
\$	<u>18,256,748</u>	<u>\$ 19,158,052</u>	<u>\$ 21,218,044</u>	<u>\$ 12,084,774</u>	<u>\$ 29,208,294</u>	<u>\$ 26,690,578</u>
\$	2,602,516	\$ 2,406,865	\$ 2,429,844	\$ 3,116,788	\$ 2,932,301	\$ 3,257,586
	1,705,187	2,534,045	2,279,930	3,108,323	2,389,501	3,823,731
	-	-	114,657	45,343	-	-
	<u>4,307,703</u>	<u>4,940,910</u>	<u>4,824,431</u>	<u>6,270,454</u>	<u>5,321,802</u>	<u>7,081,317</u>
	6,675,962	8,160,577	10,058,070	7,800,525	7,645,601	7,952,042
	-	-	-	-	-	-
	<u>6,675,962</u>	<u>8,160,577</u>	<u>10,058,070</u>	<u>7,800,525</u>	<u>7,645,601</u>	<u>7,952,042</u>
\$	<u>10,983,665</u>	<u>\$ 13,101,487</u>	<u>\$ 14,882,501</u>	<u>\$ 14,070,979</u>	<u>\$ 12,967,403</u>	<u>\$ 15,033,359</u>
\$	(9,235,592)	\$ (9,963,674)	\$ (10,547,664)	\$ (593,894)	\$ (17,426,848)	\$ (13,204,632)
	1,962,509	3,907,109	4,212,121	2,580,099	1,185,957	1,547,413
\$	<u>(7,273,083)</u>	<u>\$ (6,056,565)</u>	<u>\$ (6,335,543)</u>	<u>\$ 1,986,205</u>	<u>\$ (16,240,891)</u>	<u>\$ (11,657,219)</u>

CITY OF SIERRA MADRE
Changes in Net Position, (continued)
(modified accrual basis of accounting)

Fiscal year ended June 30,	2015	2016	2017	2018
Governmental activities:				
Taxes	\$ 8,435,031	\$ 8,487,077	\$ 9,332,367	\$ 9,512,791
Investment income (loss)	11,875	38,125	85,587	87,400
Miscellaneous	-	-	-	673,942
Loss on disposal of property	-	-	-	-
Transfers	(54,018)	(63,509)	(118,957)	(103,147)
Total governmental activities	<u>8,392,888</u>	<u>8,461,693</u>	<u>9,298,997</u>	<u>10,170,986</u>
Business-type activities:				
Investment income (loss)	6,425	11,201	7,691	32,935
Miscellaneous	-	-	-	-
Transfers	54,018	63,509	118,957	103,147
Total business-type activities	<u>60,443</u>	<u>74,710</u>	<u>126,648</u>	<u>136,082</u>
Total primary government	<u>\$ 8,453,331</u>	<u>\$ 8,536,403</u>	<u>\$ 9,425,645</u>	<u>\$ 10,307,068</u>
Change in net position:				
Governmental activities	\$ 65,091	\$ 176,057	\$ 2,034,995	\$ 2,019,628
Business-type activities	1,685	(245,306)	192,883	1,139,303
Total primary government	<u>\$ 66,776</u>	<u>\$ (69,249)</u>	<u>\$ 2,227,878</u>	<u>\$ 3,158,931</u>

Source: City of Sierra Madre Finance Department

2019	2020	2021	2022	2023	2024
\$ 9,981,892	\$ 10,635,408	\$ 11,881,819	\$ 12,880,340	\$ 13,647,431	\$ 14,168,040
373,205	393,927	(9,580)	(302,973)	260,977	1,631,059
148,141	1,258,038	29,009	93,943	259,134	502,929
-	-	-	-	-	-
394,294	(10,697)	-	(20,724)	(22,199)	(22,120)
<u>10,897,532</u>	<u>12,276,676</u>	<u>11,901,248</u>	<u>12,650,586</u>	<u>14,145,343</u>	<u>16,279,908</u>
90,344	108,046	48,731	(184,925)	97,792	410,946
-	-	79,755	86,706	81,826	73,671
(394,294)	10,697	-	20,724	22,199	22,120
<u>(303,950)</u>	<u>118,743</u>	<u>128,486</u>	<u>(77,495)</u>	<u>201,817</u>	<u>506,737</u>
<u>\$ 10,593,582</u>	<u>\$ 12,395,419</u>	<u>\$ 12,029,734</u>	<u>\$ 12,573,091</u>	<u>\$ 14,347,160</u>	<u>\$ 16,786,645</u>
\$ 1,661,940	\$ 2,313,002	\$ 1,353,584	\$ 12,056,692	\$ (3,281,505)	\$ 3,075,276
1,658,559	4,025,852	4,340,607	2,502,604	1,387,774	2,054,150
<u>\$ 3,320,499</u>	<u>\$ 6,338,854</u>	<u>\$ 5,694,191</u>	<u>\$ 14,559,296</u>	<u>\$ (1,893,731)</u>	<u>\$ 5,129,426</u>

CITY OF SIERRA MADRE
Fund Balances of Governmental Funds
(modified accrual basis of accounting)

<u>As of June 30,</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:				
Nonspendable	\$ 19,535	\$ -	\$ -	\$ -
Restricted	-	-	-	15,802
Committed	1,280,500	-	-	-
Assigned	5,133,278	4,720,472	-	-
Unassigned	<u>1,021,355</u>	<u>1,938,003</u>	<u>7,428,117</u>	<u>8,736,391</u>
Total General Fund	<u>\$ 7,454,668</u>	<u>\$ 6,658,475</u>	<u>\$ 7,428,117</u>	<u>\$ 8,752,193</u>
All other governmental funds:				
Restricted	4,113,442	4,406,441	5,119,384	4,856,087
Committed	661,036	1,457,095	1,391,394	903,576
Assigned	-	-	-	-
Unassigned	<u>(256,676)</u>	<u>(206,006)</u>	<u>(155,931)</u>	<u>(117,280)</u>
Total all other governmental funds	<u>\$ 4,517,802</u>	<u>\$ 5,657,530</u>	<u>\$ 6,354,847</u>	<u>\$ 5,642,383</u>
Total all governmental funds	<u>\$ 11,972,470</u>	<u>\$ 12,316,005</u>	<u>\$ 13,782,964</u>	<u>\$ 14,394,576</u>

Source: City of Sierra Madre Finance Depart

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 2,365	\$ -	\$ 1,565	\$ -	\$ 5,450	\$ -
32,727	32,639	455,167	404,690	453,889	452,819
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,915,213</u>	<u>7,557,690</u>	<u>9,236,030</u>	<u>9,603,886</u>	<u>11,560,063</u>	<u>14,194,662</u>
<u>\$ 6,950,305</u>	<u>\$ 7,590,329</u>	<u>\$ 9,692,762</u>	<u>\$ 10,008,576</u>	<u>\$ 12,019,402</u>	<u>\$ 14,647,481</u>
4,828,860	5,855,318	5,826,040	6,813,634	7,658,311	8,877,011
870,091	936,179	401,910	13,338	13,338	13,338
-	-	-	-	-	-
<u>(60,595)</u>	<u>(32,283)</u>	<u>(308,679)</u>	<u>(223,946)</u>	<u>(150,487)</u>	<u>-</u>
<u>\$ 5,638,356</u>	<u>\$ 6,759,214</u>	<u>\$ 5,919,271</u>	<u>\$ 6,603,026</u>	<u>\$ 7,521,162</u>	<u>\$ 8,890,349</u>
<u>\$ 12,588,661</u>	<u>\$ 14,349,543</u>	<u>\$ 15,612,033</u>	<u>\$ 16,611,602</u>	<u>\$ 19,540,564</u>	<u>\$ 23,537,830</u>

CITY OF SIERRA MADRE
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

Fiscal year ended June 30,	2015	2016	2017	2018
Revenues:				
Property Taxes	\$ 5,264,471	\$ 5,677,308	\$ 6,075,078	\$ 6,426,261
Other Taxes	3,170,560	2,809,769	3,257,288	3,228,635
Charges for services	871,237	881,477	690,417	733,929
Intergovernmental	1,073,897	1,022,280	1,176,272	1,228,646
Licenses and permits	1,018,971	837,657	1,222,728	1,227,077
Fines and forfeitures	223,072	190,999	167,318	118,324
Investment Income (loss)	5,397	25,726	63,194	84,912
Miscellaneous	260,810	440,745	489,181	933,142
Total revenues	11,888,415	11,885,961	13,141,476	13,980,926
Expenditures:				
Current:				
General government	1,672,935	1,970,283	2,391,482	2,609,677
Public safety	5,382,396	5,725,286	5,375,953	5,200,197
Public works	1,670,830	1,004,326	1,247,133	2,806,374
Development	1,019,712	1,485,372	1,355,877	1,437,228
Culture and recreation	1,162,983	1,228,487	1,115,425	1,141,498
Debt service:				
Principal	69,391	72,604	75,964	79,484
Interest	21,651	18,442	15,082	11,563
Total expenditures	10,999,898	11,504,800	11,576,916	13,286,021
Excess (deficiency) of revenues over (under) expenditures	888,517	381,161	1,564,560	694,905
Other financing sources (uses):				
Subscription acquisition	-	-	-	-
Transfers in	941,521	2,348,798	246,913	37,851
Transfers out	(989,406)	(2,386,421)	(343,835)	(121,145)
Total other financing sources (uses)	(47,885)	(37,623)	(96,922)	(83,294)
Net change in fund balances	840,632	343,538	1,467,638	611,611
Fund balances, beginning of year, as restated	11,131,838	11,972,467	12,315,326	13,782,965
Fund balances, end of year	\$ 11,972,470	\$ 12,316,005	\$ 13,782,964	\$ 14,394,576
Debt Service as a Percentage of Non-Capital Expenditures	1%	1%	1%	1%

***Note: In FY 2014-2015 Property Tax in-lieu of VLF is reported as part of Property Taxes.

Source: City of Sierra Madre Finance Department

	2019	2020	2021	2022	2023	2024
\$	6,830,051	\$ 7,161,511	\$ 7,666,122	\$ 7,967,081	\$ 8,382,935	\$ 8,859,401
	3,302,646	3,644,793	4,393,543	4,913,188	5,230,313	5,284,445
	974,741	824,891	647,586	935,827	940,391	957,204
	1,536,011	1,745,392	2,154,464	2,645,384	2,244,921	3,843,162
	1,231,070	1,245,264	1,464,992	1,962,943	1,882,838	2,181,430
	140,395	82,903	70,616	116,820	109,610	89,175
	306,329	320,460	(7,938)	(208,415)	302,852	1,621,759
	<u>327,781</u>	<u>2,040,124</u>	<u>358,630</u>	<u>513,708</u>	<u>375,384</u>	<u>662,241</u>
	<u>14,649,024</u>	<u>17,065,338</u>	<u>16,748,015</u>	<u>18,846,536</u>	<u>19,469,244</u>	<u>23,498,817</u>
	3,662,657	5,561,126	3,832,934	3,136,367	4,584,836	3,816,683
	8,165,504	5,717,940	6,741,180	6,567,384	7,193,807	8,550,259
	2,173,523	2,003,010	2,635,535	5,877,947	2,172,401	4,221,188
	1,272,696	983,998	1,115,698	1,449,245	1,459,483	1,624,136
	1,496,982	950,110	1,178,635	1,034,689	1,131,360	1,257,211
	83,163	87,016	-	-	8,671	9,487
	<u>7,879</u>	<u>4,026</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>467</u>
	<u>16,862,404</u>	<u>15,307,226</u>	<u>15,503,982</u>	<u>18,065,632</u>	<u>16,550,773</u>	<u>19,479,431</u>
	<u>(2,213,380)</u>	<u>1,758,112</u>	<u>1,244,033</u>	<u>780,904</u>	<u>2,918,471</u>	<u>4,019,386</u>
	-	-	-	-	30,511	-
	468,564	169,858	1,022,186	214,856	1,836,016	686,905
	<u>(61,099)</u>	<u>(167,088)</u>	<u>(1,003,729)</u>	<u>(205,724)</u>	<u>(1,862,504)</u>	<u>(709,025)</u>
	<u>407,465</u>	<u>2,770</u>	<u>18,457</u>	<u>9,132</u>	<u>4,023</u>	<u>(22,120)</u>
	(1,805,915)	1,760,882	1,262,490	790,036	2,922,494	3,997,266
	<u>14,394,576</u>	<u>12,588,661</u>	<u>14,349,543</u>	<u>15,821,566</u>	<u>16,618,070</u>	<u>19,540,564</u>
\$	<u>12,588,661</u>	<u>\$ 14,349,543</u>	<u>\$ 15,612,033</u>	<u>\$ 16,611,602</u>	<u>\$ 19,540,564</u>	<u>\$ 23,537,830</u>
	1%	1%	0%	0%	0%	0%

CITY OF SIERRA MADRE
Assessed Value of Taxable Property
Last Ten Fiscal Years

Category	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$ 1,750,546,835	\$ 1,849,086,339	\$ 1,958,752,239	\$ 2,064,755,283
Commercial	53,659,841	57,179,257	60,520,506	62,360,811
Industrial	7,842,250	11,350,279	11,523,349	11,904,983
Govt. Owned	164,198	167,478	170,032	173,432
Institutional	6,618,344	6,423,627	17,021,358	18,196,153
Recreational	1,688,272	1,722,001	1,748,259	1,783,221
Vacant	46,880,985	44,273,558	46,173,712	42,633,298
Cross Reference	1,792,372	1,968,133	1,998,146	2,038,108
Unsecured	<u>6,657,788</u>	<u>7,011,648</u>	<u>6,843,871</u>	<u>6,959,470</u>
Total assessed value	<u>\$ 1,875,850,885</u>	<u>\$ 1,979,182,320</u>	<u>\$ 2,104,751,472</u>	<u>\$ 2,210,804,759</u>
Tax-Exempt Property	<u>(3,605,138)</u>	<u>(3,605,138)</u>	<u>(3,605,138)</u>	<u>(3,569,824)</u>
Total taxable assessed value	<u>\$ 1,872,245,747</u>	<u>\$ 1,975,577,182</u>	<u>\$ 2,101,146,334</u>	<u>\$ 2,207,234,935</u>
Total direct rate	0.2231	0.2234	0.2243	0.2237

Data Source: HDL Coren & Cone

2019	2020	2021	2022	2023	2024
\$ 2,175,830,705	\$ 2,301,373,113	\$ 2,416,520,193	\$ 2,507,761,801	\$ 2,700,903,329	\$ 2,855,020,187
66,807,200	70,441,465	73,200,604	77,989,769	81,836,857	86,728,755
11,759,635	11,994,809	12,234,680	10,113,154	11,032,028	10,521,685
599,145	202,511	-	443,851	452,727	-
17,707,802	23,338,541	18,446,279	18,651,347	21,993,571	29,508,683
1,818,882	1,855,256	1,892,357	1,911,959	1,950,195	1,989,196
30,933,973	33,461,991	33,273,291	32,959,817	35,801,559	37,313,050
1,851,661	1,888,694	2,204,912	3,468,476	3,740,845	3,760,601
7,981,925	7,608,348	7,433,068	11,647,489	13,096,720	12,229,521
<u>\$ 2,315,290,928</u>	<u>\$ 2,452,164,728</u>	<u>\$ 2,565,205,384</u>	<u>\$ 2,664,947,663</u>	<u>\$ 2,870,807,831</u>	<u>\$ 3,037,071,678</u>
<u>(3,569,824)</u>	<u>(3,569,824)</u>	<u>(3,569,824)</u>	<u>(3,569,824)</u>	<u>(3,569,824)</u>	<u>(3,569,824)</u>
<u>\$ 2,311,721,104</u>	<u>\$ 2,448,594,904</u>	<u>\$ 2,561,635,560</u>	<u>\$ 2,661,377,839</u>	<u>\$ 2,867,238,007</u>	<u>\$ 3,033,501,854</u>
0.2236	0.2236	0.2043	0.2228	0.2220	0.2218

CITY OF SIERRA MADRE
Property Tax Rates
Direct and Overlapping Governments
(Rate per \$100 of Taxable Value)
Last Ten Fiscal Years

Agency	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Basic Levy	1.00000	1.00000	1.00000	1.00000
Arcadia Unified	0.07653	0.07507	0.07788	0.07551
Metropolitan Water District	0.01800	0.01800	0.02300	0.03000
Pasadena Community College Dist	0.01032	0.00872	0.00885	0.00819
Pasadena Unified School Dist	0.10601	0.11168	0.10673	0.10547
Sierra Madre Lighting	<u>0.30902</u>	<u>0.30902</u>	<u>0.30902</u>	<u>0.30902</u>
Total Direct & Overlapping Tax Rates	<u>1.51988</u>	<u>1.52249</u>	<u>1.52548</u>	<u>1.52819</u>
City's Share of 1% Levy Per Prop 13	0.21911	0.21911	0.21911	0.21911
Total Direct Rate	0.22310	0.22338	0.22428	0.22367

Data Source: HDL Coren & Cone

2019	2020	2021	2022	2023	2024
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.05365	0.05433	0.04784	0.04774	0.04704	0.04579
0.03000	0.03000	0.03000	0.03000	0.03000	0.03000
0.00767	0.00721	0.00554	0.00899	0.00869	0.02510
0.09491	0.04531	0.02294	0.05361	0.07756	0.07911
0.30902	0.30902	0.30902	0.16848	0.00000	0.00000
1.49526	1.44587	1.41534	1.30882	1.16329	1.18000
0.21911	0.21911	0.21911	0.21911	0.21911	0.21911
0.22363	0.22363	0.20425	0.22284	0.22195	0.22179

CITY OF SIERRA MADRE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2015			2024		
	Taxable Assesed Value	% of Net Assesed Value	Rank	Taxable Assesed Value	% of Net Assesed Value	Rank
CETT Madre Limited	\$12,136,675	0.65%	1	\$12,360,582	0.41%	3
One Carter LLC	\$11,240,352	0.60%	2			
City of Sierra Madre	\$8,723,239	0.47%	3	\$8,219,071	0.27%	6
Barbera Family LP	\$6,987,610	0.37%	4			
Ginkgo Stonehouse II LLC	\$5,033,858	0.27%	5			
William L Sullivan Family Trust	\$4,872,815	0.26%	6	\$5,741,111	0.19%	10
MB Equity LLC	\$3,775,000	0.20%	7	\$29,446,640	0.97%	1
Ginkgo Stonehouse LLC	\$3,716,796	0.20%	8			
Marie A Sullivan Trust	\$3,619,091	0.19%	9			
ZhiHao Liu	\$3,568,880	0.19%	10			
Kensington SM GP LLC				\$16,104,197	0.53%	2
Stanley A Sirott Trust				\$9,812,326	0.32%	4
Neil A Lavick and Marie D Clause				\$8,665,334	0.29%	5
Michael G and Rene C Hoffman Trust				\$7,219,356	0.24%	7
634 W. Sierra Madre Blvd LLC				\$6,228,130	0.21%	8
Richard C Wolgemuth Cotrustee				\$5,876,682	0.19%	9
Top Ten Total	<u>\$63,674,316</u>	<u>3.41%</u>		<u>109,673,429</u>	<u>3.63%</u>	
City Total	<u>\$1,869,193,097</u>			<u>\$3,024,842,157</u>		

Data Source: HDL Coren & Cone

CITY OF SIERRA MADRE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 3,929,776.21	\$ 3,837,082.58	97.64%	\$ 92,693.63	\$ 3,837,082.58	97.64%
2016	4,229,810.14	4,129,506.26	97.63%	100,303.88	4,129,506.26	97.63%
2017	4,492,592.16	4,314,137.59	96.03%	178,454.57	4,314,137.59	96.03%
2018	4,772,165.30	4,553,847.52	95.43%	218,317.78	4,553,847.52	95.43%
2019	4,977,521.00	4,854,870.94	97.54%	122,650.06	4,854,870.94	97.54%
2020	5,454,161.24	5,262,884.00	96.49%	120,330.00	5,333,831.24	97.79%
2021	5,710,131.08	5,582,408.75	97.76%	157,211.20	5,552,919.88	97.25%
2022	5,920,942.25	6,271,281.22	105.92%	344,332.71	5,576,609.54	94.18%
2023	6,371,764.66	6,850,232.71	107.51%	350,085.48	6,021,679.18	94.51%
2024	6,736,051.45	7,090,417.14	105.26%	190,647.43	6,545,404.02	97.17%

Data Source: HDL Coren & Cone

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CITY OF SIERRA MADRE
Total Direct and Overlapping Debt
As of June 30, 2024

	Total Debt June 30, 2024	% Applicable (1)	City's Share of Debt June 30, 2024
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Pasadena Area Community College District	\$ 174,690,000	2.686	\$ 4,692,173
Arcadia Unified School District	247,145,000	0.375	926,794
Pasadena Unified School District	363,215,000	5.470	19,867,861
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 25,486,828
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$ 2,479,229,730	0.151	\$ 3,743,637
Los Angeles County Superintendent of Schools Certificates of Participatio	2,857,300	0.151	4,315
Pasadena Area Community College District Certificates of Participation	28,785,000	2.686	773,165
City of Sierra Madre	-	100	-
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 4,521,117
TOTAL DIRECT DEBT			\$ 7,060,638
TOTAL OVERLAPPING DEBT			\$ 30,007,945
COMBINED TOTAL DEBT(2)			\$ 37,068,583

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Debt To Assessed Valuation Ratios:

Direct Debt	0.00%
Overlapping Debt	0.84%
Total Debt	0.99%

Data Source: California Municipal Statistics, Inc.

Total Direct Debt Data: City of Sierra Madre Finance Department

CITY OF SIERRA MADRE
Outstanding Debt by Type

Governmental Activities

Fiscal Year Ended June 30,	Master Lease	Lease liability	Subscription liability	Total
2015	\$ 459,574	\$ -	\$ -	\$ 459,574
2016	375,785	-	-	375,785
2017	288,119	-	-	288,119
2018	196,393	-	-	196,393
2019	100,420	-	-	100,420
2020	-	-	-	-
2021	-	-	-	-
2022	-	10,439	-	10,439
2023	-	4,488	44,843	49,331
2024	-	20,752	12,353	33,105

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Sierra Madre Finance Department

Population and Personal Income data: HDL Coren & Cone, California State Department of Finance

Business-type Activities

Master Lease	Revenue Parity Bonds	Loans	Total	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 221,775	\$ 8,590,000	\$ 874,126	\$ 9,685,901	\$ 10,145,475	1.88%	921.23
181,341	8,165,000	728,438	9,074,779	9,450,564	1.65%	858.36
139,036	7,715,000	582,751	8,436,787	8,724,906	1.52%	794.18
94,771	-	6,940,756	7,035,527	7,231,920	1.19%	649.48
48,457	-	6,372,601	6,421,058	6,521,478	1.00%	602.95
-	-	5,900,868	5,900,868	5,900,868	0.89%	553.81
-	-	5,416,637	5,416,637	5,416,637	0.81%	508.37
-	-	7,158,098	7,158,098	7,168,537	0.96%	658.82
-	-	7,403,595	7,403,595	7,452,926	0.88%	688.75
-	-	7,027,533	7,027,533	7,060,638	0.79%	647.23

CITY OF SIERRA MADRE
Pledged Revenue Coverage

Business-type Activities - Water Fund						
Fiscal Year Ended June 30,	Operating Revenues	Operation and Maintenance Costs	Net Revenues	Debt Service		
				Principal	Interest	Coverage
<i>Sierra Madre Water Revenue Refunding Bonds, Series 1998A</i>						
<i>Sierra Madre Water Revenue Parity Bonds, Series 2003</i>						
2015	\$ 4,373,849	\$ 2,574,322	\$ 1,799,527	\$ 405,000	\$ 441,470	2.13
2016	4,498,726	2,348,112	2,150,614	425,000	420,720	2.54
2017	5,249,123	2,567,912	2,681,211	450,000	398,845	3.16
2018	5,521,322	2,319,129	3,202,193	258,284	186,735	7.20
<i>City of Sierra Madre Installment Purchase Agreement**</i>						
2019	5,611,440	2,364,338	3,247,102	422,467	257,981	4.77
2020	6,954,132	1,905,193	5,048,939	326,046	243,699	8.86
2021	8,934,480	2,824,490	6,109,990	338,543	231,875	10.71
2022	6,655,722	4,059,012	2,596,710	350,161	216,112	4.59
2023	6,446,169	4,952,653	1,493,516	362,881	201,560	2.65
2024	6,707,324	4,928,918	1,778,406	376,062	188,964	3.15

** The City determined that paying the prior installment sales agreements for the Revenue Bonds listed above with the proceeds from the 2017 *Installment Purchase Agreement*, would reduce the City's interest expense payable from Water Revenues.

Funding was provided by Holman Capital Corporation and the City's Reserve Funds totaling \$6,761,976. The The proceeds were sufficient to defease the Revenue Bonds on November1, 2017, thereby satisfying and terminating the City's obligations under the prior installment sales agreements and indentures. Funding took place on October 31, 2017.

As with the original Revenue Bonds, the City irrevocably pledged all of the Net Water Revenues to the payment of the 2017 Installment Payments, and is a first priority lien on the collateral.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Sierra Madre Finance Department

CITY OF SIERRA MADRE
Pledged Revenue Coverage

Fiscal Year Ended June 30,	Governmental Activities				Coverage
	Tax Increment ⁽¹⁾	Debt Service			
		Principal	Interest		
2015 ⁽²⁾	\$ 738,195	\$ 300,000	\$ 94,000	1.87	
2016 ⁽²⁾	528,157	315,000	78,625	1.34	
2017 ⁽²⁾	567,950	330,000	62,500	1.45	
2018 ⁽²⁾	581,097	345,000	45,625	1.49	
2019 ⁽²⁾	190,991	360,000	28,000	0.49	
2020 ⁽²⁾	215,315	380,000	19,000	0.54	
2021 ⁽²⁾	-	-	-	-	
2022 ⁽²⁾	-	-	-	-	
2023 ⁽²⁾	-	-	-	-	
2024 ⁽²⁾	-	-	-	-	

- ⁽¹⁾ Tax increment figures are net of related pass-through payments, beginning in 2008-2009, the City began paying AB1389 pass through payments.
- ⁽²⁾ Due to the dissolution of the Community Redevelopment Agency, the Tax Allocation Bonds were transferred to the Successor Agency. This funding represents the Private Purpose Trust Fund.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Sierra Madre Finance Department

CITY OF SIERRA MADRE
Demographic and Economic Statistics

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School	% of Pop 25+ with Bachelor's Degree
2014	11,098	\$545,034	\$49,111	5.5%	47.3	96.8%	59.1%
2015	11,013	541,092	49,132	4.5%	45.8	97.5%	61.5%
2016	11,010	573,499	52,088	3.5%	46.2	98.4%	63.7%
2017	10,986	575,612	52,395	2.7%	45.0	99.2%	65.1%
2018	11,135	608,795	54,674	3.7%	46.6	99.3%	63.3%
2019	10,816	655,093	60,567	4.5%	47.6	98.7%	62.4%
2020	10,655	664,995	62,411	14.6%	49.0	98.4%	60.8%
2021	10,865	745,581	68,622	6.7%	47.5	98.5%	62.9%
2022	10,821	850,058	78,556	3.3%	48.3	98.5%	63.4%
2023	10,909	894,424	\$81,989	3.3%	46.6	98.1%	64.7%

Data Source: HDL Coren & Cone, California State Department of Finance, California EDD, Us Census

CITY OF SIERRA MADRE
Top 25 Sales Tax Producers
For Fiscal Year Ended June 30, 2024

Business Name	Business Category
ACDC Apparel	Family Apparel
Bottle Shop	Convenience Stores/Liquor
Buccaneer Lounge	Casual Dining
Casa Del Rey	Casual Dining
Corfu Restaurant	Casual Dining
Frontier Hardware Co	Building Materials
Happy's Liquor	Convenience Stores/Liquor
K Petrol	Service Stations
Leonora Moss	Florist Shops
Lucky Baldwins Delirium Café	Casual Dining
Moes Automotive Service Center	Auto Repair Shops
Monsieur Crepe	Casual Dining
Nano Café	Casual Dining
Ohmonah	Family Apparel
Only Place in Town	Casual Dining
Roe Japanese Fusion	Casual Dining
Rt Rogers Brewing Co	Casual Dining
Sierra Madre Pizza Co	Quick-Service Restaurants
Sierra Madre Service Station	Service Stations
Starbucks	Quick-Service Restaurants
Tacos Ensenada Dom	Quick-Service Restaurants
Taylor's Old Fashioned Meat Market	Food Stores Non-Grocery
Village Pizzeria	Fast-Casual Restaurants
Wistaria Restaurant & Bar	Casual Dining
Yui	Casual Dining

Data Source: HDL Coren & Cone

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CITY OF SIERRA MADRE
Full-Time Equivalent City Government Employees by Function

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	11	11	11	13	12	15	11	16	16	16
Public Safety										
Police										
Officers	17	17	17	17	15	11	17	16	17	18
Civilians	7	6	6	7	7	11	5	6	5	5
Fire	16	18	19	19	20	16	16	17	18	17
Public Works	18	18	19	18	16	16	18	19	19	19
Development	4	5	5	5	5	4	4	5	6	6
Library and Recreation	13	12	13	14	12	13	12	9	9	9
Total	86	87	90	93	87	86	83	88	90	90

Source: City of Sierra Madre Finance Department

CITY OF SIERRA MADRE

Operating Indicators by Function

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Number of:										
Physical Arrests	327	214	248	223	231	210	178	218	107	88
Parking Violations	2,764	1,797	2,596	1,705	1,127	225	1,161	1,243	820	1,642
Traffic Violations	571	727	837	1,210	1,216	1,051	912	824	718	984
Fire										
Number of:										
Calls Answered	970	1,036	1,107	1,102	1,097	1,197	1,088	1,230	1,382	1,454
Inspections	1,739	1,678	2,084	1,687	1,905	1,935	2,012	1,825	1,673	1,879
Public Works										
Number of:										
Water Mains Repaired	58	550	388	395	374	303	403	391	338	284
Water service leaks repaired	7	19	30	46	62	78	76	77	68	79
Street resurfacing/repair (SF)	284,790	-	142,500	454,000	705,270	180,000	136,600	130,000	70,000	77,000
Sidewalk Repairs (SF)	4,605	3,000	4,700	9,500	3,250	6,500	2,000	4,400	11,400	13,500
Trees planted	-	-	12	16	31	15	15	16	12	25
Trees pruned	37	24	38	43	16	15	47	55	85	50
Trees removed	62	75	75	68	44	50	15	26	19	10
Sewer cleaned/inspected (LF)	167,168	186,176	146,000	120,817	98,000	80,000	148,316	50,000	103,000	70,000
Sewer Manhole inspected (each)	676	620	433	473	380	211	380	210	259	130
Sewer lines inspected (LF)	1,064	1,000	2,045	-	-	-	1,000	-	30,000	18,000
Meters replaced	168	-	172	507	643	605	106	160	400	195
Valves exercised	284	267	3	-	60	605	600	564	350	252
Pot holes repaired	380	575	657	727	622	-	-	423	600	440
Water Mains Replaced (LF)	2,870	1,750	1,200	2,000	5,800	7,095	6,000	5,300	5,000	2,150
Recreation and Community Services										
Number of participants:										
Recreation classes	731	371	271	217	n/a	n/a	n/a	n/a	n/a	n/a
Aquatic ⁽¹⁾	n/a	n/a								
Summer pool memberships	n/a	n/a								
Annual Events ⁽²⁾										
Movie Series	1,400	1,500	1,700	1,850	1,900	2,200	1,000	1,500	1,550	1,650
Concert Series	4,835	4,400	4,600	4,800	5,600	5,800	n/a	6,000	4,000	4,300
Summer Fun in the Park	293	305	265	261	285	291	150	204	89	n/a
Huck Finn (campsites)	63	63	50	36	48	n/a	-	n/a	n/a	n/a
Mt. Wilson Trail Race (Adult Runners)	325	346	337	332	350	n/a	300	349	350	350
Window Painting	n/a	n/a								
Halloween Happenings	150	157	107	115	126	130	200	250	250	350
Family Night Camping Under the Stars	n/a	36	n/a							
Bark in the Park	n/a	100								
Excursions	n/a	511	477	464	569	262	-	25	37	106
Senior Program Activities										
Senior Meals	n/a	1,111								
Chair Yoga	n/a	1,611								
Book Club	n/a	54								
Senior Cinema	n/a	98								
Hula	n/a	1,280								
Excursions	n/a	106								
Crafts	n/a	119								
Bingo	n/a	409								
Real Estate	n/a	6								
Blood Pressure	n/a	5								
Medicare Pres	n/a	4								
Holiday Lunch	n/a	52								
Valentine's Day	n/a	35								
St. Patricks	n/a	19								
Older American	n/a	38								
Yard Sale	n/a	45								

Data Source: Various City of Sierra Madre Departments

CITY OF SIERRA MADRE
Operating Indicators by Function, (continued)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Library										
Number of:										
Registered borrowers	10,530	11,429	11,574	11,098	14,162	10,175	8,787	8,212	8,158	7,882
Circulation	85,779	113,272	97,829	114,432	115,572	97,870	84,675	103,616	108,873	91,294
Reference	6,548	6,493	5,237	5,066	4,868	4,686	4,837	4,626	5,304	4,517
Book volumes held	56,891	47,746	41,680	39,164	40,126	39,949	41,212	43,249	44,780	45,515
Use of electronic content	14,798	17,678	16,612	14,141	17,809	13,954	11,637	32,958	65,035	12,145
Media	6,307	18,238	6,084	5,904	5,892	5,545	5,707	5,708	5,719	5,570
Periodicals	98	61	95	82	73	71	72	67	61	66
Municipal Utilities										
Number of:										
Number of Customers										
Residential	3,550	3,489	3,565	3,501	3,654	3,624	3,600	3,568	3,594	3,485
Non-Residential	204	195	210	193	163	248	190	215	186	206
Water Consumption in Units (000's)	821	667	925	765	741	860	1,179	847	867	1,895
Administrative Services										
Number of:										
Number of Customers										
Online Bill Pay (average)	211	246	288	333	421	435	965	1,371	1,424	1,511
Business Licenses Issued	1,374	1,276	1,438	1,665	1,584	2,767	1,323	1,347	1,843	1,419
Development Services										
Number of:										
Accessory Dwelling Unit Permit	n/a	n/a	n/a	1	10	24	20	25	22	24
Conditional Use Permit	37	5	6	7	-	-	1	6	2	2
Minor Conditional Use Permit	7	2	5	5	4	1	2	7	4	3
Design Review						11	13	14	7	4
Variance	1	1	-	-	1	-	-	1	-	-
Minor Variance	1	2	2	-	3	-	-	-	-	-
Municipal Code Text Amendment	6	5	7	-	5	-	7	8	1	3
Building Permit	231	230	274	281	258	320	260	351	333	384
Electrical Permit	159	174	206	223	223	203	215	194	286	289
Mechanical Permit	129	100	128	135	140	117	109	122	133	151
Plumbing Permit	215	194	204	230	191	141	136	130	152	213
Sewer Permit	3	14	23	2	7	3	6	8	7	21

Data Source: Various City of Sierra Madre Departments

* Account Class categories changed as of March 2014 in line with the Water Rate Study.

CITY OF SIERRA MADRE
Capital Assets – Book Value (excludes construction in progress)

		Fiscal Year Ended June 30,				
		2015	2016	2017	2018	2019
Roadways	Pavement AC (Governmental Funds)	\$ 11,331,409	\$ 10,731,909	\$ 9,854,028	\$ 9,549,273	\$ 10,482,847
Street Appurtenances	Bridges (Governmental Funds)	38,044	29,591	21,137	12,682	4,227
Parks	Park Structures (Governmental Funds)	133,376	267,258	392,374	371,422	350,470
		155,976	-	-	-	-
	Trees (Governmental Funds)	1,206,214	1,206,214	1,206,214	1,206,214	1,206,214
Wastewater	Manholes (Sewer)	701,169	672,551	643,932	615,313	586,693
	Sewer Pipelines (Sewer)	2,993,188	2,576,706	2,469,342	2,361,979	2,254,616
Domestic Water Network	Spreading Basins (Water)	1,061,345	1,025,528	989,710	953,893	918,075
	Pump Stations (Water)	1,378,488	1,322,223	1,265,958	1,209,694	1,153,429
	Pipelines (Water)	3,731,255	4,141,639	4,143,901	4,352,079	5,620,212
	Pressure Reducing Stations (Water)	267,915	250,630	233,345	216,061	198,776
	Fire Hydrants (Water)	155,140	144,440	133,741	123,042	112,343
	Wells (Water)	623,345	580,356	537,366	494,377	451,387
	Reservoirs (Water)	13,381,279	13,174,440	12,967,602	12,760,764	12,553,926
Buildings	All					
	Buildings (Water Fund)	127,300	118,766	110,328	101,799	93,316
	Buildings (Sewer Fund)	127,300	118,813	110,284	101,840	93,353
	Buildings (Governmental Funds)	5,733,392	5,642,913	5,409,185	5,175,456	5,127,521
	Buildings (Governmental-ISF Facilities)	-	-	-	61,379	60,152
Land	All					
	Land (Water Fund)	1,483,250	1,483,250	1,483,250	1,483,250	1,483,250
	Land (Governmental Funds)	162,275,946	162,275,946	162,275,946	162,275,946	162,275,946
General Equipment	All					
	Vehicle & Equipment (Water Fund)	30,890	59,040	71,118	62,638	54,158
	Vehicle & Equipment (Sewer Fund)	292,587	230,880	169,174	107,464	45,756
	Vehicle & Equipment (Governmental Funds)	541,302	501,492	387,136	555,906	1,089,507
	Vehicle & Equipment (Governmental-ISF fleet)	591,833	654,076	821,597	745,502	-
	Software (Governmental-ISF Administration)	314,619	394,552	333,326	272,087	210,851
Right-to-use	All					
	Equipment (Governmental-ISF Funds)	-	-	-	-	-
	Subscription (Governmental Funds)	-	-	-	-	-
	Subscription (Governmental-ISF Funds)	-	-	-	-	-
Total		\$ 208,676,562	\$ 207,603,213	\$ 206,029,994	\$ 205,170,057	\$ 206,427,024

Data Source: Various City of Sierra Madre Departments

Fiscal Year Ended June 30,				
2020	2021	2022	2023	2024
\$ 11,776,829	\$ 12,434,068	\$ 13,061,359	\$ 12,785,167	\$ 13,643,337
-	-	-	-	-
329,873	1,335,386	1,289,681	1,251,585	1,213,490
-	-	-	-	-
1,206,214	1,206,214	1,206,214	1,206,214	1,206,214
558,074	529,455	500,836	472,217	443,598
2,147,252	2,039,889	1,932,526	1,825,163	1,717,800
889,342	928,331	904,256	880,182	856,108
1,097,164	1,040,899	984,634	928,370	872,105
5,421,687	5,150,194	5,069,663	9,071,597	9,048,576
181,491	164,206	146,921	129,636	112,352
101,643	90,944	80,245	69,545	58,846
408,398	783,648	744,588	705,528	666,468
12,347,088	12,140,250	11,933,412	11,726,574	11,519,736
84,833	76,349	67,866	59,383	50,900
84,866	76,380	67,893	59,406	50,920
5,033,771	4,922,200	4,784,529	4,601,102	4,417,675
58,924	87,673	202,175	584,119	566,250
1,483,250	1,483,250	1,483,250	1,483,250	1,483,250
162,275,946	162,275,946	162,275,946	162,275,946	162,275,946
882,988	846,597	810,207	773,816	737,426
13,039	448,910	504,459	446,451	390,305
1,051,061	1,625,563	1,680,739	1,650,546	1,478,605
-	-	-	-	-
149,613	112,223	72,802	57,583	42,363
-	-	10,474	4,573	21,206
-	-	-	22,636	14,147
-	-	-	25,101	3,924
\$ 207,583,346	\$ 209,798,576	\$ 209,814,675	\$ 213,095,690	\$ 212,891,547

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**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**

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

Independent Auditor's Report

To the Honorable City Council
City of Sierra Madre
Sierra Madre, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sierra Madre (the entity) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated December 20, 2024.

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA
Jacob Weatherbie, CPA, MSA
Bolim Han, CPA, MAcc
Anny Gonzalez, CPA

Report on Internal Control over Financial Reporting

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

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for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Entity's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the entity's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2024

City of Sierra Madre

Schedule of Findings and Responses Year Ended June 30, 2024

2024-001 – Year End Accounting and Reconciliation Processes ***Significant Deficiency***

Criteria:

Government Auditing Standards require that financial information be accurate and reliable to support decision-making and external reporting. Effective monitoring procedures and closing processes are essential to ensure the accuracy of financial statements. For the year ended June 30, 2024, errors were identified in certain balance sheet accounts, resulting from ineffective monitoring and closing procedures. These errors resulted in misstatements to the entity's financial statement that required audit adjustments, indicating that management's review and monitoring of financial information were not effectively performed.

Condition:

A significant number of journal entries were posted during and after the audit process, including adjustments identified during the audit. These postings highlight gaps in the entity's accounting and reporting processes.

Cause:

The issues arose partly due to a failure to properly prepare and reconcile schedules to the general ledger and an incomplete closure of the books before the audit began.

Effect:

These deficiencies in the entity's accounting and reporting processes led to delays in completing its financial statements and the audit.

Recommendation:

To address these issues and improve the financial closing and reporting process, we recommend that the entity establish a detailed and formalized financial closing procedure. This procedure should ensure that all accounts are fully reconciled, including supporting schedules, and that these schedules are fully reconciled to the general ledger before the audit begins. Additionally, we recommend implementing a robust monitoring and review process to detect and correct errors promptly, as well as providing training for staff involved in financial reporting to strengthen their understanding of the requirements and establish clear deadlines to ensure the timely and accurate completion of the reconciliation and closing processes. These steps will help mitigate the risk of errors and delays in financial reporting, enhance the reliability of the entity's financial information, and ensure a smoother audit process.

Management's Response:

The City's Finance Team is dedicated and fully compliant with review policies and procedures. There is a checks and balance system whereby all full cycle accounting functions are reviewed and verified for accuracy and completeness at all times. Despite limited resources, the City

City of Sierra Madre

Schedule of Findings and Responses Year Ended June 30, 2024

diligently prepared and submitted all requested materials in a timely manner as part of the "provided by client" (PBC) process. This demonstrates the City's dedication to facilitating a smooth audit process and cannot be construed as a deficiency in the City's accounting and reconciliation processes.

While we acknowledge that adjustments were necessary, it is important to emphasize that these adjustments were implemented to ensure the accuracy, validity, and compliance of the financial statements with Generally Accepted Accounting Principles (GAAP). These adjustments highlight the City's commitment to transparency and the proactive identification and rectification of discrepancies as part of our internal control measures. Despite these adjustments, the Finance Department met all critical deadlines and provided timely, accurate information to auditors, even during a transition in leadership.

The departure of the Finance Director from July through December 2024 presented unique challenges for the Finance Department. The remaining staff demonstrated their commitment and capability by reconciling accounts, preparing accurate schedules, and addressing necessary adjustments in a timely manner to maintain the integrity of the financial statements.

The City remains steadfast in its commitment to maintaining high standards in accounting, financial reporting, and audit preparedness. As part of our continuous improvement efforts, we will further enhance the alignment of resources and audit schedules to ensure even greater efficiency in future audit cycles.

The City appreciates the auditors' feedback and remains committed to continuously enhance transparency, reliability, and efficiency in the City's financial processes.



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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December 20, 2024

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Terry P. Shea, CPA (Partner Emeritus)

To the Honorable City Council
City of Sierra Madre
Sierra Madre, California

We have audited the financial statements of the City of Sierra Madre (the entity) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 20, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
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Monica Wysocki, CPA
Jacob Weatherbie, CPA, MSA
Bolim Han, CPA, MAcc
Anny Gonzalez, CPA

As communicated in our engagement letter dated May 8, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the entity solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 20, 2024.



Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We have evaluated whether certain nonattest services performed by our firm during the audit have created a significant threat to our independence in relation to the entity. We have identified a threat to our independence (preparation of the entity's financial statements, creating a self-review threat) that if not reduced to an acceptable level, would impair our independence. In order to reduce the threat to an acceptable level, we have applied the following safeguard:

Prior to the issuance of the entity's financial statements, another partner or manager, independent of the engagement, will review the financial statements.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the entity is included in Note 1 to the financial statements. There have been no initial selection of accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the entity's financial statements are:

Management's estimate of the net pension liability and related deferred inflows and outflows of resources are based on actuarial reports by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the liability for other post-employment benefits (OPEB) and related deferred inflows and outflows of resources are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the entity's financial statements relate to:

The disclosure of net pension liability and related deferred inflows and outflows of resources in the basic financial statements is based on actuarial assumptions. Actual future liabilities and actuarial deferred inflows and outflows may vary from disclosed estimates.

The disclosures of the other post-employment benefits (OPEB) liability and related deferred inflows and outflows of resources in the basic financial statements is based on actuarial assumptions. Actual future liabilities and actuarial deferred inflows and outflows may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements noted.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion unit

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the entity's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 20, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the entity's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Read the transmittal letter and statistical section and considered whether a material inconsistency existed between the other the information and the basic financial statements, or the other information otherwise appears to be materially misstated. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.



City of Sierra Madre

December 20, 2024

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the basic financial statements of City of Sierra Madre (the entity) as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the entity in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 20, 2024:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 8, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- We have evaluated all of our lease and subscription agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, a process to monitor the system of internal controls.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
 - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All information provided in electronic form are true representations of the original documents.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.

- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Use of a Specialist

- We agree with the findings of specialists in evaluating the entity's net pension and net other post-employment benefit liabilities and related deferred amounts and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances

Cybersecurity

- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Compliance Examination of the Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF)

With respect to the Compliance Examination of the Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF). We have no knowledge of any noncompliance with the compliance requirements "activities allowed or unallowed" and "allowable costs/cost principles" as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Recovery Funds" is fairly stated, in all material respects.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

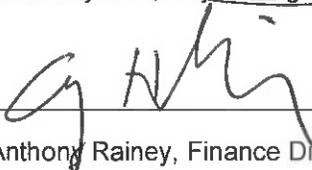
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Accounting Estimates and Related Disclosures

- The significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
- We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
- The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures.
- The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
- We have obtained and applied appropriate specialized skills and expertise in making accounting estimates.
- We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.



Jose Reynoso, City Manager



Anthony Rainey, Finance Director



City of Sierra Madre Agenda Report

*Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Gene Goss, Council Member
Kelly Kriebs, Council Member
Edward Garcia, Council Member*

Sue Spears, City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Aleks Giragosian, City Attorney

REVIEWED BY: Jose Reynoso, City Manager

DATE: January 28, 2024

**SUBJECT: ORDINANCE NO. 1476 ESTABLISHING ADMINISTRATIVE
REMEDIES PROCEDURE FOR CHALLENGES TO FEES,
CHARGES, AND ASSESSMENTS**

STAFF RECOMMENDATION

Staff recommends the City Council conduct a second reading and adopt Ordinance No. 1476.

ALTERNATIVES

1. Do not conduct a second reading of Ordinance No. 1476.
2. Provide alternative direction to staff.

SUMMARY

Assembly Bill No. 2257 ("AB 2257") (adding Government Code sections 53759.1 and 53759.2) provides the City with a new tool to defend against challenges to fees, charges, and assessments adopted under Proposition 218. If the City follows certain procedures, a ratepayer who fails to submit a written objection **before** the close of the Proposition 218 protest hearing will be barred from challenging the fee, charge, or assessment later on. The attached ordinance was intentionally drafted to be broader than AB 2257, while still applying AB 2257's procedures, to capture all fees, charges, and assessments levied by the City.

ANALYSIS

Proposition 218, the Right to Vote on Taxes Act, was enacted by the voters in 1996 to provide procedural and substantive requirements for the imposition of property-related fees. (Cal. Const. art. XIII D, § 6(a), (b).) The courts have held that the stated intent of Proposition 218 is that its provisions are to be liberally construed to effectuate its purpose of limiting local government revenue and enhancing taxpayer consent. (*Hill RHF Housing Partner, L.P. v. City of Los Angeles* (2021) 12 Cal.5th 458, 475.)

According to the Senate Rules Committee's Analysis of AB 2257:

"As a general proposition, the courts have held that a party is required to exhaust administrative remedies before pursuing an action in the courts. (*Plantier* at 382-83.) An administrative remedy has been exhausted once all available and distinctive administrative review procedures have been concluded. (*Id.* at 383.) ... In both *Plantier* and *Hill* the courts stated that Proposition 218 did not expressly require an exhaustion of remedies, and the court declined to infer one was required under the circumstances. ...

This bill seeks to build upon dicta in the above cases and establish a statutory requirement to exhaust administrative remedies before bringing a challenge under Proposition 218, and establish an administrative remedy that provides for submission, evaluation, and resolution of complaints. As the court has not definitely ruled out exhaustion of remedies under Proposition 218, enacting such a statutory requirement does not appear wholly impermissible."

According to Senator Peter Wilson, the author of AB 2257:

"AB 2257 would build upon Proposition 218's existing procedural requirements by creating a clear and robust mechanism for customers to raise questions, concerns, comments, and criticisms of a proposed rate structure."

Consistent with AB 2257, this ordinance establishes the process the City must follow to limit challenges as described above. The City must:

1. Make the proposed fee, charge, or assessment publicly available at least 45 days before the deadline for submitting written objections;
2. Post a written basis for the proposed fee, charge, or assessment on the City's website and include a link to that website on public hearing notices sent to ratepayers or property owners;
3. Mail the written basis for the proposed fee, charge, or assessment to ratepayers or property owners upon request;
4. Provide at least 45 days for ratepayers or property owners to submit written objections to the fee, charge, or assessment;
5. Respond in writing to any timely submitted objections with an explanation for keeping or changing the proposed fee, charge, or assessment;
6. Present any timely submitted objections and responses thereto to the City Council for its consideration, either before or during the public hearing on the proposed fee, charge, or assessment;
7. Include on its public hearing notices a statement in bold-faced type of 12 points or larger:
 - a. That all written objections must be submitted to the City Clerk by the end of public comment period at the hearing, that a failure to timely object in writing bars any right to challenge that fee, charge, or assessment in court, and that any such action will be limited to issues identified in such objections; and
 - b. All substantive and procedural requirements for submitting an objection to the proposed fee, charge, or assessment.

AB 2257 only pertains to "fees or assessments", defined to mean "the amount of any property-related water or sewer fee or charge, or any special assessment levied or the methodology used to develop and levy the fee, charge, or assessment." (Gov. Code, § 53759.1, subd. (a)(2).) But there are other property-related fees, such as solid waste fees, or non-property-related fees, such as business licensing fees, that are not covered by AB 2257. The attached ordinance was intentionally drafted to be broader than AB 2257, while still

applying AB 2257's procedures, to capture all fees, charges, and assessments levied by the City.

Lastly, this Ordinance repeals the existing SMMC Chapter 3.20 (codified in 1989) and replaces it with a new Chapter 3.20 (which mirrors AB 2257 adopted in 2024). The edit is intended to replace the former procedures which only applied to regulatory and services fees and create a single standard for all fees, charges, and assessments.

CONSISTENCY WITH GENERAL PLAN

N/A

FINANCIAL REVIEW/SOURCE OF FUNDING

This Ordinance has no financial impact

ENVIRONMENTAL (CEQA)

The adoption of this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 21065 and 15061(b)(3) as the establishment of an administrative remedies procedure will not result in a reasonably foreseeable direct or indirect physical change in the environment.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report can be accessed on the City's website at www.cityofsierramadre.com.

Attachments

1. Ordinance No. 1476

ORDINANCE NO. 1476

**AN ORDINANCE OF THE CITY OF SIERRA MADRE,
CALIFORNIA, ADOPTING AN ADMINISTRATIVE
REMEDIES PROCEDURE FOR CHALLENGES TO FEES,
CHARGES, AND ASSESSMENTS**

RECITALS

WHEREAS, the California Legislature adopted Assembly Bill No. 2257 to establish an exhaustion of remedies requirement for property-related water and sewer fees, charges, and assessments;

WHEREAS, Article XIII C, Section 1(e) of the California Constitution defines fees, charges, and assessments; and

WHEREAS, the City Council desires to codify those requirements for all City related fees, charges, and assessments.

**THEREFORE, THE CITY COUNCIL OF THE CITY OF SIERRA MADRE,
CALIFORNIA, DOES ORDAIN AS FOLLOWS:**

SECTION 1. Authority. This Ordinance is authorized by the City's authority under California Constitution, article XI, sections 7 (police power) and 9 (utility power) as well as Government Code section 53759.1.

SECTION 2. Amendment. Chapter 3.20 (Fee and Service Charge Revenue Cost Comparison System) of Title 3 (Revenue and Finance) of the Sierra Madre Municipal Code is repealed in its entirety.

SECTION 3. Amendment. Chapter 3.20 (Administrative Remedies Procedure for Challenges to Fees, Charges, and Assessments) is added to Title 3 (Revenue and Finance) of the Sierra Madre Municipal Code to read as follows:

**Chapter 3.20 — EXHAUSTION OF ADMINISTRATIVE REMEDIES FOR
CHALLENGES TO FEES, CHARGES, AND ASSESSMENTS ON REAL PROPERTY**

3.20.010 — Scope.

The duty to exhaust administrative remedies imposed by this section extends to:

- A. any fee or charge subject to articles XIII C or XIII D of the California Constitution,
- B. any assessment on real property levied by the City, and
- C. the methodology used to develop and levy such a fee, charge, or assessment.

3.20.020 — Definitions.

“Fee, charge, or assessment” means any such fee, charge, or assessment that does not constitute a tax under Article XIII C, Section 1(e) of the California Constitution.

“Hearing” means the public hearing referenced in paragraph D of section 3.22.040 of this chapter.

3.20.030 — Duty to Exhaust Issues.

No person may bring a judicial action or proceeding alleging noncompliance with the California Constitution or other applicable law for any new, increased, or extended fee, charge, or assessment levied by the City, unless that person submitted to the City Clerk a timely, written objection to that fee, charge, or assessment specifying the grounds for alleging noncompliance. The issues raised in any such action or proceeding shall be limited to those raised in such an objection unless a court finds the issue could not have been raised in such an objection by those exercising reasonable diligence.

3.20.040 — Procedures.

The City shall:

- A. Make available to the public any proposed fee, charge, or assessment to which this chapter is to apply no less than 45 days before the deadline for a ratepayer or assessed property owner to submit an objection pursuant to paragraph D of this section.
- B. Post on its internet website a written basis for the fee, charge, or assessment, such as a cost of service analysis or an engineer’s report, and include a link to the internet website in the written notice of the Hearing, including, but not limited to, a notice pursuant to section 4(c) or Section 6(a)(1) of Article XIII D of the California Constitution.
- C. Mail the written basis described in paragraph D of this section to a ratepayer or property owner on request.
- D. Provide at least 45 days for a ratepayer or assessed property owner to review the proposed fee or assessment and to timely submit to the City Clerk a written objection to that fee, charge, or assessment that specifies the grounds for alleging noncompliance. Any objection shall be submitted before the end of the public comment portion of a Hearing on the rate, charge or assessment.
- E. Include in a written notice of the Hearing, a statement in bold-faced type of 12 points or larger that:
 1. All written objections must be submitted to the City Clerk by the end of public comment period at the Hearing and that a failure to timely object in writing bars any right to challenge that fee, charge, or assessment in court and that any such action will be limited to issues identified in such objections.
 2. All substantive and procedural requirements for submitting an objection to the proposed fee, charge, or assessment such as those specified for a property-related fee under California Constitution, article XIII D, section 6(a) or for an assessment on real property under California Constitution, article XIII D, section 4(e).

3.20.050 — Council Consideration; City Responses.

Before or during the Hearing, the City Council shall consider and the City shall respond in writing to, any timely written objections. The City Council may adjourn the Hearing to another date if necessary to respond to comments received after the agenda is posted for the meeting at which the Hearing occurs. The City's responses shall explain the substantive basis for retaining or altering the proposed fee, charge, or assessment in response to written objections, including any reasons to reject requested amendments.

3.20.060 — City Council Determinations.

The City Council, in exercising its legislative discretion, shall determine whether:

- A. The written objections and the City's response warrant clarifications to the proposed fee, charge, or assessment.
- B. To reduce the proposed fee, charge or assessment.
- C. To further review the proposed fee, charge, or assessment before determining whether clarification or reduction is needed.
- D. To proceed with the Hearing, to continue it, or to abandon the proposal.

SECTION 4. CEQA. The City Council finds that adoption of this Ordinance is exempt from CEQA because: (i) it is not a project within the meaning of Public Resources Code, section 21065 because it has no potential to alter the physical environment; (ii) and pursuant to CEQA Guidelines section 15061(b)(3), the so-called "common sense" exemption, for this same reason.

SECTION 5. Severability. If any sections, subsections, subdivisions, paragraph, sentence, clause or phrase of this Ordinance or any part hereof or exhibit hereto is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining portions of this Ordinance or any part thereof or exhibit thereto. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that anyone or more sections, subsections, subdivisions, paragraph, sentences, clauses or phrases be declared invalid.

SECTION 6. Certification. Pursuant to Government Code Section 36932, the City Clerk shall certify the passage, approval, and adoption of this Ordinance by the City Council.

SECTION 7. Publication. Pursuant to Government Code Section 36933, the City Clerk shall cause this Ordinance to be published or posted.

SECTION 8. Records. Pursuant to Government Code Section 40801, proof of certification and publication shall be entered in the book of Ordinances of the City Council.

SECTION 9. Effective Date. Pursuant to Government Code Section 36937, this Ordinance shall take effect thirty days after its adoption.

PASSED, APPROVED, AND ADOPTED this [REDACTED] day of [REDACTED], 2025.

Robert Parkhurst, Mayor

I HEREBY CERTIFY that the foregoing Ordinance was introduced by first reading on the 14th day of January 2025, and duly adopted at a regular meeting held on the [REDACTED] day of [REDACTED] 2025, by the City Council of the City of Sierra Madre, California, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Laura Aguilar, City Clerk



City of Sierra Madre Agenda Report

*Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Edward Garcia, Council Member
Gene Goss, Council Member
Kelly Kriebs, Council Member*

Sue Spears, City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Henry Amos, Police Captain

REVIEWED BY: Jose Reynoso, City Manager
Gustavo Barrientos, Police Chief

DATE: January 28, 2025

SUBJECT: **STATE HOMELAND SECURITY PROGRAM (SHSP)
SUBRECIPIENT AGREEMENT GRANT YEAR 2023**

STAFF RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to approve and sign the grant agreement between the County of Los Angeles and the City of Sierra Madre Police Department for a State Homeland Security Program (SHSP) grant in an amount not to exceed \$45,000. The recommendation also includes the additional approval of signatures from the Chief of Police or their designee.

ALTERNATIVES

The City Council may consider the following actions:

- Authorize the City Manager to approve and sign the agreement to execute the grant, with additional signatures from the Chief of Police or their designee.
- Request staff to seek modifications to the grant agreement.
- Decline to approve the grant agreement.

SUMMARY

Annually, the U.S. Department of Homeland Security (DHS) allocates funds through the Homeland Security Grant Program (HSGP) to local governments. The HSGP consists of three key components:

- State Homeland Security Program (SHSP)
- Urban Area Security Initiative (UASI)
- Operation Stonegarden (OPSG)

The HSGP supports state, local, tribal, and territorial governments in addressing risks associated with terrorism and other emergencies. In Los Angeles County, the County oversees the administration and management of these funds.

Eligible entities may apply for funding under these programs. The Sierra Madre Police Department qualifies for HSGP funding through the SHSP or UASI programs.

The HSGP prioritizes projects that address the following focus areas:

- Protecting soft targets and crowded places
- Enhancing intelligence sharing and analysis
- Combating domestic violent extremism
- Strengthening cybersecurity
- Promoting community preparedness and resilience
- Securing elections
- Enhancing emergency communication systems
- Providing terrorism prevention training for first responders
- Acquiring equipment for disaster response

For FY 2023, the Sierra Madre Police Department submitted a grant application to upgrade its emergency communication systems, specifically focusing on upgrading patrol radios within patrol units.

As a result, the Department has been awarded up to \$45,000 through the State Homeland Security Program (SHSP) to implement this critical upgrade.

The County of Los Angeles has provided a grant agreement for the City to sign and execute regarding the approved request. The agreement requires additional signatures from the Chief of Police or their designee to finalize the process.

FINANCIAL REVIEW/SOURCE OF FUNDING

The acquisition costs for the patrol radio upgrades will be initially funded by the City and are fully reimbursable through the State Homeland Security Program (SHSP) grant, up to \$45,000. This means the City will front the expenditure, and upon completing the purchase and submitting the required documentation, the full cost will be reimbursed by Los Angeles County as the grant administrator. The process involves the following steps:

1. Grant Application: The City applies for the grant, outlining the project's scope and expected benefits.

2. Expenditure of Funds: The City uses its own funds to make the approved purchases, adhering to grant guidelines and timelines.
3. Reimbursement Request: Per the agreement after the purchase is completed, the City submits to the County of Los Angeles for acquisition costs incurred up to \$45,000 for reimbursement supported by required documentation such as invoices, proof of payment, and other grant-compliant records.

For accounting purposes, the acquisition will be booked against Segment 50096 – SHSP Grant, Object of Expenditure 53301 - Radios & Communications. This ensures precise tracking of expenditures tied to the grant-funded initiative. Staff anticipates that under the agreement with the County of Los Angeles, the City will be reimbursed for costs incurred up to \$45,000. The performance period for the agreement spans from **September 1, 2023, to May 31, 2026**.

STRATEGIC PLAN CORRELATION

N/A

ENVIRONMENTAL (CEQA)

N/A

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report can be accessed on the City's website at www.sierramadreca.gov.

ATTACHMENTS:

- 2023 SHSP Sierra Madre Subrecipient Agreement
- FY 2023 Homeland Security Grant Program Fact Sheet
- 2023 SHSP Project Spreadsheet

PROJECT LEDGER

City of Sierra Madre
 FY 2023 State Homeland Security Program (SHSP) Projects
 Cal OES ID: 037-00000
 Grant #: 2023-0042

Ledger Type	Initial Application
Date	12/6/2023
Request #	0
POP Start Date	9/1/2023
POP End Date	5/31/2026

IJ	Project No.	Project Title	Project Description	Funding Source	Discipline	Solution Area	Core Capability	Capability Building	Deployable / Shareable	Supports Previous Awarded Investment?	Total Approved	Total Expended	Remaining Balance	Percentage Expended
											\$ 45,000.00			
IJ.06	051	LE APX8500 Radios	Project funds the City of Sierra Madre's purchase of 3 Motorola M37TSS9PW1 N APX8500 Mid Power All Band (V, U, 7/8) Mobile Radio and installation equipment in Department mobile and fleet and mobile command vehicle to provide connectivity between local and interagency organizations to coordinate public safety responses in support of homeland security. This activity meets HSGP's LEIPA requirement because Interoperable Communications is on the list of allowable equipment articulated in Information Bulletin 485 and the Fiscal Year 2007 Law Enforcement Terrorism Prevention Program Guidance. The mobile radios being purchased here has a law enforcement terrorism prevention nexus as it will be used by law enforcement officers for anti-terrorism activities such as using information technology to respond to threats to homeland security. Emergency Communications (SCIP Goal #3)	HSGP-SHSP	LE	Equipment	Operational Communications	Build	Deployable	FY20: IJ#6	\$ 45,000	\$ -	\$ 45,000	0%
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
Totals:											\$	-	\$ 45,000.00	

 National Priority Area (NPA)

FY 2023 Homeland Security Grant Program Fact Sheet

Release Date: Feb 27, 2023

[Download a PDF copy of this webpage.](#)

In Fiscal Year (FY) 2023, the U.S. Department of Homeland Security (DHS) is providing \$1.12 billion to enhance the ability of state, local, tribal, and territorial governments to prevent, prepare for, protect against, and respond to potential terrorist acts and other hazards.

Overview

The FY 2023 Homeland Security Grant Program (HSGP) is one of three grant programs that support the DHS/Federal Emergency Management Agency's (FEMA) focus on enhancing the ability of state, local, tribal, and territorial governments, as well as nonprofit organizations, to prevent, prepare for, protect against, and respond to potential terrorist attacks. These grant programs are part of a comprehensive set of measures authorized by Congress and implemented by DHS to help strengthen the nation's communities against potential terrorist attacks and other hazards. HSGP is composed of three grant programs:

- State Homeland Security Program (SHSP);
- Urban Area Security Initiative (UASI); and
- Operation Stonegarden (OPSG).

Funding

In FY 2023, the total amount of funds under the HSGP is \$1.12 billion. Below is the funding distribution across the three grant programs:



HSGP Program	FY 2023 Allocation
SHSP	\$415 million
UASI	\$615 million
OPSG	\$90 million
Total	\$1.12 billion

Eligibility

The State Administrative Agency (SAA) is the only entity eligible to submit HSGP applications to FEMA, including those applications submitted on behalf of UASI and OPSG applicants. All 56 states and territories, which includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, are eligible to apply for SHSP funds. A list of eligible urban areas is published in the FY 2023 HSGP Notice of Funding Opportunity (NOFO), released on February 27, 2023. Tribal governments may not apply directly for HSGP funding; however, funding may be available to tribes through the SAA.

Eligible high-risk urban areas for the FY 2023 UASI program are determined through an analysis of relative risk of terrorism faced by the 100 most populous metropolitan statistical areas (MSA) in the United States. Sub-awards will be made by the SAA to the designated high-risk urban areas identified in the FY 2023 HSGP NOFO.

In FY 2023, OPSG eligible subrecipients are local units of government at the county level or equivalent level of government and federally recognized tribal governments in states bordering Canada or Mexico and states and territories with international water borders. All applicants must have active ongoing USBP operations coordinated through a CBP sector office to be eligible for OPSG funding.



Under the FY 2023 OPSG, subrecipients eligible to apply for and receive a sub-award directly from the SAA are divided into three tiers.

- Tier 1 entities are local units of government at the county level or equivalent and federally recognized tribal governments that are on a physical border in states bordering Canada, states bordering Mexico, and states and territories with international water borders.
- Tier 2 eligible subrecipients are those not located on the physical border or international water border but are contiguous to a Tier 1 county.
- Tier 3 eligible subrecipients are those not located on the physical border or international water border but are contiguous to a Tier 2 eligible subrecipient. The tier structure is only applicable with regard to eligibility. OPSG funding allocations are based on the assessed border security risks as determined by the U.S. Border Patrol.

Funding Guidelines

The FY 2023 allocation process for SHSP, UASI, and OPSG are as follows:

SHSP Allocations

For FY 2023, FEMA will award SHSP funds based on risk as determined by FEMA's relative risk methodology and statutory minimums pursuant to the *Homeland Security Act of 2002*, as amended. Final allocations are published in the FY 2023 HSGP NOFO.

UASI Allocations

For FY 2023, FEMA will award UASI funds based on risk as determined by FEMA's relative risk methodology pursuant to the *Homeland Security Act of 2002*, as amended. Final allocations are published in the FY 2023 HSGP NOFO.

OPSG Allocations

For FY 2023, FEMA will award OPSG funds based on risk and the anticipated effectiveness of the proposed use of grant funds. The FY 2023 OPSG risk assessment is designed to identify the risk to border security and to assist with the distribution of funds for the grant program. Entities eligible for funding are the



FEMA

state, local, and tribal law enforcement agencies that are located along the border of the United States. Final award amounts are based on FEMA’s evaluation of the effectiveness of proposed investments and projects.

Pass-Through Requirements

SAs are required to pass-through at least 80% of SHSP and UASI funding to local or tribal units of government. For more information on the pass-through requirement, please refer to Section F.2 of the FY 2023 HSGP NOFO and Appendix A of the FY 2023 [Preparedness Grants Manual](#).

National Priority Areas (NPAs) for SHSP and UASI and Minimum Spend Requirements

Overall, the required minimum spend on the FY 2023 NPAs for the SHSP and UASI programs remains consistent with the FY 2022 requirement – 30% as a percentage of the total SHSP and UASI allocation. Each SHSP and UASI applicant must dedicate the minimum spend (identified below where applicable) as a percentage of the total SHSP and UASI allocation per NPA. While the “enhancing cybersecurity” NPA has no minimum spend requirement, DHS strongly encourages recipients to make investments in this area as it is of critical national concern. **Fifteen (15) percent is mandated in minimum spending across five of the six NPAs, but there is flexibility on the remaining 15% required to meet the overall 30% minimum spend requirement.**

1. Enhancing the protection of soft targets/crowded places – 3% minimum spend;
2. Enhancing information and intelligence sharing and analysis– 3% minimum spend;
3. Combating domestic violent extremism – 3% minimum spend;
4. Enhancing cybersecurity – no minimum spend requirement;
5. Enhancing community preparedness and resilience – 3% minimum spend; and
6. Enhancing election security – **NEW** 3% minimum spend.

For the five NPAs that have an associated minimum spend, **all projects related to meeting the minimum spend for those NPAs must be included in the same Investment Justification (IJ).** [Activities that support more than one NPA](#)



may be included under only one NPA IJ but still count towards the 30% minimum spend without having to be broken out into separate projects or activities in more than one IJ. Complete details on the FY 2023 HSGP allocation process are included in the FY 2023 HSGP NOFO.

Law Enforcement Terrorism Prevention Activities (LETPA)

SAAAs must allocate at least 35% of their SHSP and UASI awards to LETPAs, up from 30% in FY 2022. Please refer to Section C.3.c of the FY 2023 HSGP NOFO, Appendix A of the FY 2023 Preparedness Grants Manual, and a forthcoming Information Bulletin for the FY 2023 HSGP for additional guidance and information on allowable LETPAs. Investments that support LETPAs can also support an NPA (e.g., an investment can be counted as supporting both the Soft Targets/Crowded Places and LETPA minimum allocation requirements, if applicable). The 35% LETPA allocation can be from SHSP, UASI, or both, and may be met by funding projects in any combination of the six NPAs identified above and any other investments.

Application Process

Applying for an award under the HSGP is a multi-step process. Applicants are encouraged to register early as the registration process can take four weeks or more to complete. Registration should be done in sufficient time to ensure it does not impact your ability to meet the required submission deadline. Section D in the FY 2023 HSGP NOFO contains more detailed information and instructions.

Eligible applicants should submit their initial application at least three days before the May 18, 2023, application deadline through the Grants.gov portal at www.grants.gov. Applicants needing Grants.gov support should contact the Grants.gov customer support hotline at (800) 518-4726 24 hours per day, seven days per week except federal holidays.

Eligible applicants will be notified by FEMA within one to two business days and asked to proceed with submitting their complete application package in the [Non-Disaster \(ND\) Grants System](#) by the application deadline. Applicants needing technical support with the ND Grants System should contact ndgrants@fema.dhs.gov or (800) 865-4076, Monday - Friday from 9 a.m. – 6 p.m.



FEMA

Eastern Time (ET).

Completed applications must be submitted no later than 5 p.m. ET on May 18, 2023.

HSGP Resources

There are a variety of resources available to address programmatic, technical, and financial questions, which can assist with HSGP applications:

- The FY 2023 HSGP NOFO is available online at www.fema.gov/grants as well as www.grants.gov.
- The FY 2023 [Preparedness Grants Manual](#) is available online at www.fema.gov/grants.
- For additional program-specific information, please contact the FEMA Grants Information Desk at fema-grants-news@fema.dhs.gov OR at (800) 368-6498. Hours of operation are from 9 a.m. – 5 p.m. ET, Monday through Friday.
- For support regarding financial grants management and budgetary technical assistance, applicants may contact the FEMA Award Administration Help Desk via e-mail at ASK-GMD@fema.dhs.gov.



FEMA

***State Homeland Security Program
Subrecipient Agreement
Grant Year 2023***

Between the

County of Los Angeles

and the

City of Sierra Madre

**SUBRECIPIENT AGREEMENT
BETWEEN THE
COUNTY OF LOS ANGELES
AND
THE CITY OF SIERRA MADRE**

THIS AGREEMENT ("Agreement") is made and entered into by and between the County of Los Angeles, a political subdivision of the State of California (the "County of Los Angeles"), and the City of Sierra Madre, a public agency (the "Subrecipient").

WITNESSETH

WHEREAS, the U.S. Department of Homeland Security Title 2 Code of Federal Regulations (CFR) through the Office of Grants and Training (G&T), has provided financial assistance for the State Homeland Security Program (SHSP), Assistance Listings Number (formerly Catalog of Federal Domestic Assistance Number) 97.067 - Homeland Security Grant Program directly to the California Governor's Office of Emergency Services (Cal OES) for the 2023 SHSP, Federal Award Identification No. 037-00000, Federal Award dated October 18, 2023 with a performance period of September 1, 2023 to May 31, 2026. This Federal Award is not a R&D award; and

WHEREAS, the Cal OES provides said funds to the County of Los Angeles, Unique Entity ID (UEI) #MKQ9AQH7R2S5, as its Subgrantee, and the Chief Executive Office (CEO) is responsible for managing and overseeing the SHSP funds that are distributed to other specified jurisdictions within Los Angeles County; and

WHEREAS, this financial assistance is being provided to the Subrecipient in order to address the unique equipment, training, organization, exercise and planning needs of the Subrecipient, and to assist the Subrecipient in building effective prevention and protection capabilities to prevent, respond to, and recover from threats or acts of terrorism; and

WHEREAS, the County of Los Angeles as Subgrantee has obtained approval of the 2023 SHSP grant from Cal OES in the total amount of \$9,481,457; and

WHEREAS, the CEO now wishes to distribute 2023 SHSP grant funds to the Subrecipient in the amount of \$45,000, as further detailed in this Agreement; and

WHEREAS, the CEO is authorized to enter into subrecipient agreements with cities providing for re-allocation and use of these funds; and to execute all future amendments, modifications, extensions, and augmentations relative to the subrecipient agreements, as necessary; and

WHEREAS, the County of Los Angeles and Subrecipient are desirous of executing this Agreement, and the County of Los Angeles Board of Supervisors on September 10, 2024 authorized the CEO to prepare and execute this Agreement.

NOW, THEREFORE, the County of Los Angeles and Subrecipient agree as follows:

SECTION I

INTRODUCTION

§101. Parties to this Agreement

The parties to this Agreement are:

A. County of Los Angeles, a political subdivision of the State of California, having its principal office at Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012; and

B. City of Sierra Madre, a public agency, having its principal office at _____
_____.

§102. Representatives of the Parties and Service of Notices

A. The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications must be given are as follows:

1. The representative of the County of Los Angeles is, unless otherwise stated in this Agreement:

Craig Hirakawa
County of Los Angeles - Chief Executive Office
500 West Temple Street, Room 796
Los Angeles, CA 90012
Phone: (213) 974-1127
CHirakawa@ceo.lacounty.gov

Kasey Dizon
County of Los Angeles - Chief Executive Office
500 West Temple Street, Room 796
Los Angeles, CA 90012
Phone: (213) 974-1764
KDizon@ceo.lacounty.gov

2. The representative of Subrecipient is:

Name and Title:	
Organizational UEI #:	
Address:	
City/State/Zip:	
Phone:	
Email:	

With a copy to:

Name and Title:	
Organization:	
Address:	
City/State/Zip:	
Phone:	
Email:	

- B. Formal notices, demands and communications to be given hereunder by either party must be made in writing and may be effected by personal delivery, regular U.S. Postal mail service and/or e-mail. In the event of personal delivery or email, the message will be deemed communicated upon receipt by the County of Los Angeles. In the event of mail service, the message will be deemed communicated as of the date of mailing.
- C. If the name and/or title of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice must be given, in accord with this section, within five (5) business days of said change.

§103. Independent Party

Subrecipient is acting hereunder as an independent party, and not as an agent or employee of the County of Los Angeles. An employee of Subrecipient is not, and

will not be deemed, an employee of the County of Los Angeles by virtue of this Agreement, and Subrecipient must so inform each employee organization and each employee who is hired or retained under this Agreement. Subrecipient must not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the County of Los Angeles by virtue of this Agreement.

§104. Conditions Precedent to Execution of This Agreement

Subrecipient must provide the following signed documents to the County of Los Angeles, unless otherwise exempted:

- A. Certification and Disclosure Regarding Lobbying, attached hereto as Exhibit A and made a part hereof, in accordance with §411.A.14 of this Agreement. Subrecipient must also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of the information contained in any Disclosure Form previously filed by Subrecipient.
- B. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions, attached hereto as Exhibit B and made a part hereof, as required by Executive Order 12549 in accordance with §411.A.12 of this Agreement.
- C. Certification Regarding Drug-Free Workplace, attached hereto as Exhibit C and made a part hereof, in accordance with §411.A.13 of this Agreement.
- D. Certification of Grant Assurances, attached hereto as Exhibit D and made a part hereof, in accordance with §411.C of this Agreement.

SECTION II

TERM AND SERVICES TO BE PROVIDED

§201. Performance Period

The performance period of this Agreement is from September 1, 2023 to February 28, 2026, unless the County of Los Angeles, with Cal OES approval, provides written notification to the Subrecipient that the performance period has been extended, in which case the performance period will be so extended by such written notification, as provided in §503, below.

§202. Use of Grant Funds

- A. Subrecipient and the County of Los Angeles have previously completed a mutually approved budget/expenditure plan, hereinafter "Budget," for the 2023 SHSP, which has been approved by Cal OES. This information is contained in a copy of the Final Grant Award Letter and Project Worksheet, attached hereto as Exhibit E.

Any request by Subrecipient to modify the Budget must be made in writing with the appropriate justification and submitted to CEO for approval. If during the County of Los Angeles review process, additional information or documentation is required, the Subrecipient will have ten (10) business days to comply with the request. If the Subrecipient does not comply with the request, CEO will issue written notification indicating that the requested modification will not be processed. Modifications must be approved in writing by the County of Los Angeles and Cal OES during the term of this Agreement. Upon approval, all other terms of this Agreement will remain in effect.

Subrecipient must utilize grant funds in accordance with all Federal regulations and State Guidelines.

- B. Subrecipient agrees that grant funds awarded will be used to supplement existing funds for program activities, and will not supplant (replace) non-Federal funds.
- C. Subrecipient must review the Federal Debarment Listing at <https://www.sam.gov/search/> prior to the purchase of equipment or services to ensure the intended vendor is not listed and also maintain documentation that the list was verified.
- D. Prior to the purchase of equipment or services utilizing a sole source contract or the receipt of single bid response of \$250,000.00 or more, justification must be presented to CEO, who upon review will request approval from Cal OES. Such approval in writing must be obtained prior to the commitment of funds.
- E. Subrecipient must provide any certifications or reports requested by the County of Los Angeles to the CEO indicating Subrecipient's performance under this Agreement, including progress on meeting program goals. Reports must be in the form requested by the County of Los Angeles, and must be provided by the fifteenth (15th) of the following month. Subrecipient is required to complete any survey requests requested by the County of Los Angeles. Subrecipient must also submit completed Project Claims for reimbursement immediately or a minimum on a quarterly basis, and no later than the date stated in §201, above.
- F. Subrecipient must provide an electronic copy of their Annual Single Audit Report, as required by Title 2 Code of Federal Regulations (C.F.R) Part 200, to the County of Los Angeles within 30 calendar days after receipt of the auditor's

report(s). In the event the Subrecipient does not meet the Single Audit Threshold expenditure amount in a fiscal year, the Subrecipient must provide the County of Los Angeles a copy of a letter sent to State Controller's Office noting the Single Audit Threshold was not met, and its exempt status within nine months after the end of the Subrecipient's fiscal year, unless otherwise approved by the County of Los Angeles.

- G. Subrecipient may be monitored by the County of Los Angeles on an annual basis to ensure compliance with Cal OES grant program requirements. The County of Los Angeles anticipates that said monitoring may include, at a minimum, one on-site visit during the term of this Agreement. Monitoring will utilize a Review Instrument (sample attached hereto as Exhibit H, and subject to periodic revisions) to evaluate compliance.
- H. Subrecipient must provide Corrective Action Plan(s) to CEO within thirty (30) days of any audit finding.
- I. Subrecipient use of the Los Angeles Regional Interoperable Communication System's Motorola Solutions, Incorporated Land Mobile Radio System Contract to purchase equipment is unallowable unless the Subrecipient can clearly demonstrate to CEO it meets one of the four federal exceptions to necessitate a noncompetitive procurement before issuance of any contract, amendment, or purchase order.
- J. Subrecipient shall not use grant funds to purchase, extend, or renew any Telecommunications and Video Surveillance services and equipment as substantial or essential component of any system, or as critical technology as part of any system which the Secretary of Defense, in consultation with Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an owned, controlled by, or connected to the People's Republic of China such as and not limited to Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities); or Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
- K. Any equipment acquired pursuant to this Agreement must be authorized in the G&T Authorized Equipment List (AEL) available online at <https://www.fema.gov/authorized-equipment-list> and the Funding Guidelines of the 2023 SHSP Notice of Funding Opportunity, incorporated by reference, and attached hereto as Exhibit F. Subrecipient must provide the CEO a copy of its most current procurement guidelines and follow its own procurement requirements as long as they meet or exceed the minimum Federal requirements and any added Cal OES requirements. Federal procurement requirements for the 2023 SHSP can be found at Title 2 CFR Part 200.313.

Any equipment acquired or obtained with Grant Funds:

1. Will be made available under the California Disaster and Civil Defense Master Mutual Aid Agreement in consultation with representatives of the various fire, emergency medical, hazardous materials response services, and law enforcement agencies within the jurisdiction of the applicant;
 2. Will be consistent with needs as identified in the State Homeland Security Strategy and will be deployed in conformance with that plan;
 3. Will be made available pursuant to applicable terms of the California Disaster and Civil Defense Master Mutual Aid Agreement and deployed with personnel trained in the use of such equipment in a manner consistent with the California Law Enforcement Mutual Aid Plan or the California Fire Services and Rescue Mutual Aid Plan.
- L. Equipment acquired pursuant to this Agreement will be subject to the requirements of Title 2 CFR Part 200.313. For the purposes of this subsection, "Equipment" is defined as tangible nonexpendable property, having a useful life of more than one year which costs \$5,000.00 or more per unit. Items costing less than \$5,000.00, but acquired under the "Equipment" category of the Grant must also be listed on any required Equipment Listing.
1. Equipment must be used by Subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the Equipment may be used in other activities currently or previously supported by a Federal agency.
 2. Subrecipient must make Equipment available for use on other like projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the awarding agency.
 3. An Equipment Listing must be maintained listing each item of Equipment acquired with SHSP funds. The Equipment Listing must be kept up to date at all times. Any changes must be recorded in the Listing within ten (10) business days and the updated Listing is to be forwarded to the County of Los Angeles Auditor-Controller (A-C) Shared Services Division. The Equipment Property Records must be maintained that include: (a) a description of the property, (b) a serial number or other identification number, (c) the source of property, (d) who holds title, (e) the acquisition date, (f) and cost of the property, (g) percentage of Federal participation in the cost of the property, (h) the location, (i) use and condition of the

property, (j) and any ultimate disposition data including the date of disposal and sale price of the property. Records must be retained by the subrecipient pursuant to Title 2, Part 200.313 (d) (1) of the CFR.

4. All Equipment obtained under this Agreement must have an appropriate identification decal affixed to it, and, when practical, must be affixed where it is readily visible.
 5. A physical inventory of the Equipment must be taken by the Subrecipient and the results reconciled with the Equipment Listing at least once every two years or prior to any site visit by State or Federal auditors or County of Los Angeles monitors. The Subrecipient is required to have on file a letter certifying as to the accuracy of the Equipment Listing in the frequency as above, and provide to the CEO when requested.
- M. Any Planning paid pursuant to this Agreement must conform to the guidelines as listed in Exhibit F or subsequent grant year programs.
- N. Any Organization activities paid pursuant to this Agreement must conform to the guidelines as listed in Exhibit F.
- O. Any Training paid pursuant to this Agreement must conform to the guidelines as listed in Exhibit F, and must be first submitted to CEO and then pre-authorized by Cal OES. A catalog of federally approved and sponsored training courses is available at <https://www.firstrespondertraining.gov/frts/>.
- P. Any Exercise paid pursuant to this Agreement must conform to the guidelines as listed in Exhibit F. Detailed Homeland Security Exercise and Evaluation Program Guidance is available at <https://www.fema.gov/hseep>.
- Q. Any Personnel activities paid pursuant to this Agreement must conform to the guidelines as listed in Exhibit F.
- R. Subrecipient must provide to CEO a spending plan detailing the required steps and timeframes required to complete the approved projects within the grant timeframe. Subrecipient must submit the spending plan to CEO prior to final execution of this Agreement.
- S. Pursuant to this Agreement, indirect costs are not reimbursable.

SECTION III

PAYMENT

§301. Payment of Grant Funds and Method of Payment

- A. The County of Los Angeles will reimburse Subrecipient up to the maximum grant amount of \$45,000 as expenditures are incurred and paid by Subrecipient and all documentation is reviewed and approved by County of Los Angeles. All expenditures must be for the purchase of equipment, exercises, training, organization, and planning as described in Section II of this Agreement. The grant amount represents the amount allocated to Subrecipient in the 2023 SHSP Grant Award Letter from Cal OES.
- B. Subrecipient must submit reimbursement requests to the County of Los Angeles A-C Shared Services Division requesting payment as soon as a Project is completed and expenses are incurred and paid with the required supporting documentation; submission can be sent immediately or at a minimum on a quarterly basis, and no later than the date stated in §201, above. Each reimbursement request must be accompanied by the Reimbursement Form (sample attached hereto as Exhibit G, and subject to periodic revisions). All appropriate back-up documentation must be attached to the reimbursement form, including the method of procurement, bid documentation, purchase orders, invoices, report of goods received, and proof of payment.

For Training reimbursements, Subrecipient must include a copy of the class roster verifying training attendees, proof that prior approval was obtained from Cal OES and that a Cal OES Feedback number has been assigned to the course, and timesheets and payroll registers for all training attendees.

For Exercise reimbursements, Subrecipient must enter the After Action Report (AAR) and Improvement Plan on the State Office of Domestic Preparedness secure portal within sixty (60) days following completion of the exercise and submit proof of prior State approval of the AAR with the reimbursement request.

For Planning reimbursements, Subrecipient must include a copy of the final tangible product.

- C. The County of Los Angeles may, at its discretion, reallocate unexpended grant funds to another subrecipient. Said reallocation may occur upon approval by the County of Los Angeles of a Subrecipient reimbursement submission, inquiry from the County of Los Angeles to the Subrecipient regarding fund utilization, or by written notification from the Subrecipient to the County of Los Angeles that a portion of the grant funds identified in

§301.A., above, will not be utilized. As provided in §503, below, any increase or decrease in the grant amount specified in §301.A., above, may be effectuated by a written notification by the County of Los Angeles to the Subrecipient.

- D. Payment of reimbursement request will be withheld by the County of Los Angeles until the County of Los Angeles has determined that Subrecipient has turned in all supporting documentation and completed the requirements of this Agreement.
- E. It is understood that the County of Los Angeles makes no commitment to fund this Agreement beyond the terms set forth herein.
- F. Funding for all periods of this Agreement is subject to continuing Federal appropriation of grant funds for this program. In the event of a loss or reduction of Federal appropriation of grant funds for this program, the Agreement may be terminated, or appropriately amended, immediately upon notice to Subrecipient of such loss or reduction of Federal grant funds.

County of Los Angeles will make a good-faith effort to notify Subrecipient, in writing, of such non-appropriation at the earliest time.

SECTION IV

STANDARD PROVISIONS

§401. Construction of Provisions and Titles Herein

All titles or subtitles appearing herein have been inserted for convenience and do not, and will not be deemed to, affect the meaning or construction of any of the terms or provisions hereof. The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party.

§402. Applicable Law, Interpretation and Enforcement

Each party's performance hereunder must comply with all applicable laws of the United States of America, the State of California, and the County of Los Angeles. This Agreement will be enforced and interpreted, as applicable, under the laws of the United States of America, the State of California and the County of Los Angeles.

If any part, term or provision of this Agreement is held void, illegal, unenforceable, or in conflict with any law of a Federal, State or Local Government having jurisdiction over this Agreement, the validity of the remainder of the Agreement will not be affected thereby.

Applicable Federal or State requirements that are more restrictive will be followed.

§403. Integrated Agreement

This Agreement sets forth all of the rights and duties of the parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. This Agreement may be amended only as provided for herein.

§404. Breach

If any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in all events, no party may recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

§405. Prohibition Against Assignment or Delegation

Subrecipient may not do any of the following, unless it has first obtained the written permission of the County of Los Angeles:

- A. Assign or otherwise alienate any of its rights hereunder, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties hereunder.

§406. Permits

Subrecipient and its officers, agents and employees must obtain and maintain all permits and licenses necessary for Subrecipient's performance hereunder and must pay any fees required therefor. Subrecipient further certifies that it will immediately notify the County of Los Angeles of any suspension, termination, lapse, non-renewal or restriction of licenses, certificates, or other documents.

§407. Nondiscrimination and Affirmative Action

Subrecipient must comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the County of Los Angeles. In performing this Agreement, Subrecipient must not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion,

national origin, ancestry, sex, sexual orientation, age, physical handicap, mental disability, marital status, domestic partner status or medical condition.

Subrecipient must comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).

If required, Subrecipient must submit an Equal Employment Opportunity Plan to the Department of Justice Office of Civil Rights in accordance with guidelines listed at <https://www.justice.gov/crt>.

Any subcontract entered into by the Subrecipient relating to this Agreement, to the extent allowed hereunder, will be subject to the provisions of this §407 of this Agreement.

§408. Indemnification

Each of the parties to this Agreement is a public entity. This indemnity provision is written in contemplation of the provisions of Section 895.2 of the Government Code of the State of California, which impose certain tort liability jointly upon public entities, solely by reason of such entities being parties to an agreement, and the parties agree that this indemnity provision will apply and will be enforceable regardless of whether Section 895 et seq. is deemed to apply to this Agreement. The parties hereto, as between themselves, consistent with the authorization contained in Government Code Sections 895.4 and 895.6 agree to each assume the full liability imposed upon it or upon any of its officers, agents, or employees by law, for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, to the same extent that such liability would be imposed in the absence of Government Code Section 895.2.

To achieve the above-stated purpose, each party agrees to indemnify and hold harmless the other party for any liability arising out of its own negligent acts or omissions in the performance of this Agreement (i.e., the Subrecipient agrees to indemnify and hold harmless the County of Los Angeles for liability arising out of the Subrecipient's negligent or wrongful acts or omissions and the County of Los Angeles agrees to indemnify and hold harmless the Subrecipient for liability arising out of the County of Los Angeles' negligent or wrongful acts or omissions). Each party further agrees to indemnify and hold harmless the other party for liability that is imposed on the other party solely by virtue of Government Code Section 895.2. The provisions of Section 2778 of the California Civil Code are made a part hereof as if fully set forth herein. Subrecipient certifies that it has adequate self-insured retention of funds to meet any obligation arising from this Agreement.

§409. Conflict of Interest

A. The Subrecipient covenants that none of its directors, officers, employees, or agents may participate in selecting, or administrating, any subcontract supported (in whole or in part) by Federal funds where such person is a director, officer, employee or agent of the subcontractor; or where the selection of subcontractors is or has the appearance of being motivated by a desire for personal gain for themselves or others such as family business, etc.; or where such person knows or should have known that:

1. A member of such person's immediate family, or domestic partner or organization has a financial interest in the subcontract;
2. The subcontractor is someone with whom such person has or is negotiating any prospective employment; or
3. The participation of such person would be prohibited by the California Political Reform Act, California Government Code §87100 et seq. if such person were a public officer, because such person would have a "financial or other interest" in the subcontract.

B. Definitions:

1. The term "immediate family" means domestic partner and/or those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father in law, mother in law, brother in law, sister in law, son in law, daughter in law.
2. The term "financial or other interest" means:
 - a. Any direct or indirect financial interest in the specific contract, including but not limited to, a commission or fee, a share of the proceeds, prospect of a promotion or of future employment, a profit, or any other form of financial reward.
 - b. Any of the following interests in the subcontractor ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.

C. The Subrecipient further covenants that no officer, director, employee, or agent may solicit or accept gratuities, favors, or anything of monetary value from any actual or potential subcontractor, supplier, a party to a sub agreement, (or persons who are otherwise in a position to benefit from the actions of any officer, employee, or agent).

- D. The Subrecipient may not subcontract with a former director, officer, or employee within a one-year period following the termination of the relationship between said person and the Subrecipient.
- E. Prior to obtaining the County of Los Angeles' approval of any subcontract, the Subrecipient must disclose to the County of Los Angeles any relationship, financial or otherwise, direct or indirect, of the Subrecipient or any of its officers, directors or employees or their immediate family with the proposed subcontractor and its officers, directors or employees.
- F. For further clarification of the meaning of any of the terms used herein, the parties agree that references are made to the guidelines, rules, and laws of the County of Los Angeles, State of California, and Federal regulations regarding conflict of interest.
- G. The Subrecipient warrants that it has not paid or given and will not pay or give to any third person any money or other consideration for obtaining this Agreement.
- H. The Subrecipient covenants that no member, officer or employee of Subrecipient may have interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with this project during his/her tenure as such employee, member or officer or for one year thereafter.
- I. The Subrecipient must incorporate the foregoing subsections of this Section into every agreement that it enters into in connection with this grant and must substitute the term "subcontractor" for the term "Subrecipient" and "sub subcontractor" for "Subcontractor".

§410. Restriction on Disclosures

Any reports, analyses, studies, drawings, information, or data generated as a result of this Agreement are to be governed by the California Public Records Act (California Government Code Sec. 6250 et seq.).

§411. Statutes and Regulations Applicable To All Grant Contracts

- A. Subrecipient must comply with all applicable requirements of State, Federal, and County of Los Angeles laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this Agreement. Subrecipient must comply with applicable State and Federal laws and regulations pertaining to labor, wages, hours, and other conditions of employment. Subrecipient must comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement.

These requirements include, but are not limited to:

1. CFR

Subrecipient must comply with Title 2 CFR Part 200.

2. Single Audit Act

Since Federal funds are used in the performance of this Agreement, Subrecipient must, as applicable, adhere to the rules and regulations of the Single Audit Act (31 USC Sec. 7501 et seq.), 2 CFR Part 200 and any administrative regulation or field memos implementing the Act.

3. Americans with Disabilities Act

Subrecipient hereby certifies that, as applicable, it will comply with the Americans with Disabilities Act 42, USC §§12101 et seq., and its implementing regulations. Subrecipient will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. Subrecipient will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Subrecipient, relating to this Agreement, to the extent allowed hereunder, will be subject to the provisions of this paragraph.

4. Political and Sectarian Activity Prohibited

None of the funds, materials, property or services provided directly or indirectly under this Agreement may be used for any partisan political activity, or to further the election or defeat of any candidate for public office. Neither may any funds provided under this Agreement be used for any purpose designed to support or defeat any pending legislation or administrative regulation. None of the funds provided pursuant to this Agreement may be used for any sectarian purpose or to support or benefit any sectarian activity.

Subrecipient must file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of any of the information contained in any Disclosure Form previously filed by Subrecipient. Subrecipient must require that the language of this Certification be included in the award documents for all sub-awards at all tiers and that all subcontractors certify and disclose accordingly.

5. Records Inspection

At any time during normal business hours and as often as either the County of Los Angeles, the U.S. Comptroller General or the Auditor General of the State of California may deem necessary, Subrecipient must make available for examination all of its records with respect to all matters covered by this Agreement. The County of Los Angeles, the U.S. Comptroller General and the Auditor General of the State of California have the authority to audit, examine and make excerpts or transcripts from records, including all Subrecipient's method of procurement, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.

Subrecipient agrees to provide any reports requested by the County of Los Angeles regarding performance of this Agreement.

6. Records Maintenance

Records, in their original form, must be maintained in accordance with requirements prescribed by the County of Los Angeles with respect to all matters specified in this Agreement. Original forms are to be maintained on file for all documents specified in this Agreement. Such records must be retained for a period five (5) years after termination of this Agreement and after final disposition of all pending matters. "Pending matters" include, but are not limited to, an audit, litigation or other actions involving records. The County of Los Angeles may, at its discretion, take possession of, retain and audit said records. Records, in their original form pertaining to matters covered by this Agreement, must at all times be retained within the County of Los Angeles unless authorization to remove them is granted in writing by the County of Los Angeles.

7. Subcontracts and Procurement

Subrecipient must, as applicable, comply with the Federal, State and County of Los Angeles standards in the award of any subcontracts. For purposes of this Agreement, subcontracts include but are not limited to purchase agreements, rental or lease agreements, third party agreements, consultant service contracts and construction subcontracts.

Subrecipient must, as applicable, ensure that the terms of this Agreement with the County of Los Angeles are incorporated into all Subcontractor agreements. The Subrecipient must submit all Subcontractor agreements to the County of Los Angeles for review prior to the release of any funds to the Subcontractor. The Subrecipient must withhold funds to any Subcontractor agency that fails to comply with the terms and conditions of this Agreement and their respective Subcontractor agreement.

8. Labor

Subrecipient must, as applicable, comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed requirements for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System Personnel Administration (5 CFR 900, Subpart F).

Subrecipient must, as applicable, comply with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7); the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874); the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements; and the Hatch Act (5 USC §§1501-1508 and 7324-7328).

Subrecipient must, as applicable, comply with the Federal Fair Labor Standards Act (29 U.S.C. §201) regarding wages and hours of employment.

None of the funds may be used to promote or deter union/labor organizing activities. CA Gov't Code Sec. 16645 et seq.

9. Civil Rights

Subrecipient must, as applicable, comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352), which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681- 1683, and 1685- 1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of disabilities; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to non-discrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; (j) the requirements of any other nondiscrimination statute(s) that may apply to the application; and (k) P.L. 93-348 regarding the protection of human

subjects involved in research, development, and related activities supported by this award of assistance.

10. Environmental

Subrecipient must, as applicable, comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646), which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

Subrecipient must, as applicable, comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93- 523); (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93205); and (i) Flood Disaster Protection Act of 1973 §102(a) (P.L. 93-234).

Subrecipient must, as applicable, comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

Subrecipient must, as applicable, comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.), which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

Subrecipient must, as applicable, comply with the Federal Water Pollution Control Act (33 U.S.C. §1251 et seq.), which restores and maintains the chemical, physical and biological integrity of the Nation's waters.

Subrecipient must, as applicable, ensure that the facilities under its ownership, lease or supervision that are utilized in the accomplishment of this project are not listed in the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the Federal Granter agency of the receipt of any communication from the Director of the EPA Office of Federal

Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.

By signing this Agreement, Subrecipient warrants and represents that it will, as applicable, comply with the California Environmental Quality Act (CEQA), Public Resources Code §21000 et seq.

Subrecipient must, as applicable, comply with the Energy Policy and Conservation Act (P.L. 94-163, 89 Stat. 871).

Subrecipient must, as applicable, comply with the provision of the Coastal Barrier Resources Act (P.L. 97-348) dated October 19, 1982 (16 U.S.C. 3501 et. seq.) which prohibits the expenditure of most new Federal funds within the units of the Coastal Barrier Resources System.

11. Preservation

Subrecipient must, as applicable, comply with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).

12. Suspension, Debarment, Ineligibility and Voluntary Exclusion

Subrecipient must, as applicable, comply with Title 2 CFR Part §3000, regarding Suspension and Debarment, and Subrecipient must submit a Certification Regarding Debarment, attached hereto as Exhibit B, required by Executive Order 12549 and any amendment thereto. Said Certification must be submitted to the County of Los Angeles concurrent with the execution of this Agreement and must certify that neither Subrecipient nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any Federal department head or agency. Subrecipient must require that the language of this Certification be included in the award documents for all sub-award at all tiers and that all subcontractors certify accordingly.

13. Drug-Free Workplace

Subrecipient must, as applicable, comply with the federal Drug-Free Workplace Act of 1988, 41 USC §701, Title 44 Code of Federal Regulations (CFR) Part §17; the California Drug-Free Workplace Act of 1990, CA Gov't Code §§8350-8357, and Subrecipient must complete the Certification Regarding Drug-Free Workplace Requirements, attached hereto as Exhibit C, and incorporated herein by reference. Subrecipient must require that the language of this Certification be included in the award documents for all sub-award at all tiers and that all subcontractors certify accordingly.

14. Lobbying Activities

Subrecipient must, as applicable, comply with 31 U.S.C.1352 and complete the Disclosure of Lobbying Activities, (OMB 0038-0046), attached hereto as Exhibit A, and incorporated herein by reference.

15. Miscellaneous

Subrecipient must, as applicable, comply with the Laboratory Animal Welfare Act of 1966, as amended (P.L. 89-544, 7 USC §§2131 et seq.).

B. Statutes and Regulations Applicable To This Particular Grant Agreement

Subrecipient must comply with all applicable requirements of State and Federal laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this particular grant program.

Subrecipient must, as applicable, comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:

Title 2 CFR Part 200; EO 12372; U.S. Department of Homeland Security, Office of State and Local Government Coordination and Preparedness, Office for Domestic Preparedness, ODP WMD Training Course Catalogue; and DOJ Office for Civil Rights.

Standardized Emergency Management System (SEMS) requirements as stated in the California Emergency Services Act, Government Code Chapter 7 of Division 1 of Title 2, §8607.1(e) and CCR Title 19, §§2445-2448.

Provisions of Title 2, 6, 28, 44 CFR applicable to grants and cooperative agreements, including Part 18, Administrative Review Procedures; Part 20, Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence Systems Operating Policies; Part 30, Intergovernmental Review of Department of Justice Programs and Activities; Part 35, Nondiscrimination on the Basis of Disability in State and Local Government Services; Part 38, Equal Treatment of Faith-based Organizations; Part 42, Nondiscrimination/Equal Employment Opportunities Policies and Procedures; Part 61, Procedures for Implementing the National Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; Part 64, Floodplain Management and Wetland Protection Procedures; Federal laws or regulations applicable to Federal Assistance Programs; Part 69, New Restrictions on Lobbying; Part 70, Uniform Administrative Requirements for Grants and Cooperative Agreements (including sub-awards) with Institutions of Higher Learning, Hospitals and other Non-Profit

Organizations; and Part 83, Government-Wide Requirements for a Drug Free Workplace (grants).

Nondiscrimination requirements of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 USC 3789(d), or the Juvenile Justice and Delinquency Prevention Act, or the Victims of Crime Act, as appropriate; the provisions of the current edition of the Office of Justice Programs Financial and Administrative Guide for Grants, M7100.1, and all other applicable Federal laws, orders, circulars, or regulations.

1. Travel Expenses

Subrecipient, as provided herein, will be compensated for Subrecipient's reasonable travel expenses incurred in the performance of this Agreement, to include travel and per diem, unless otherwise expressed. Subrecipient's total travel for in-State and/or out-of-State and per diem costs must be included in the contract budget(s). All travel, including out-of-State travel, that is not included in the budget(s) will not be reimbursed without prior written authorization from the County of Los Angeles.

Subrecipient's administrative-related travel and per diem reimbursement costs will not be reimbursed. For programmatic-related travel costs, Subrecipient's reimbursement rates may not exceed the amounts established under the grant.

C. Compliance With Grant Requirements

To obtain the grant funds, the State required an authorized representative of the County of Los Angeles to sign certain promises regarding the way the grant funds would be spent. These requirements are included in Exhibit F and in the State's "Grant Assurances". By signing these Grant Assurances and accepting Exhibit F, the County of Los Angeles became liable to the State for any funds that are used in violation of the grant requirements. The State's Grant Assurances are incorporated into this Agreement through Exhibit D. Subrecipient will be liable to the Granter for any funds the State determines the Subrecipient used in violation of these Grant Assurances.

Pursuant to this Agreement, Subrecipient shall execute the 2023 Certification of Grant Assurances in Exhibit D, accepting and agreeing to abide by all provisions, assurances, and requirements therein. Subrecipient agrees to indemnify and hold harmless the County of Los Angeles for any sums the State or Federal government determines Subrecipient used in violation of the Grant Assurances.

To the extent Exhibit D conflicts with language or provisions contained in this Agreement, or contains more restrictive requirements under Federal and State law, Exhibit D shall control.

D. Noncompliance With Grant Requirements

Subrecipient understands that failure to comply with any of the above assurances and requirements, including Exhibit D, may result in suspension, termination or reduction of grant funds, and repayment by the Subrecipient to the County of Los Angeles of any unauthorized expenditures.

§412. Federal, State and Local Taxes

Federal, State and local taxes are the responsibility of the Subrecipient as an independent party and not of the County of Los Angeles and must be paid prior to requesting reimbursement. However, these taxes are an allowable expense under the grant program.

§413. Inventions, Patents and Copyrights

A. Reporting Procedure for Inventions

If any project produces any invention or discovery ("Invention") patentable or otherwise under Title 35 of the U.S. Code, including, without limitation, processes and business methods made in the course of work under this Agreement, the Subrecipient must report the fact and disclose the Invention promptly and fully to the County of Los Angeles. The County of Los Angeles will report the fact and disclose the Invention to the State. Unless there is a prior agreement between the County of Los Angeles and the State, the State will determine whether to seek protection on the Invention. The State will determine how the rights in the Invention, including rights under any patent issued thereon, will be allocated and administered in order to protect the public interest consistent with the policy ("Policy") embodied in the Federal Acquisition Regulations System, which is based on Ch. 18 of Title 35 U.S.C. Sections 200 et seq. (Pub. L. 95-517, Pub. L. 98-620, Title 37 CFR Part 401); Presidential Memorandum on Government Patent Policy to the Heads of the Executive Departments and Agencies, dated 2/18/1983); and Executive Order 12591, 4/10/87, 52 FR 13414, Title 3 CFR, 1987 Comp., p. 220 (as amended by Executive Order 12618, 12/22/87, 52 FR 48661, Title 3 CFR, 1987 Comp., p. 262). Subrecipient hereby agrees to be bound by the Policy, and will contractually require its personnel to be bound by the Policy.

B. Rights to Use Inventions

As applicable, County of Los Angeles will have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license to use, manufacture, improve upon, and allow others to do so for all government purposes, any Invention developed under this Agreement.

C. Copyright Policy

1. Unless otherwise provided by the State or the terms of this Agreement, when copyrightable material ("Material") is developed under this Agreement, the County of Los Angeles, at its discretion, may copyright the Material. If the County of Los Angeles declines to copyright the Material, the County of Los Angeles will have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement.
2. The State will have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement or any Copyright purchased under this Agreement.
3. Subrecipient must comply with Title 24 CFR 85.34.

D. Rights to Data

The State and the County of Los Angeles will have unlimited rights or copyright license to any data first produced or delivered under this Agreement. "Unlimited rights" means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform and display publicly, or permit others to do so; as required by Title 48 CFR 27.401. Where the data are not first produced under this Agreement or are published copyrighted data with the notice of 17 U.S.C. Section 401 or 402, the State acquires the data under a copyright license as set forth in Title 48 CFR 27.404(f)(2) instead of unlimited rights. (Title 48 CFR 27.404(a)).

E. Obligations Binding on Subcontractors

Subrecipient must require all subcontractors to comply with the obligations of this section by incorporating the terms of this section into all subcontracts.

§414. Child Support Assignment Orders

Under the terms of this Agreement, Subrecipient must, as applicable, comply with California Family Code Section 5230 et seq.

§415. Minority, Women, And Other Business Enterprise Outreach Program

It is the policy of the County of Los Angeles to provide Minority Business Enterprises, Women Business Enterprises and all other business enterprises an equal opportunity to participate in the performance of all Subrecipient's contracts,

including procurement, construction and personal services. This policy applies to all of the Subrecipient's contractors and sub-contractors.

§416. Compliance with Fair Chance Employment Practices

Subrecipient shall comply with fair chance employment hiring practices set forth in California Government Code Section 12952, Employment Discrimination: Conviction History. Subrecipient's violation of this paragraph of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, County of Los Angeles may, in its sole discretion, terminate the Agreement.

§417. Method of Payment and Required Information

The County of Los Angeles may, at its sole discretion, determine the most appropriate, efficient, secure, and timely form of payment provided under this Agreement. Subrecipient further agrees that the default form of payment shall be Electronic Funds Transfer (EFT) or Direct Deposit, unless an alternative method of payment is deemed appropriate by the A-C.

Subrecipient shall provide the A-C with electronic banking and related information for the Subrecipient and/or any other payee that the Subrecipient designates to receive payment pursuant to this Agreement at <https://directdeposit.lacounty.gov/>. Such electronic banking and related information includes, but is not limited to: bank account number and routing number, legal business name, valid taxpayer identification number or TIN, a working e-mail address capable of receiving remittance advices and other payment related correspondence, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or Direct Deposit shall supersede this requirement with respect to those payments. At any time during the duration of this Agreement, the Subrecipient may submit a written request for an exemption to this requirement and must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with CEO, shall decide whether to approve exemption requests.

SECTION V

DEFAULTS, SUSPENSION, TERMINATION, AND AMENDMENTS

§501. Defaults

Should either party fail for any reason to comply with the contractual obligations of this Agreement within the time specified by this Agreement, the non-breaching party reserves the right to terminate the Agreement, reserving all rights under State and Federal law.

§502. Termination

This Agreement may be terminated, in whole or in part, from time to time, when such action is deemed by the County of Los Angeles, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to the Subrecipient specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent.

§503. Amendments

Except as otherwise provided in this paragraph, any change in the terms of this Agreement, including changes in the services to be performed by Subrecipient, that are agreed to by the Subrecipient and the County of Los Angeles must be incorporated into this Agreement by a written amendment properly signed by persons who are authorized to bind the parties. Notwithstanding the foregoing, any increase or decrease of the grant amount specified in §301.A., above, or any extension of the performance period specified in §201, above, does not require a written amendment, but may be effectuated by a written notification by the County of Los Angeles to the Subrecipient.

SECTION VI

ENTIRE AGREEMENT

§601. Complete Agreement

This Agreement contains the full and complete Agreement between the two parties. Neither verbal agreement nor conversation or other communication with any officer or employee of either party will affect or modify any of the terms and conditions of this Agreement.

§602. Number of Pages and Attachments

This Agreement may be executed utilizing wet, scanned digital, and electronic signatures, each of which is deemed to be an original. This Agreement includes (27) pages and (8) Exhibits which constitute the entire understanding and agreement of the parties.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Subrecipient and the County of Los Angeles have caused this Agreement to be executed by their duly authorized representatives.

COUNTY OF LOS ANGELES

BY _____
FESIA A. DAVENPORT
Chief Executive Officer
Date _____

BY _____
EDWARD YEN
Executive Officer, Board of Supervisors

BY _____
OSCAR VALDEZ
Auditor-Controller

APPROVED AS TO FORM

DAWYN R. HARRISON
County Counsel

BY _____
Deputy County Counsel

CITY OF SIERRA MADRE

BY _____
City Representative/Title (Signature) (Print Name) Date

APPROVED AS TO FORM

BY _____
City Attorney (Signature – If Needed) (Print Name) Date

ATTEST

BY _____
City Clerk (Signature – If Needed) (Print Name) Date

EXHIBITS

Exhibit A	Certification and Disclosure Regarding Lobbying
Exhibit B	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions
Exhibit C	Certification Regarding Drug Free Workplace
Exhibit D	Certification of Grant Assurances
Exhibit E	Final Grant Award Letter and Project Worksheet
Exhibit F	2023 Notice of Funding Opportunity & 2023 Cal OES Supplemental to Federal Notice of Funding Opportunity
Exhibit G	Reimbursement Form and Instructions
Exhibit H	Monitoring Instrument



Certification Regarding Lobbying

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, 'Disclosure of Lobbying Activities,' in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



Certification Regarding Lobbying

The Subrecipient, as identified below, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Subrecipient understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

Subrecipient: _____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

**CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION
LOWER TIER COVERED TRANSACTIONS**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 24 CFR Part 24 Section 24.510, Participants' responsibilities.

**(READ ATTACHED INSTRUCTIONS FOR CERTIFICATION BEFORE
COMPLETING)**

1. The prospective recipient of Federal assistance funds certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

AGREEMENT NUMBER

CONTRACTOR/BORROWER/AGENCY

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE

DATE

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this document, the prospective recipient of Federal assistance is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to which this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.
5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation on this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non Procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

STATE OF CALIFORNIA

DRUG-FREE WORKPLACE CERTIFICATION

STD. 21

COMPANY/ORGANIZATION NAME:

The contractor or grant recipient named above hereby certifies compliance with *Government Code Section 8355* in matters relating to providing a drug-free workplace. The above-named contractor or recipient will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by *Government Code Section 8355(a)*.
2. Establish a Drug-Free Awareness Program as required by *Government Code Section 8355(b)*, to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace,
 - (b) The person's or organization's policy of maintaining a drug-free workplace,
 - (c) Any available counseling, rehabilitation and employee assistance programs, and
 - (d) Penalties that may be imposed upon employees for drug abuse violations.
3. Provide as required by *Government Code Section 8355(c)*, that every employee who works on the proposed contract or subgrant:
 - (a) Will receive a copy of the company's drug-free policy statement, and
 - (b) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or subgrant.

CERTIFICATION

I, the official named below, hereby swear that I am duly authorized legally to bind the contractor or Recipient to the above described certification. I am fully aware that this certification, executed on the date and in the county below, is made under penalty of perjury under the laws of the State of California.

OFFICIAL'S NAME

DATE EXECUTED

EXECUTED IN THE COUNTY OF

CONTRACTOR or RECEIPEINT SIGNATURE

TITLE

FEDERAL I.D. NUMBER

STATEMENT ON THE DRUG-FREE WORKPLACE

To comply with the enactment of Senate Bill 1120, (*Chapter 1170, Statutes of 1990*), which established the Drug-Free Workplace Act of 1990, the _____
(*your agency*)
accordingly provides this statement of compliance.

In order to maintain funding eligibility, state agencies, along with those in receipt of grant and contractual awards, must certify that they provide drug-free workplaces and have issued drug-free workplace statements to their employees [*Section 8355(a) of the Government Code*]. Consequently, in accordance with this directive, this statement is issued to meet this requirement.

The _____ (*your agency*), an agency within the State of California has adopted this statement in compliance with legislation which addresses issues to avoid the dangers arising from drug and alcohol abuse in the workplace. These dangers include death and injury to the employee, co-workers, or the public resulting from accidents, dereliction of duty, poor judgment and carelessness. Substance abuse also results in lost productivity, reduced efficiency, and increased absenteeism by the substance abuser and interferes with the job performance of employees who do not use illegal or unauthorized substances. [*Section 8355(b)(1)*]

California law prohibits the unlawful manufacture, dispensation, possession, or illegal use of a controlled substance. That prohibition extends to all places and includes the worksite of California state employees. [*Section 8355(a)*]

Employees convicted of a violation of criminal drug statute, when the violation occurred at an employee's worksite, shall report the conviction to the granting and monitoring State agency upon conviction. [*Section 8356(a)(1)(2)*]

In the event of the unlawful manufacture, distribution, dispensation, possession or illegal use of a controlled substance at a State worksite, the State may take disciplinary action pursuant to the law and/or require the satisfactory completion of a drug abuse assistance or rehabilitation program. [*Section 8355(b)(4)*]

The Employee Assistance Program (EAP) provides drug problem assessment and referral to appropriate counseling and rehabilitation services. The EAP is available to all agency employees. Procedures exist to ensure the confidentiality of EAP records. Contact your personnel office for further information.

It is the intent of the _____ (*your agency*) to ensure by execution of this statement of compliance that each employee shall abide by the terms of this drug-free workplace statement. [*Section 8355(c)*]

EXHIBIT D

COUNTY OF LOS ANGELES

2023 CERTIFICATION OF GRANT ASSURANCES

As the duly authorized representative of the Subrecipient, I hereby certify Subrecipient's complete acceptance of Exhibit D, and agreement to abide by all provisions, assurances, conditions and requirements of the Grant Assurances therein.

BY _____
City Representative/Title (Signature) (Print Name) Date

APPROVED AS TO FORM

BY _____
City Attorney (Signature) (Print Name) Date

ATTEST

BY _____
City Clerk (Signature) (Print Name) Date



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

As the duly authorized representative of the Applicant, I hereby certify that the Applicant has the legal authority to apply for federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay any non-federal share of project cost) to ensure proper planning, management, and completion of the project described in this application, within prescribed timelines.

The requirements outlined in these assurances apply to Applicant and any of its subrecipients.

I further acknowledge that the Applicant is responsible for reviewing and adhering to all requirements within the:

- (a) Applicable Federal Regulations (see below);
- (b) Federal Program Notice of Funding Opportunity (NOFO);
- (c) Federal Preparedness Grants Manual;
- (d) California Supplement to the NOFO; and
- (e) Federal and State Grant Program Guidelines.

Federal Regulations

Government cost principles, uniform administrative requirements, and audit requirements for federal grant programs are set forth in Title 2, Part 200 of the Code of Federal Regulations (C.F.R.). Updates are issued by the [Office of Management and Budget \(OMB\)](http://www.whitehouse.gov/omb/) and can be found at <http://www.whitehouse.gov/omb/>.

In the event Cal OES determines that changes are necessary to the subaward after a subaward has been made, including changes to period of performance or terms and conditions, Applicants will be notified of the changes in writing. Once notification has been made, any subsequent request for funds will indicate Applicant acceptance of the changes to the subaward.

State and federal grant award requirements are set forth below. The Applicant hereby agrees to comply with the following:

1. Proof of Authority

The Applicant will obtain proof of authority from the city council, governing board, or authorized body in support of this project. This written authorization must specify that the Applicant and the city council, governing board, or authorized body agree:



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

- (a) To provide all matching funds required for the grant project and that any cash match will be appropriated as required;
- (b) Any liability arising out of the performance of this agreement shall be the responsibility of the Applicant and the city council, governing board, or authorized body;
- (c) Grant funds shall not be used to supplant expenditures controlled by the city council, governing board, or authorized body;
- (d) The Applicant is authorized by the city council, governing board, or authorized body to apply for federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-federal share of project cost, if any) to ensure proper planning, management and completion of the project described in this application; and
- (e) The official executing this agreement is authorized by the Applicant.

This Proof of Authority must be maintained on file and readily available upon request.

2. Period of Performance

The period of performance is specified in the Award. The Applicant is only authorized to perform allowable activities approved under the award, within the period of performance.

3. Lobbying and Political Activities

As required by Section 1352, Title 31 of the United States Code (U.S.C.), for persons entering into a contract, grant, loan, or cooperative agreement from an agency or requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan, the Applicant certifies that:

- (a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

- (b) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (c) The Applicant shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

The Applicant will also comply with provisions of the Hatch Act (5 U.S.C. §§ 1501- 1508 and §§ 7324-7328) which limit the political activities of employees whose principle employment activities are funded in whole or in part with federal funds.

Finally, the Applicant agrees that federal funds will not be used, directly or indirectly, to support the enactment, repeal, modification or adoption of any law, regulation or policy without the express written approval from the California Governor's Office of Emergency Services (Cal OES) or the federal awarding agency.

4. Debarment and Suspension

As required by Executive Orders 12549 and 12689, and 2 C.F.R. § 200.214 and codified in 2 C.F.R. Part 180, Debarment and Suspension, the Applicant will provide protection against waste, fraud, and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the federal government. The Applicant certifies that it and its subrecipients:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (4)(b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transaction (federal, state, or local) terminated for cause or default.

Where the Applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

5. **Non-Discrimination and Equal Employment Opportunity**

The Applicant will comply with all state and federal statutes relating to non-discrimination, including:

- (a) Title VI of the Civil Rights Act of 1964 (Public Law (P.L.) 88-352 and 42 U.S.C. § 2000d et. seq.) which prohibits discrimination on the basis of race, color, or national origin and requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services;
- (b) Title IX of the Education Amendments of 1972, (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex in any federally funded educational program or activity;
- (c) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794), which prohibits discrimination against those with disabilities or access and functional needs;
- (d) Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. § 12101 et seq.), which prohibits discrimination on the basis of disability and requires buildings and structures be accessible to those with disabilities and access and functional needs;
- (e) Age Discrimination Act of 1975, (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age;
- (f) Public Health Service Act of 1912 (42 U.S.C. §§ 290 dd—2), relating to confidentiality of patient records regarding substance abuse treatment;
- (g) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), relating to nondiscrimination in the sale, rental or financing of housing as implemented by the Department of Housing and Urban Development at 24 C.F.R. Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)—



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

- be designed and constructed with certain accessible features (See 24 C.F.R. § 100.201);
- (h) Executive Order 11246, which prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identification or national origin;
 - (i) Executive Order 11375, which bans discrimination on the basis of race, color, religion, sex, sexual orientation, gender identification, or national origin in hiring and employment in both the United States federal workforce and on the part of government contractors;
 - (j) California Public Contract Code § 10295.3, which prohibits discrimination based on domestic partnerships and those in same sex marriages;
 - (k) Department of Homeland Security (DHS) policy to ensure the equal treatment of faith-based organizations, under which the Applicant must comply with equal treatment policies and requirements contained in 6 C.F.R. Part 19;
 - (l) The Applicant will comply with California's Fair Employment and Housing Act (FEHA) (California Government Code §§ 12940-12957), as applicable. FEHA prohibits harassment and discrimination in employment because of ancestry, familial status, race, color, religious creed (including religious dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, genetic information, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave, military and veteran status, and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions;
 - (m) Any other nondiscrimination provisions in the specific statute(s) under which application for federal assistance is being made; and
 - (n) The requirements of any other nondiscrimination statute(s) that may apply to this application.

6. Drug-Free Workplace

As required by the Drug-Free Workplace Act of 1988 (41 U.S.C. § 701 et seq.), the Applicant certifies that it will maintain a drug-free workplace and a drug-free awareness program as outlined in the Act.



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

7. Environmental Standards

The Applicant will comply with state and federal environmental standards, including:

- (a) California Environmental Quality Act (CEQA) (California Public Resources Code §§ 21000-21177), to include coordination with the city or county planning agency;
- (b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§ 15000-15387);
- (c) Federal Clean Water Act (CWA) (33 U.S.C. § 1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters;
- (d) Federal Clean Air Act of 1955 (42 U.S.C. § 7401) which regulates air emissions from stationary and mobile sources;
- (e) Institution of environmental quality control measures under the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190); the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA; and Executive Order 12898 which focuses on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities;
- (f) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988;
- (g) Executive Order 11514 which sets forth national environmental standards;
- (h) Executive Order 11738 instituted to assure that each federal agency empowered to enter into contracts for the procurement of goods, materials, or services and each federal agency empowered to extend federal assistance by way of grant, loan, or contract shall undertake such procurement and assistance activities in a manner that will result in effective enforcement of the Clean Air Act and the Federal Water Pollution Control Act Executive Order 11990 which requires preservation of wetlands;
- (i) The Safe Drinking Water Act of 1974, (P.L. 93-523);
- (j) The Endangered Species Act of 1973, (P.L. 93-205);
- (k) Assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.);
- (l) Conformity of Federal Actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); and



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

(m) Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

The Applicant shall not be: (1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease-and-desist order pursuant to section 13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) determined to be in violation of federal law relating to air or water pollution.

8. Audits

For subrecipients expending \$750,000 or more in federal grant funds annually, the Applicant will perform the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and 2 C.F.R., Part 200, Subpart F Audit Requirements.

9. Cooperation and Access to Records

The Applicant must cooperate with any compliance reviews or investigations conducted by DHS. In accordance with 2 C.F.R. § 200.337, the Applicant will give the awarding agency, the Comptroller General of the United States and, if appropriate, the state, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award. The Applicant will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

10. Conflict of Interest

The Applicant will establish safeguards to prohibit the Applicant's employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

11. Financial Management

False Claims for Payment - The Applicant will comply with 31 U.S.C §§ 3729-3733 which provides that Applicant shall not submit a false claim for payment, reimbursement, or advance.

12. Reporting - Accountability

The Applicant agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (P.L. 109-282), including but not limited to (a) the reporting of subawards obligating \$30,000 or more in federal funds,



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

and (b) executive compensation data for first-tier subawards as set forth in 2 C.F.R. Part 170, Appendix A. The Applicant also agrees to comply with the requirements set forth in the government-wide financial assistance award term regarding the System for Award Management and Universal Identifier Requirements located at 2 C.F.R. Part 25, Appendix A.

13. Whistleblower Protections

The Applicant must comply with statutory requirements for whistleblower protections at 10 U.S.C. § 2409, 41 U.S.C. § 4712, and 10 U.S.C. § 2324, 41 U.S.C. § 4304 and § 4310.

14. Human Trafficking

The Applicant will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. § 7104) which prohibits the Applicant or its subrecipients from: (1) engaging in trafficking in persons during the period of time that the award is in effect; (2) procuring a commercial sex act during the period of time that the award is in effect; or (3) using forced labor in the performance of the award or subawards under the award.

15. Labor Standards

The Applicant will comply with the following federal labor standards:

- (a) The Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), as applicable, and the Copeland Act (40 U.S.C. § 3145 and 18 U.S.C. § 874) and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally-assisted construction contracts or subcontracts, and
- (b) The Federal Fair Labor Standards Act (29 U.S.C. § 201 et seq.) as they apply to employees of institutes of higher learning (IHE), hospitals and other non-profit organizations.

16. Worker's Compensation

The Applicant must comply with provisions which require every employer to be insured to protect workers who may be injured on the job at all times during the performance of the work of this Agreement, as per the workers compensation laws set forth in California Labor Code §§ 3700 et seq.

17. Property-Related

If applicable to the type of project funded by this federal award, the Applicant will:

- (a) Comply with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646)



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which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchase;

- (b) Comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires federal award subrecipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more;
- (c) Assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470), Executive Order 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. § 469a-1 et seq.); and
- (d) Comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4831 and 24 CFR Part 35) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

18. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, the Applicant will:

- (a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with federal assistance funds to assure nondiscrimination during the useful life of the project;
- (b) Comply with the requirements of the awarding agency with regard to the drafting, review and approval of construction plans and specifications; and
- (c) Provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

19. Use of Cellular Device While Driving is Prohibited

The Applicant is required to comply with California Vehicle Code sections 23123 and 23123.5. These laws prohibit driving motor vehicle while using an electronic wireless communications device to write, send, or read a text-based communication.



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Drivers are also prohibited from the use of a wireless telephone without hands-free listening and talking, unless to make an emergency call to 911, law enforcement, or similar services.

20. California Public Records Act and Freedom of Information Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program, or provided in the course of an entity's grant management activities that are under Federal control, is subject to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the California Public Records Act, California Government Code §7920.000 et seq. The Applicant should consider these laws and consult its own State and local laws and regulations regarding the release of information when reporting sensitive matters in the grant application, needs assessment, and strategic planning process.

HOMELAND SECURITY GRANT PROGRAM (HSGP) – PROGRAM SPECIFIC ASSURANCES / CERTIFICATIONS

21. Acknowledgment of Federal Funding from DHS

The Applicant must acknowledge its use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with federal funds.

22. Activities Conducted Abroad

The Applicant must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

23. Best Practices for Collection and Use of Personally Identifiable Information (PII)

DHS defines personally identifiable information (PII) as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. If the Applicant collects PII, the Applicant is required to have a publicly-available privacy policy that describes standards on the usage and maintenance of PII they collect. The Applicant may refer to the DHS Privacy Impact Assessments: Privacy Guidance and Privacy template as a useful resource.



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

24. Copyright

The Applicant must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 and an acknowledgement of United States Government sponsorship (including the award number) to any work first produced under federal financial assistance awards.

25. Duplication of Benefits

Any cost allocable to a particular federal financial assistance award provided for in 2 C.F.R. Part 200, Subpart E may not be charged to other federal financial assistance awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or federal financial assistance award terms and conditions, or for other reasons. However, these prohibitions would not preclude the Applicant from shifting costs that are allowable under two or more awards in accordance with existing federal statutes, regulations, or the federal financial assistance award terms and conditions.

26. Energy Policy and Conservation Act

The Applicant must comply with the requirements of 42 U.S.C. § 6201 which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this Act.

27. Federal Debt Status

The Applicant is required to be non-delinquent in its repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129.

28. Fly America Act of 1974

The Applicant must comply with Preference for United States Flag Air Carriers: (air carriers holding certificates under 49 U.S.C. § 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B-138942.

29. Hotel and Motel Fire Safety Act of 1990

In accordance with Section 6 of the Hotel and Motel Fire Safety Act of 1990, the Applicant must ensure that all conference, meeting, convention, or training space funded in whole or in part with federal funds complies with the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, as amended, 15 U.S.C. § 2225a.



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

30. Non-supplanting Requirement

If the Applicant receives federal financial assistance awards made under programs that prohibit supplanting by law, the Applicant must ensure that federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non-federal sources.

31. Patents and Intellectual Property Rights

Unless otherwise provided by law, the Applicant is subject to the Bayh-Dole Act, Pub. L. No. 96-517, as amended, and codified in 35 U.S.C. § 200 et seq. The Applicant is subject to the specific requirements governing the development, reporting, and disposition of rights to inventions and patents resulting from financial assistance awards located at 37 C.F.R. Part 401 and the standard patent rights clause located at 37 C.F.R. § 401.14.

32. SAFECOM

If the Applicant receives federal financial assistance awards made under programs that provide emergency communication equipment and its related activities, the Applicant must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

33. Terrorist Financing

The Applicant must comply with Executive Order 13224 and United States law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. The Applicant is legally responsible for ensuring compliance with the Order and laws.

34. Reporting of Matters Related to Recipient Integrity and Performance

If the total value of the Applicant's currently active grants, cooperative agreements, and procurement contracts from all federal assistance offices exceeds \$10,000,000 for any period of time during the period of performance of this federal financial assistance award, the Applicant must comply with the requirements set forth in the government-wide Award Term and Condition for Recipient Integrity and Performance Matters located at 2 C.F.R. Part 200, Appendix XII, the full text of which is incorporated here by reference in the award terms and conditions.



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

35. USA Patriot Act of 2001

The Applicant must comply with requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), which amends 18 U.S.C. §§ 175-175c.

36. Use of DHS Seal, Logo, and Flags

The Applicant must obtain permission from their DHS Financial Assistance Office, prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

37. Performance Goals

In addition to the Biannual Strategy Implementation Report submission requirements outlined in the Preparedness Grants Manual, the Applicant must demonstrate how the grant-funded project addresses the core capability gap associated with each project and identified in the Threat and Hazard Identification and Risk Analysis or Stakeholder Preparedness Review or sustains existing capabilities, as applicable. The capability gap reduction or capability sustainment must be addressed in the Project Description of the BSIR for each project.

38. Applicability of DHS Standard Terms and Conditions to Tribes

The DHS Standard Terms and Conditions are a restatement of general requirements imposed upon the Applicant and flow down to any of its subrecipients as a matter of law, regulation, or executive order. If the requirement does not apply to Indian tribes or there is a federal law or regulation exempting its application to Indian tribes, then the acceptance by Tribes of, or acquiescence to, DHS Standard Terms and Conditions does not change or alter its inapplicability to an Indian tribe. The execution of grant documents is not intended to change, alter, amend, or impose additional liability or responsibility upon the Tribe where it does not already exist.

39. Required Use of American Iron, Steel, Manufactured Products, and Construction Materials

The Applicant must comply with the "Build America, Buy America" Act (BABAA), enacted as part of the Infrastructure Investment and Jobs Act and Executive Order 14005. Applicants receiving a federal award subject to BABAA requirements may not use federal financial assistance funds for infrastructure projects unless:

- (a) All iron and steel used in the project are produced in the United States – this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

- (b) All manufactured products used in the project are produced in the United States – this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and
- (c) All construction materials are manufactured in the United States – this means that all manufacturing processes for the construction material occurred in the United States.

The “Buy America” preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. It does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a “Buy America” preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

Per section 70914(c) of BABAA, FEMA may waive the application of a “Buy America” preference under an infrastructure program in certain cases.

On July 1, 2022, OMB approved FEMA's General Applicability Public Interest Waiver of the BABAA requirements to be effective for a period of six months, through January 1, 2023. Applicants will not be required to follow the BABAA requirements for FEMA awards made, and any other funding FEMA obligates, during this waiver period. For any new awards FEMA makes after January 1, 2023, as well as new funding FEMA obligates to existing awards or through renewal awards where the new funding is obligated after January 1, 2023, Applicants will be required to follow the BABAA requirements unless another waiver is requested and approved.

40. Advancing Effective, Accountable Policing and Criminal Justice Practice to Enhance Public Trust and Public Safety

The Applicant must comply with the requirements of section 12(c) of Executive Order 14074. The Applicant is also encouraged to adopt and enforce policies consistent with Executive Order 14074 to support safe and effective policing.



Standard Assurances For Cal OES Federal Non-Disaster Grant Programs

IMPORTANT

The purpose of these assurances is to obtain federal and state financial assistance, including any and all federal and state grants, loans, reimbursement, contracts, etc. Applicant recognizes and agrees that state financial assistance will be extended based on the representations made in these assurances. These assurances are binding on Applicant, its successors, transferees, assignees, etc. as well as any of its subrecipients. Failure to comply with any of the above assurances may result in suspension, termination, or reduction of grant funds.

All appropriate documentation, as outlined above, must be maintained on file by the Applicant and available for Cal OES or public scrutiny upon request. Failure to comply with these requirements may result in suspension of payments under the grant or termination of the grant or both and the Applicant may be ineligible for award of any future grants if Cal OES determines that the Applicant: (1) has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

All of the language contained within this document must be included in the award documents for all subawards at all tiers. Applicants are bound by DHS Standard Terms and Conditions 2023, Version 2, hereby incorporated by reference, which can be found at: <https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions>.

The undersigned represents that he/she is authorized to enter into this agreement for and on behalf of the Applicant.

Applicant: _____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____



October 18, 2023

Fesia A. Davenport
Chief Executive Officer
Los Angeles County
500 West Temple Street, Room 713
Los Angeles, CA 90012

DELIVERED VIA E-MAIL: FDavenport@ceo.lacounty.gov

SUBJECT: NOTIFICATION OF SUBRECIPIENT SUBAWARD APPROVAL
Fiscal Year (FY) 2023 Homeland Security Grant Program (HSGP)
Subaward #2023-0042, Cal OES ID#037-00000
Subaward Period of Performance: 09/01/2023-05/31/2026

Dear Ms. Davenport:

We are pleased to announce the approval of your FY 2023 HSGP subaward in the amount of \$9,481,457.

Once the completed application is received and approved, reimbursement of eligible subaward expenditures may be requested using the California Governor's Office of Emergency Services (Cal OES) Financial Management Forms Workbook. Failure to provide documentation in a timely manner could result in a hold on funding, pursuant to Title 2, Code of Federal Regulations (CFR), Sections 200.338(a) and 200.207(b)(1)-(2).

This subaward is subject to requirements in 2 CFR, Part 200, including the Notice of Funding Opportunity (NOFO), the Preparedness Grants Manual, the California Supplement to the NOFO, and all applicable federal, state, and local requirements. All activities funded with this subaward must be completed within the subaward period of performance.

Subrecipients must obtain additional written approval **prior** to incurring costs for activities such as aviation, watercraft, allowability request logs, noncompetitive procurement, and projects requiring Environmental Planning and Historic Preservation review.



Fesia A. Davenport
October 18, 2023
Page 2 of 2

Your organization will be required to prepare and submit the Biannual Strategy Implementation Report to Cal OES via the FEMA Grants Reporting Tool (GRT) semi-annually for the duration of the subaward period of performance or until all activities are completed and the subaward is formally closed. Failure to submit required reports could result in subaward reduction, suspension, or termination. Throughout the subaward cycle, milestones set in the GRT will be used as indicators of project feasibility, performance, and grant management capacity. This information may also be used in assessing proposals in future grant opportunities.

Your dated signature is required on this letter. Please sign and return the original to your Cal OES Program Representative within 20 calendar days upon receipt and keep a copy for your records. For further assistance, please contact your Cal OES Program Representative.

Sincerely,



NANCY WARD
Director

Signature: *Fesia Davenport*
Fesia Davenport (Nov 21, 2023 15:35 PST)

Email: FDavenport@ceo.lacounty.gov

Fesia Davenport

Fesia A. Davenport
Los Angeles County

Date

EXHIBIT E

PROJECT LEDGER

City of Sierra Madre
 FY 2023 State Homeland Security Program (SHSP) Projects
 Cal OES ID: 037-00000
 Grant #: 2023-0042

Ledger Type	Initial Application
Date	12/6/2023
Request #	0
POP Start Date	9/1/2023
POP End Date	5/31/2026

IJ	Project No.	Project Title	Project Description	Funding Source	Discipline	Solution Area	Core Capability	Capability Building	Deployable / Shareable	Supports Previous Awarded Investment?	Total Approved	Total Expended	Remaining Balance	Percentage Expended
											\$ 45,000.00			
IJ.06	051	LE APX8500 Radios	Project funds the City of Sierra Madre's purchase of 3 Motorola M37TSS9PW1 N APX8500 Mid Power All Band (V, U, 7/8) Mobile Radio and installation equipment in Department mobile and fleet and mobile command vehicle to provide connectivity between local and interagency organizations to coordinate public safety responses in support of homeland security. This activity meets HSGP's LEIPA requirement because Interoperable Communications is on the list of allowable equipment articulated in Information Bulletin 485 and the Fiscal Year 2007 Law Enforcement Terrorism Prevention Program Guidance. The mobile radios being purchased here has a law enforcement terrorism prevention nexus as it will be used by law enforcement officers for anti-terrorism activities such as using information technology to respond to threats to homeland security. Emergency Communications (SCIP Goal #3)	HSGP-SHSP	LE	Equipment	Operational Communications	Build	Deployable	FY20: IJ#6	\$ 45,000	\$ -	\$ 45,000	0%
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
				HSGP-SHSP									\$ -	#DIV/0!
Totals:											\$	-	\$ 45,000.00	

 National Priority Area (NPA)

**The Department of Homeland Security (DHS)
Notice of Funding Opportunity (NOFO)
Fiscal Year 2023 Homeland Security Grant Program**

All entities wishing to do business with the federal government must have a unique entity identifier (UEI). The UEI number is issued by the SAM system. Requesting a UEI using SAM.gov can be found at <https://sam.gov/content/entity-registration>.

Grants.gov registration information can be found at <https://www.grants.gov/web/grants/register.html>.

Planned UEI Updates in Grant Application Forms:

On April 4, 2022, the Data Universal Numbering System (DUNS) Number was replaced by a new, non-proprietary identifier requested in, and assigned by, the System for Award Management (SAM.gov). This new identifier is the Unique Entity Identifier (UEI).

Additional Information can be found on Grants.gov:

<https://www.grants.gov/web/grants/forms/planned-uei-updates.html>

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A. Program Description**1. Issued By**

U.S. Department of Homeland Security (DHS)/Federal Emergency Management Agency (FEMA)/Grant Programs Directorate (GPD)

2. Assistance Listings Number

97.067

3. Assistance Listings Title

Homeland Security Grant Program

4. Funding Opportunity Title

Fiscal Year 2023 Homeland Security Grant Program (HSGP)

- State Homeland Security Program (SHSP)
- Urban Area Security Initiative (UASI)
- Operation Stonegarden (OPSG)

5. Funding Opportunity Number

DHS-23-GPD-067-00-01

6. Authorizing Authority for Program

Section 2002 of the Homeland Security Act of 2002 (Pub. L. No. 107-296, as amended) (6 U.S.C. § 603)

7. Appropriation Authority for Program

Consolidated Appropriations Act, 2023 (Pub. L. No. 117-328)

8. Announcement Type

Initial

9. Program Category

Preparedness: Community Security

10. Program Overview, Objectives, and Priorities**a. Overview**

The Fiscal Year (FY) 2023 Homeland Security Grant Program (HSGP) is one of three grant programs that constitute the DHS/FEMA focus on enhancing the ability of state, local, tribal, and territorial governments, as well as nonprofits, to prevent, protect against, and respond to terrorist attacks. These grant programs are part of a comprehensive set of measures authorized by Congress and implemented by DHS to help strengthen the Nation's communities against potential terrorist attacks. Among the five basic homeland security missions noted in the [DHS Strategic Plan for Fiscal Years 2020-2024](#), the HSGP supports the goal to Strengthen National Preparedness and Resilience.

In FY 2023, there are three components of the HSGP:

- 1) ***State Homeland Security Program (SHSP)***: SHSP assists state, local, tribal, and territorial (SLTT) efforts to build, sustain, and deliver the capabilities necessary to prevent, prepare for, protect against, and respond to acts of terrorism.
- 2) ***Urban Area Security Initiative (UASI)***: UASI assists high-threat, high-density Urban Area efforts to build, sustain, and deliver the capabilities necessary to prevent, prepare for, protect against, and respond to acts of terrorism.
- 3) ***Operation Stonegarden (OPSG)***: OPSG supports enhanced cooperation and coordination among Customs and Border Protection (CBP), United States Border Patrol (USBP), and federal, state, local, tribal, and territorial law enforcement agencies to improve overall border security. OPSG provides funding to support joint efforts to secure the United States' borders along routes of ingress/egress to and from international borders, to include travel corridors in states bordering Mexico and Canada, as well as states and territories with international water borders. SLTT law enforcement agencies utilize their inherent law enforcement authorities to support the border security mission and do not receive any additional authority by participating in OPSG.

The [2022-2026 FEMA Strategic Plan](#) outlines three goals designed to position FEMA to address the increasing range and complexity of disasters, support the diversity of communities we serve, and complement the nation's growing expectations of the emergency management community. The HSGP supports FEMA's efforts to achieve equitable outcomes for those we serve (Goal 1) and to promote and sustain a prepared nation (Goal 3). We invite our stakeholders and partners to also adopt these priorities and join us in building a more prepared and resilient nation.

Finally, for FY 2023, DHS is focused on the criticality of information sharing and collaboration to building a national culture of preparedness and protecting against terrorism and other threats to our national security. The threats to our nation have evolved during the past two decades. We now face continuous cyber threats by sophisticated actors, threats to soft targets and crowded places, and threats from domestic violent extremists who currently pose the greatest terrorism threat to the nation¹. Therefore, for FY 2023, DHS has identified six priority areas (see Section A.10.c) related to the most serious threats to the nation, as well as required minimum funding allocations.

b. Objective

The objective of the FY 2023 HSGP is to fund SLTT efforts to prevent terrorism and prepare the Nation for threats and hazards that pose the greatest risk to the security of the United States.

¹Strategic Intelligence Assessment and Data on Domestic Terrorism, Federal Bureau of Investigation and Department of Homeland Security, May 2021.

c. **Priorities**

SHSP and UASI Funding Priorities

Given the evolving national security threat landscape, DHS/FEMA has evaluated the national risk profile and set priorities that help inform appropriate allocation of scarce security dollars. In assessing the national risk profile for FY 2023, six National Priority Areas pose the most concern. Due to the unique threats that the nation faces in 2023, DHS/FEMA has determined that recipients should allocate a total of 30% of their SHSP and UASI award funds across these six priority areas. As indicated below, five of the priorities have minimum spend requirements totaling 15% of SHSP and UASI awards. Recipients will have the flexibility to allocate the remaining 15% across the priorities. The following are the six priority areas for FY 2023, along with the minimum corresponding percentage of SHSP and UASI funds that each recipient will be required to allocate:

- 1) Enhancing the protection of soft targets/crowded places – 3%
- 2) Enhancing information and intelligence sharing and analysis – 3%
- 3) Combating domestic violent extremism – 3%
- 4) Enhancing cybersecurity – no minimum percent
- 5) Enhancing community preparedness and resilience – 3%
- 6) Enhancing election security – 3%

Additional information about these priority areas and how they relate to achieving anti-terrorism capabilities is included in Section D.11.b.III of this NOFO. Failure by a recipient to propose investments and projects that align with the priority areas and spending requirements will result in a recipient having a portion of their SHSP and UASI funds (up to 30%) placed on hold until they provide projects that sufficiently align to the National Priority Areas, and total at least the minimum percentages per National Priority Area (as applicable) and overall 30% of total SHSP and UASI funds.

A state or high-risk urban area must allocate the remaining 70% of their funding to addressing capability gaps (e.g., building/sustaining capability and/or closing capability gaps) identified through their Threat and Hazard Identification and Risk Assessment (THIRA) and Stakeholder Preparedness Review (SPR) process.

Likewise, there are several enduring security needs that crosscut the homeland security enterprise to which recipients should consider allocating funding across core capability gaps and national priorities. The following are enduring needs that help recipients implement a comprehensive approach to securing communities:

- 1) Effective planning²;
- 2) Training and awareness campaigns;
- 3) Equipment and capital projects; and
- 4) Exercises.

²Including assessment of critical infrastructure system vulnerabilities and plans to reduce consequences of disruptions, using the Infrastructure Resilience Planning Framework and Regional Resiliency Assessment Methodology produced by the Cybersecurity and Infrastructure Security Agency.

The table below provides a breakdown of the FY 2023 SHSP and UASI priorities (the focus of OPSG remains unique to border security), showing the core capabilities enhanced and lifelines supported, as well as examples of eligible project types for each area. A detailed description of allowable investments for each project type is included in the [Preparedness Grants Manual](#). DHS/FEMA anticipates that in future years, national priorities will continue to be included and will be updated as the threats evolve and as capability gaps are closed. Applicants are strongly encouraged to begin planning to sustain existing capabilities through funding mechanisms other than DHS preparedness grants. The example project types in the table below are allowable to prepare for disasters unrelated to acts of terrorism as long as they also help achieve target capabilities related to preventing, preparing for, protecting against, or responding to acts of terrorism.

FY 2023 SHSP and UASI Funding Priorities

All priorities in this table concern Safety and Security Lifelines.

Priority Areas	Core Capabilities	Example Project Types
National Priorities		
Enhancing Cybersecurity	<ul style="list-style-type: none"> • Cybersecurity • Intelligence and information sharing • Planning • Public information and warning • Operational coordination • Screening, search, and detection • Access control and identity verification • Supply chain integrity and security • Risk management for protection programs and activities • Long-term vulnerability reduction • Situational assessment • Infrastructure systems • Operational communications 	<ul style="list-style-type: none"> • Cybersecurity risk assessments • Migrating online services to the “.gov” internet domain • Projects that address vulnerabilities identified in cybersecurity risk assessments <ul style="list-style-type: none"> ○ Improving cybersecurity of critical infrastructure to meet minimum levels identified by the Cybersecurity and Infrastructure Security Agency (CISA), and the National Institute of Standards and Technology Cybersecurity Framework ○ Adoption of cybersecurity performance goals (Cross-Sector Cybersecurity Performance Goals CISA) ○ Cybersecurity training and planning
Enhancing the Protection of Soft Targets/ Crowded Places	<ul style="list-style-type: none"> • Operational coordination • Public information and warning • Intelligence and information sharing • Interdiction and disruption • Screening, search, and detection • Access control and identity verification • Physical protective measures • Risk management for protection programs and activities 	<ul style="list-style-type: none"> • Operational overtime. For more information on operational overtime, see Section D.14.f of this NOFO. • Physical security enhancements <ul style="list-style-type: none"> ○ Security cameras (closed-circuit television [CCTV]) ○ Security screening equipment for people and baggage ○ Lighting ○ Access controls ○ Fencing, gates, barriers, etc. • Unmanned aircraft system detection technologies
Enhancing information and intelligence	<ul style="list-style-type: none"> • Intelligence and information sharing • Interdiction and disruption • Planning • Public information and warning 	<ul style="list-style-type: none"> • Fusion center operations (Fusion Center project will be required under this investment, no longer as a stand-alone investment) • Information sharing with all DHS components; fusion centers; other operational, investigative, and analytic

Priority Areas	Core Capabilities	Example Project Types
sharing and analysis	<ul style="list-style-type: none"> Operational coordination Risk management for protection programs and activities 	<ul style="list-style-type: none"> entities; and other federal law enforcement and intelligence entities Cooperation with DHS officials and other entities designated by DHS in intelligence, threat recognition, assessment, analysis, and mitigation Identification, assessment, and reporting of threats of violence Joint intelligence analysis training and planning with DHS officials and other entities designated by DHS
Combating Domestic Violent Extremism	<ul style="list-style-type: none"> Interdiction and disruption Intelligence and information sharing Planning Public information and warning Operational coordination Risk management for protection programs and activities 	<ul style="list-style-type: none"> Open-source analysis of disinformation and misinformation campaigns, targeted violence and threats to life, including tips/leads, and online/social media-based threats Sharing and leveraging intelligence and information, including open-source analysis Execution and management of threat assessment programs to identify, evaluate, and analyze indicators and behaviors indicative of domestic violent extremists Training and awareness programs (e.g., through social media, suspicious activity reporting [SAR] indicators and behaviors) to help prevent radicalization Training and awareness programs (e.g., through social media, SAR indicators and behaviors) to educate the public on misinformation and disinformation campaigns and resources to help them identify and report potential instances of domestic violent extremism
Enhancing Community Preparedness and Resilience	<ul style="list-style-type: none"> Planning Public Information and Warning Community Resilience Risk Management for Protection Programs and Activities Mass Care Services Intelligence and Information Sharing Risk and Disaster Resilience Assessment Long Term Vulnerability Reduction 	<ul style="list-style-type: none"> Establish, train, and maintain Community Emergency Response Teams (CERT) and Teen CERT, with a focus on historically underserved communities, including procurement of appropriate tools, equipment and training aides <ul style="list-style-type: none"> Local delivery of CERT Train-the-Trainer and CERT Program Manager to build local program training and maintenance capacity Provide continuity training, such as FEMA's Organizations Preparing for Emergency Needs training, to faith-based organizations, local businesses, and community-based organizations such as homeless shelters, food pantries, nonprofit medical providers and senior care facilities to bolster their resilience to all hazards Partner with local school districts to deliver the Student Tools for Emergency Planning curriculum or other educational programming to guide students on how to create emergency kits and family communications plans Partner with key stakeholders to assist with completing the Emergency Financial First Aid Kit or a similar tool to bolster the disaster centric financial resilience of individuals and households Execute <i>You are the Help Until the Help Arrives</i> workshops in concert with community-based organizations to bolster individual preparedness Target youth preparedness using FEMA programming such as Prepare with Pedro resources and Ready2Help

Priority Areas	Core Capabilities	Example Project Types
		<ul style="list-style-type: none"> • Promote community planning, coordination, and integration of children’s needs during emergencies through workshops like FEMA’s Integrating the Needs of Children • Community Mapping: identify community resources and characteristics in order to identify gaps in resources, identify hazards and vulnerabilities, and inform action to promote resilience • Provide training and awareness programs with key stakeholders (e.g., through social media, community and civic organizations) to educate the public on misinformation and disinformation campaigns to increase individual and community resilience. • Support integrated and cross-jurisdictional preparedness planning that considers how the community develops networks of information-sharing and collaboration among community-based organizations and government institutions to enable a quicker recovery from multiple threats, including terrorist actions.
Enhancing Election Security	<ul style="list-style-type: none"> • Cybersecurity • Intelligence and information sharing • Planning • Long-term vulnerability reduction • Situational assessment • Infrastructure systems • Operational coordination • Community resilience 	<ul style="list-style-type: none"> • Physical security planning support • Physical/site security measures – e.g., locks, shatter proof glass, alarms, access controls, etc. • General election security navigator support • Cyber navigator support • Cybersecurity risk assessments, training, and planning • Projects that address vulnerabilities identified in cybersecurity risk assessments • Iterative backups, encrypted backups, network segmentation, software to monitor/scan, and endpoint protection • Distributed Denial of Service protection • Migrating online services to the “.gov” internet domain • Online harassment and targeting prevention services • Public awareness/preparedness campaigns discussing election security and integrity measures.
Enduring Needs		
Planning	<ul style="list-style-type: none"> • Planning • Risk management for protection programs and activities • Risk and disaster resilience assessment • Threats and hazards identification • Operational coordination • Community resilience 	<ul style="list-style-type: none"> • Development of: <ul style="list-style-type: none"> ○ Security Risk Management Plans ○ Threat Mitigation Plans ○ Continuity of Operations Plans ○ Response Plans • Efforts to strengthen governance integration between/among regional partners • Joint training and planning with DHS officials and other entities designated by DHS • Cybersecurity training and planning • Revision of existing plans to strengthen community resilience in underserved communities
Training and Awareness	<ul style="list-style-type: none"> • Long-term vulnerability reduction • Public information and warning • Operational coordination • Situational assessment 	<ul style="list-style-type: none"> • Active shooter training • Intelligence analyst training • SAR and terrorism indicators/behaviors training • Security training for employees • Public awareness/preparedness campaigns

Priority Areas	Core Capabilities	Example Project Types
	<ul style="list-style-type: none"> • Community resilience 	<ul style="list-style-type: none"> • Joint training and planning with DHS officials and other entities designated by DHS • Cybersecurity training and planning • Sharing and leveraging intelligence and information • Targeted outreach and preparedness training for underserved communities in conjunction with community-based organizations
Equipment and Capital Projects	<ul style="list-style-type: none"> • Long-term vulnerability reduction • Infrastructure systems • Operational communications • Interdiction and disruption • Screening, search and detection • Access control and identity verification • Physical protective measures 	<ul style="list-style-type: none"> • Protection of high-risk, high-consequence areas or systems that have been identified through risk assessments • Physical security enhancements <ul style="list-style-type: none"> ○ Security cameras (CCTV) ○ Security screening equipment for people and baggage ○ Lighting ○ Access Controls <ul style="list-style-type: none"> ▪ Fencing, gates, barriers, etc. • Enhancing Weapons of Mass Destruction and/or improvised explosive device prevention, detection, and response capabilities <ul style="list-style-type: none"> ○ Chemical/Biological/Radiological/Nuclear/Explosive detection, prevention, and response equipment
Exercises	<ul style="list-style-type: none"> • Long-term vulnerability reduction • Operational coordination • Operational communications • Community resilience 	<ul style="list-style-type: none"> • Response exercises, including exercise planning with community-based organizations

For FY 2023, each SHSP and UASI recipient is required to submit an Investment Justification (IJ) for the five National Priority Areas with associated minimum spend requirements. Each of these five investments must also account for at least the relevant minimum percentage (totaling 15%) of the applicant's SHSP and UASI allocation. State Administrative Agencies (SAAs) may submit complete project-level information at the time of application, including the National Priority Area IJs, but are not required to do so. **As a reminder, all SHSP- and UASI-funded projects must have a demonstrated nexus to achieving target capabilities related to preventing, preparing for, protecting against, and responding to acts of terrorism.** However, such projects may simultaneously support enhanced preparedness for disasters unrelated to acts of terrorism.

DHS/FEMA also requires SHSP and UASI recipients (states, territories, and high-risk urban areas) to complete a THIRA/SPR and prioritize grant funding to support building capability and/or closing capability gaps or sustaining capabilities that address national priorities and/or support enduring needs. Additional information on the THIRA/SPR process, including other National Preparedness System tools and resources, can be found at [National Preparedness System | FEMA.gov](#). Detailed information on THIRA/SPR timelines and deadlines can be found in the [Preparedness Grants Manual](#).

OPSG Funding Priorities

The table below provides a breakdown of the FY 2023 OPSG funding priority, which remains focused on and unique to border security.

FY 2023 OPSG Funding Priority

Priority Areas	Core Capabilities	Lifelines	Example Project Types
National Priorities			
Enhancing information and intelligence sharing and analysis, and cooperation with federal agencies, including DHS	<ul style="list-style-type: none"> Intelligence and information sharing 	<ul style="list-style-type: none"> Safety and Security 	<ul style="list-style-type: none"> Participation in the DHS/ICE 287(g) training program Information sharing with all DHS components; fusion centers; other operational, investigative, and analytic entities; and other federal law enforcement and intelligence entities Cooperation with DHS officials and other entities designated by DHS in intelligence, threat recognition, assessment, analysis, and mitigation Identification, assessment, and reporting of threats of violence Joint intelligence analysis training and planning with DHS officials and other entities designated by DHS

For FY 2023, each OPSG applicant is required to clearly articulate and identify how the Concept of Operations addresses the national priority identified above.

11. Performance Measures

Performance metrics for this program:

SHSP and UASI:

- Percentage of funding allocated by the recipient to core capabilities to build or sustain national priorities identified in the section above
- Percentage of funding and projects allocated by the recipient that align to capability gaps identified through the THIRA/SPR process
- Percentage of projects identified by the recipient that address a capability gap in a core capability that has a target(s) rated as high

FEMA will calculate and analyze the above metrics through a review of state/territory and urban area SPR submissions and required programmatic reports.

OPSG:

- Number of contacts that occurred as a result of OPSG deployments
 - Number of arrests that resulted from OPSG contacts
 - Value of drug seizures that resulted from OPSG contacts

B. Federal Award Information

1. Available Funding for the NOFO:

\$1,120,000,000

HSGP Programs	FY 2023 Allocation
SHSP	\$415,000,000
UASI	\$615,000,000
OPSG	\$90,000,000
Total	\$1,120,000,000

SHSP Allocations

For FY 2023, DHS/FEMA will award SHSP funds based on DHS/FEMA's relative risk methodology and statutory minimums pursuant to the *Homeland Security Act of 2002*, as amended. **THIRA/SPR results do not impact grant allocations or awards.**

Each state and territory will receive a minimum allocation under the SHSP using thresholds established in the *Homeland Security Act of 2002*, as amended. All 50 States, the District of Columbia, and the Commonwealth of Puerto Rico will receive 0.35% of the total funds allocated for grants under Section 2003 and Section 2004 of the *Homeland Security Act of 2002*, as amended. Each of the four territories (American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands) will receive a minimum allocation of 0.08% of the total funds allocated for grants under Section 2003 and 2004 of the *Homeland Security Act of 2002*, as amended.

Each state must include a separate IJ for each of the five National Priority Areas with a minimum spend requirement. **All projects related to the minimum spend for the National Priority Area must be included in the IJ.** For the National Priority Areas that have a minimum spend percentage requirement, the funding level in each of those National Priority Area investments **must equal or exceed** the percentage for that respective National Priority Area, calculated as a percentage of the state's SHSP allocation in the table below. The funding levels across all six National Priority Areas **must equal or exceed 30%** of the total SHSP allocation.

FY 2023 SHSP ALLOCATIONS

State/Territory	FY 2023 Allocation	State/Territory	FY 2023 Allocation
Alabama	\$4,847,500	Montana	\$4,847,500
Alaska	\$4,847,500	Nebraska	\$4,847,500
American Samoa	\$1,108,000	Nevada	\$4,847,500
Arizona	\$4,847,500	New Hampshire	\$4,847,500
Arkansas	\$4,847,500	New Jersey	\$7,074,841
California	\$57,035,623	New Mexico	\$4,847,500
Colorado	\$4,847,500	New York	\$68,033,267
Connecticut	\$4,847,500	North Carolina	\$5,085,387

State/Territory	FY 2023 Allocation	State/Territory	FY 2023 Allocation
Delaware	\$4,847,500	North Dakota	\$4,847,500
District of Columbia	\$5,085,387	Northern Mariana Islands	\$1,108,000
Florida	\$9,343,905	Ohio	\$6,190,947
Georgia	\$5,288,656	Oklahoma	\$4,847,500
Guam	\$1,108,000	Oregon	\$4,847,500
Hawaii	\$4,847,500	Pennsylvania	\$8,136,252
Idaho	\$4,847,500	Puerto Rico	\$4,847,500
Illinois	\$13,894,910	Rhode Island	\$4,847,500
Indiana	\$4,847,500	South Carolina	\$4,847,500
Iowa	\$4,847,500	South Dakota	\$4,847,500
Kansas	\$4,847,500	Tennessee	\$4,847,500
Kentucky	\$4,847,500	Texas	\$18,210,451
Louisiana	\$4,847,500	U.S. Virgin Islands	\$1,108,000
Maine	\$4,847,500	Utah	\$4,847,500
Maryland	\$7,074,841	Vermont	\$4,847,500
Massachusetts	\$6,190,947	Virginia	\$8,136,252
Michigan	\$5,085,387	Washington	\$6,190,947
Minnesota	\$4,847,500	West Virginia	\$4,847,500
Mississippi	\$4,847,500	Wisconsin	\$4,847,500
Missouri	\$4,847,500	Wyoming	\$4,847,500
Total			\$415,000,000

UASI Allocations

Eligible candidates for the FY 2023 UASI program are identified in the table below. Eligibility has been determined through an analysis of relative risk of terrorism faced by the 100 most populous Metropolitan Statistical Areas (MSA) in the United States, in accordance with the *Homeland Security Act of 2002*, as amended. Detailed information on MSAs is publicly available from the United States Census Bureau at [Metropolitan and Micropolitan \(census.gov\)](https://www.census.gov). **THIRA/SPR results do not impact grant allocations or awards.**

The Metropolitan Areas Standardization and Protection (MAPS) Act of 2021 (P.L. 117-219) prohibits automatically updating core-based statistical areas, which are used to delineate MSAs, for grantmaking. The MAPS Act requires that FEMA issue notice-and-comment rulemaking to make any changes. Should changes be necessary in FY 2024, FEMA will issue notice-and-comment rulemaking within the statutorily defined guidelines.

The following table identifies the UASI allocations for each high-risk urban area based on DHS/FEMA's relative risk methodology pursuant to the *Homeland Security Act of 2002*, as amended.

In its application, each high-risk urban area, through the state, must include a separate IJ for each of the five National Priority Areas with minimum spend requirements. **All projects related to the minimum spend for the National Priority Area *must* be included in the IJ.** For the National Priority Areas that have a minimum spend percentage requirement, the funding level in each of those National Priority Area investments **must equal or exceed** the percentage for that respective National Priority Area, calculated as a percentage of the urban area's UASI allocation in the table below. The funding levels across all six National Priority Areas **must equal or exceed 30%** of the total UASI allocation.

FY 2023 UASI ALLOCATIONS

State/Territory	Urban Area	FY 2023 UASI Allocation
Arizona	Phoenix Area	\$5,250,000
California	Anaheim/Santa Ana Area	\$5,250,000
	Bay Area	\$36,493,265
	Los Angeles/Long Beach Area	\$66,174,270
	Riverside Area	\$3,900,000
	Sacramento Area	\$3,800,000
	San Diego Area	\$16,445,560
Colorado	Denver Area	\$3,900,000
District of Columbia	National Capital Region	\$50,360,095
Florida	Jacksonville Area	\$1,500,000
	Miami/Fort Lauderdale Area	\$14,528,750
	Orlando Area	\$3,800,000
	Tampa Area	\$3,800,000
Georgia	Atlanta Area	\$7,700,000
Hawaii	Honolulu Area	\$1,500,000
Illinois	Chicago Area	\$66,174,270
Indiana	Indianapolis Area	\$1,645,333
Louisiana	New Orleans Area	\$1,645,333
Maryland	Baltimore Area	\$3,800,000
Massachusetts	Boston Area	\$16,646,500
Michigan	Detroit Area	\$5,250,000
Minnesota	Twin Cities Area	\$5,250,000
Missouri	Kansas City Area	\$1,645,333
	St. Louis Area	\$3,800,000
Nevada	Las Vegas Area	\$5,250,000
New Jersey	Jersey City/Newark Area	\$18,631,275
New York	New York City Area	\$173,950,017
North Carolina	Charlotte Area	\$3,800,000
Ohio	Cincinnati Area	\$1,645,333

State/Territory	Urban Area	FY 2023 UASI Allocation
	Cleveland Area	\$1,645,333
Oregon	Portland Area	\$3,800,000
Pennsylvania	Philadelphia Area	\$16,646,500
	Pittsburgh Area	\$1,645,333
Tennessee	Nashville Area	\$1,500,000
Texas	Austin Area	\$1,500,000
	Dallas/Fort Worth/Arlington Area	\$16,646,500
	Houston Area	\$24,231,000
	San Antonio Area	\$3,800,000
Virginia	Hampton Roads Area	\$3,800,000
Washington	Seattle Area	\$6,250,000
Total		\$615,000,000

OPSG Allocations

For FY 2023, DHS/FEMA will award OPSG funds based on risk and the anticipated effectiveness of the proposed use of grant funds upon completion of the application review process. The FY 2023 OPSG risk assessment is designed to identify the risk to border security and to assist with the distribution of funds for the grant program. Funding under OPSG is distributed based on the risk to the security of the border and the effectiveness of the proposed projects. Entities eligible for funding are the state, local, and tribal law enforcement agencies that are located along the border of the United States. DHS/FEMA will make final award determinations based upon a review of the anticipated effectiveness of the state's application as described in Section D, below. **The THIRA/SPR process is not required for OPSG.**

For the purposes of OPSG, the risk is defined as the potential for an adverse outcome assessed as a function of threats, vulnerabilities, and consequences associated with an incident, event, or occurrence.

Based upon ongoing intelligence analysis and extensive security reviews, DHS/CBP continues to focus the bulk of OPSG funds based upon risk analyses. The risk model used to allocate OPSG funds considers the potential risk that certain threats pose to border security and estimates the relative risk faced by a given area. In evaluating risk, DHS/CBP considers intelligence, situational awareness, criminal trends, and statistical data specific to each of the border sectors, and the potential impacts that these threats pose to the security of the border area. For vulnerability and consequence, DHS/CBP considers the expected impact and consequences of successful border events occurring in specific areas.

Threat and vulnerability are evaluated based on specific operational data from DHS/CBP. Threat components present in each of the sectors are used to determine the overall threat score. These components are terrorism, criminal aliens, drug trafficking organizations, and alien smuggling organizations.

Effectiveness of the proposed investments will be evaluated based on the recipient’s investment strategy, budget, collaboration, and past performance.

- 2. Projected Number of Awards: 56**
- 3. Period of Performance: 36 months**

Extensions to the period of performance are allowed. For additional information on period of performance extensions, please refer to Section H of this NOFO and the [Preparedness Grants Manual](#).

FEMA awards under most programs, including this program, only include one budget period, so it will be same as the period of performance. *See* 2 C.F.R. § 200.1 for definitions of “budget period” and “period of performance.”

- 4. Projected Period of Performance Start Date(s): 09/1/2023**
- 5. Projected Period of Performance End Date(s): 8/31/2026**
- 6. Funding Instrument Type: Grant**

C. Eligibility Information

1. Eligible Applicants

The SAA is the only entity eligible to submit HSGP applications to DHS/FEMA, including those applications submitted on behalf of UASI and OPSG applicants. All 56 states and territories, including any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, are eligible to apply for SHSP funds. Tribal governments may not apply directly for HSGP funding; however, funding may be available to tribes through the SAA.

2. Applicant Eligibility Criteria

Eligible high-risk urban areas for the FY 2023 UASI program have been determined through an analysis of relative risk of terrorism faced by the 100 most populous MSAs in the United States. Subawards will be made by the SAAs to the designated high-risk urban areas.

For 2023, each SAA is **strongly encouraged** to re-evaluate its process for collecting and evaluating subaward applications. FEMA encourages each SAA to minimize the type and quantity of information that it collects as part of the subaward application process, in order to decrease the overall financial and time burden associated with applying for subawards under this grant program. Each SAA should review its subaward application, and reduce or eliminate the request for any information that is not needed for legal, financial, or oversight purposes.

In FY 2023, OPSG eligible subrecipients are local units of government at the county level or equivalent level of government and federally recognized tribal governments in states

bordering Canada or Mexico and states and territories with international water borders. All applicants must have active ongoing USBP operations coordinated through a CBP sector office to be eligible for OPSG funding.

In FY 2023, OPSG subrecipients eligible to apply for and receive a subaward directly from the SAAs are divided into three Tiers. Tier 1 entities are local units of government at the county level or equivalent and federally recognized tribal governments that are on a physical border in states bordering Canada, states bordering Mexico, and states and territories with international water borders. Tier 2 eligible subrecipients are those not located on the physical border or international water but are contiguous to a Tier 1 county. Tier 3 eligible subrecipients are those not located on the physical border or international water but are contiguous to a Tier 2 eligible subrecipient. The tier structure is only applicable with regard to eligibility. OPSG funding allocations are based on the assessed border security risks as determined by the USBP.

An application submitted by an otherwise eligible non-federal entity (i.e., the applicant) may be deemed ineligible when the person that submitted the application is not: 1) a ***current employee, personnel, official, staff, or leadership*** of the non-federal entity; and 2) ***duly authorized to apply*** for an award on behalf of the non-federal entity at the time of application.

Further, the Authorized Organization Representative (AOR) must be a duly authorized current employee, personnel, official, staff, or leadership of the recipient and ***provide an email address unique to the recipient at the time of application and upon any change in assignment during the period of performance. Consultants or contractors of the recipient are not permitted to be the AOR of the recipient.***

3. Other Eligibility Criteria/Restrictions

a. ***National Incident Management System (NIMS) Implementation***

Prior to allocation of any federal preparedness awards, recipients must ensure and maintain adoption and implementation of NIMS. The list of objectives used for progress and achievement reporting is on FEMA's website at [NIMS Implementation and Training | FEMA.gov](#).

Please see the [Preparedness Grants Manual](#) for more information on NIMS.

b. ***Emergency Management Assistance Compact (EMAC) Membership***

In support of the National Preparedness Goal (the Goal), SHSP recipients must belong to, be in, or act as a temporary member of EMAC, except for American Samoa and the Commonwealth of the Northern Mariana Islands, which are not required to belong to EMAC at this time. All assets supported in part or entirely with FY 2023 HSGP funding must be readily deployable and NIMS-typed, when possible, to support emergency or disaster operations per existing EMAC agreements. In addition, funding may be used for the sustainment of core capabilities that, while they may not be physically deployable, support national response capabilities, such as Geographic/Geospatial Information Systems,

interoperable communications systems, capabilities as defined under the Mitigation Mission Area of the Goal, and fusion centers.

c. *Law Enforcement Terrorism Prevention Activities (LETPA)*

Per section 2006 of the Homeland Security Act of 2002, as amended (6 U.S.C. § 607), DHS/FEMA is required to ensure that at least 25% of grant funding appropriated for grants awarded under HSGP’s authorizing statute are used for LETPAs. **For FY 2023, DHS/FEMA is requiring that at least 35% of grant funding appropriated under HSGP is used for LETPA.** DHS/FEMA meets this requirement, in part, by requiring all recipients allocate at least 35% of the combined HSGP funds allocated under SHSP and UASI towards LETPAs, as defined in 6 U.S.C. § 607. The LETPA allocation can be from SHSP, UASI, or both. The 35% LETPA allocation may be met by funding projects in any combination of the six National Priority Areas identified above and any other investments. The 35% LETPA allocation requirement is in addition to the 80% pass-through requirement to local units of government and tribes, referenced below. The [Preparedness Grants Manual](#) and [Information Bulletin \(IB\) 473](#) include additional information on project selection considerations and allowable activities for LETPA investments. Also see Section D.14.f “Allowable Costs Matrix.”

The [National Prevention Framework](#) describes those activities that should be executed upon the discovery of intelligence or information regarding an imminent threat to the homeland, to thwart an initial or follow-on terrorist attack and provides guidance to ensure the Nation is prepared to identify, prevent, avoid, or stop a threatened or actual act of terrorism. Activities outlined in the National Prevention Framework are eligible for use as LETPA-focused funds. Also, where capabilities are shared with the protection mission area, the National Protection Framework activities are also eligible. All other terrorism prevention activities proposed for funding under LETPA must be approved by the FEMA Administrator.

To ensure that DHS/FEMA’s policy guidance on the use of LETPA funds reflects the evolving threat environment, is responsive to stakeholder feedback, is clear and easy to understand, and is applied consistently across grant recipients, DHS/FEMA will issue additional guidance through an Information Bulletin for the FY 2023 HSGP. This guidance will provide applicants and recipients further clarification on how to account for LETPA activities. It will also provide clarification on what should be included in the investment justifications, best practices for submitting investment justifications for LETPA claimed activities, as well as information on how to distinguish LETPA activities from others. The Information Bulletin will be issued concurrently or soon after the release of this NOFO.

In support of efforts to enhance capabilities for detecting, deterring, disrupting, and preventing acts of terrorism and other catastrophic events, **operational overtime costs are allowable** for increased protective security measures at critical infrastructure sites or other high-risk locations and to enhance public safety during mass gatherings and high-profile events. For more information about operational overtime costs, see Section D.14.f of this NOFO and the [Preparedness Grants Manual](#).

4. Cost Share or Match

There is no cost share or match requirement for the FY 2023 HSGP.

D. Application and Submission Information

1. Key Dates and Times

- a. *Application Start Date:* **02/27/2023**
- b. *Application Submission Deadline:* **05/18/2023 at 5 p.m. ET**

All applications **must** be received by the established deadline.

The Non-Disaster (ND) Grants System has a date stamp that indicates when an application is submitted. Applicants will receive an electronic message confirming receipt of their submission. For additional information on how an applicant will be notified of application receipt, see the subsection titled “Timely Receipt Requirements and Proof of Timely Submission” in Section D of this NOFO.

FEMA will not review applications that are received after the deadline or consider these late applications for funding. FEMA may, however, extend the application deadline on request for any applicant who can demonstrate that good cause exists to justify extending the deadline. Good cause for an extension may include technical problems outside of the applicant’s control that prevent submission of the application by the deadline, other exigent or emergency circumstances, or statutory requirements for FEMA to make an award.

Applicants experiencing technical problems outside of their control must notify FEMA as soon as possible and before the application deadline. Failure to timely notify FEMA of the issue that prevented the timely filing of the application may preclude consideration of the award. “Timely notification” means prior to the application deadline and within 48 hours after the applicant became aware of the issue.

A list of FEMA contacts can be found in Section G of this NOFO, “DHS Awarding Agency Contact Information.” For additional assistance using the ND Grants System, please contact the ND Grants Service Desk at (800) 865-4076 or NDGrants@fema.dhs.gov. The ND Grants Service Desk is available Monday through Friday, 9:00 AM – 6:00 PM Eastern Time (ET). For programmatic or grants management questions, please contact your Preparedness Officer or Grants Management Specialist. If applicants do not know who to contact, please contact the Centralized Scheduling and Information Desk (CSID) by phone at (800) 368-6498 or by e-mail at askcsid@fema.dhs.gov, Monday through Friday, 9:00 AM – 5:00 PM ET.

- c. *Anticipated Funding Selection Date:* **No later than 07/21/2023**
- d. *Anticipated Award Date:* **No later than 09/30/2023**
- e. *Other Key Dates*

Event	Suggested Deadline for Completion
Initial registration in SAM.gov includes UEI issuance	Four weeks before actual submission deadline

Event	Suggested Deadline for Completion
Obtaining a valid Employer Identification Number (EIN)	Four weeks before actual submission deadline
Creating an account with login.gov	Four weeks before actual submission deadline
Registering in SAM or updating SAM registration	Four weeks before actual submission deadline
Registering in Grants.gov	Four weeks before actual submission deadline
Registering in ND Grants	Four weeks before actual submission deadline
Starting application in Grants.gov	One week before actual submission deadline
Submitting application in Grants.gov	Three days before actual submission deadline
Submitting the final application in ND Grants	By the submission deadline

2. Agreeing to Terms and Conditions of the Award

By submitting an application, applicants agree to comply with the requirements of this NOFO and the terms and conditions of the award, should they receive an award.

3. Address to Request Application Package

See the [Preparedness Grants Manual](#) for requesting and submitting an application.

Initial applications are processed through the [Grants.gov](#) portal. Final applications are completed and submitted through FEMA's Non-Disaster Grants (ND Grants) System. Application forms and instructions are available at Grants.gov. To access these materials, go to <http://www.grants.gov>.

4. Requirements: Obtain a Unique Entity Identifier (UEI) and Register in the System for Award Management (SAM)

Each applicant, unless they have a valid exception under 2 CFR 25.110, must:

- 1) Be registered in SAM.gov before application submission;
- 2) Provide a valid Unique Entity Identifier (UEI) in its application; and
- 3) Continue to always maintain an active System for Award Management (SAM) registration with current information during the Federal Award process if selected for award.

5. Steps Required to Obtain a Unique Entity Identifier, Register in the System for Award Management (SAM), and Submit an Application

Applying for an award under this program is a multi-step process and requires time to complete. Applicants are encouraged to register early as the registration process can take four weeks or more to complete. Therefore, registration should be done in sufficient time to ensure it does not impact your ability to meet required submission deadlines.

Please review the table above for estimated deadlines to complete each of the steps listed. Failure of an applicant to comply with any of the required steps before the deadline for submitting an application may disqualify that application from funding.

To apply for an award under this program, all applicants must:

- a. Apply for, update, or verify their Unique Entity Identifier (UEI) number from SAM.gov and Employer Identification Number (EIN) from the Internal Revenue Service;
- b. In the application, provide an UEI number;
- c. Have an account with [login.gov](https://www.login.gov);
- d. Register for, update, or verify their SAM account and ensure the account is active before submitting the application;
- e. Create a Grants.gov account;
- f. Add a profile to a Grants.gov account;
- g. Establish an Authorized Organizational Representative (AOR) in Grants.gov;
- h. Register in ND Grants
- i. Submit an initial application in Grants.gov;
- j. **Submit the final application in ND Grants, including electronically signing applicable forms;** and
- k. Continue to maintain an active SAM registration with current information at all times during which it has an active federal award or an application or plan under consideration by a federal awarding agency. As part of this, applicants must also provide information on an applicant's immediate and highest-level owner and subsidiaries, as well as on all predecessors that have been awarded federal contracts or federal financial assistance within the last three years, if applicable.

Specific instructions on how to apply for, update, or verify an UEI number or SAM registration or establish an AOR are included below in the steps for applying through Grants.gov.

Applicants are advised that FEMA may not make a federal award until the applicant has complied with all applicable SAM requirements. Therefore, an applicant's SAM registration must be active not only at the time of application, but also during the application review period and when FEMA is ready to make a federal award. Further, as noted above, an applicant's or recipient's SAM registration must remain active for the duration of an active federal award. If an applicant's SAM registration is expired at the time of application, expires during application review, or expires any other time before award, FEMA may determine that the applicant is not qualified to receive a federal award and use that determination as a basis for making a federal award to another applicant.

Per 2 C.F.R. § 25.110(c)(2)(iii), if an applicant is experiencing exigent circumstances that prevents it from obtaining an UEI number and completing SAM registration prior to receiving a federal award, the applicant must notify FEMA as soon as possible by contacting askcsid@fema.dhs.gov and providing the details of the circumstances that prevent completion of these requirements. If FEMA determines that there are exigent circumstances and FEMA has decided to make an award, the applicant will be required to obtain an UEI number, if applicable, and complete SAM registration within 30 days of the federal award date.

6. Electronic Delivery

DHS is participating in the Grants.gov initiative to provide the grant community with a single site to find and apply for grant funding opportunities. DHS encourages or requires applicants to submit their applications online through Grants.gov, depending on the funding opportunity.

For this funding opportunity, FEMA requires applicants to submit initial applications through Grants.gov and a final application through ND Grants.

7. How to Register to Apply through Grants.gov

For information on how to register to apply through Grants.gov, please see the [Preparedness Grants Manual](#).

8. How to Submit an Initial Application to FEMA via Grants.gov

Standard Form 424 (SF-424) is the initial application for this NOFO.

Grants.gov applicants can apply online using a workspace. A workspace is a shared, online environment where members of a grant team may simultaneously access and edit different web forms within an application. For each Notice of Funding Opportunity, you can create individual instances of a workspace. Applicants are encouraged to submit their initial applications in Grants.gov at least seven days before the application deadline.

In Grants.gov, applicants must submit the following forms:

- SF-424, Application for Federal Assistance; and
- Grants.gov Lobbying Form, Certification Regarding Lobbying.

For further information on how to submit an initial application via Grants.gov, please see the [Preparedness Grants Manual](#).

9. Submitting the Final Application in ND Grants

After submitting the initial application in Grants.gov, eligible applicants will be notified by FEMA and asked to proceed with submitting their complete application package in ND Grants. Applicants can register early with ND Grants and are encouraged to begin their ND Grants registration at the time of this announcement or, at the latest, seven days before the application deadline. Early registration will allow applicants to have adequate time to start and complete their applications.

Applicants needing assistance registering for the ND Grants system should contact ndgrants@fema.dhs.gov or (800) 865-4076. For step-by-step directions on using the ND Grants system and other guides, please see [Non-Disaster Grants Management System | FEMA.gov](#).

In ND Grants, applicants will be prompted to submit the standard application information and any program-specific information required as described in Section D.10 of this NOFO, “Content and Form of Application Submission.” The Standard Forms (SF) are auto generated in ND Grants, but applicants may access these forms in advance through the Forms tab under

the [SF-424 family on Grants.gov](#). Applicants should review these forms before applying to ensure they have all the information required.

For additional application submission requirements, including program-specific requirements, please refer to the subsection titled “Content and Form of Application Submission” under Section D of this NOFO.

10. Timely Receipt Requirements and Proof of Timely Submission

As application submission is a two-step process, the applicant with the AOR role who submitted the application in Grants.gov will receive an acknowledgement of receipt and a tracking number (GRANTXXXXXXXX) from Grants.gov with the successful transmission of its initial application. **This notification does not serve as proof of timely submission, as the application is not complete until it is submitted in ND Grants.** Applicants can also view the ND Grants Agency Tracking Number by accessing the Details tab in the submitted workspace section in Grants.gov, under the Agency Tracking Number column. Should the Agency Tracking Number not appear, the application has not yet migrated from Grants.gov into the ND Grants System. Please allow 24 hours for your ND Grants application tracking number to migrate.

All applications must be received in ND Grants by **5:00 PM ET** on the application deadline. Proof of timely submission is automatically recorded by ND Grants. An electronic date/time stamp is generated within the system when the application is successfully received by ND Grants. Additionally, the applicant(s) listed as contacts on the application will receive a system-generated email to confirm receipt.

11. Content and Form of Application Submission

a. *Standard Required Application Forms and Information*

The following forms or information are required to be submitted in either Grants.gov or ND Grants. The Standard Forms (SF) are submitted either through Grants.gov, through forms generated in ND Grants, or as an attachment in ND Grants. Applicants may also access the SFs at [SF-424 Family | Grants.gov](#).

I. GRANTS.GOV

- **SF-424, Application for Federal Assistance**, initial application submitted through Grants.gov
- **Grants.gov Lobbying Form, Certification Regarding Lobbying**, submitted through Grants.gov

II. ND GRANTS

- **SF-424A, Budget Information (Non-Construction)**, submitted via the forms generated by ND Grants
 - **For construction under an award, submit SF-424C, Budget Information (Construction)**, submitted via the forms generated by ND Grants, in addition to or instead of SF-424A
- **SF-424B, Standard Assurances (Non-Construction)**, submitted via the forms generated by ND Grants

- **For construction under an award, submit SF-424D, Standard Assurances (Construction)**, submitted via the forms generated by ND Grants, in addition to or instead of SF-424B
- **SF-LLL, Disclosure of Lobbying Activities**, submitted via the forms generated by ND Grants
- **Indirect Cost Agreement or Proposal**, submitted as an attachment in ND Grants if the budget includes indirect costs and the applicant is required to have an indirect cost rate agreement or proposal. If the applicant does not have or is not required to have an indirect cost rate agreement or proposal, please see Section D.13 of this NOFO, “Funding Restrictions and Allowable Costs,” for further information regarding allowability of indirect costs and whether alternatives to an indirect cost rate agreement or proposal might be available, or contact the relevant FEMA staff identified in Section G of this NOFO, “DHS Awarding Agency Contact Information” for further instructions.

Generally, applicants have to submit either the non-construction forms (i.e., SF-424A and SF-424B) or construction forms (i.e., SF-424C and SF-424D), meaning that applicants that only have construction work and do not have any non-construction work need only submit the construction forms (i.e., SF-424C and SF-424D) and not the non-construction forms (i.e., SF-424A and SF-424B), and vice versa. However, applicants who have both construction and non-construction work under this program need to submit both the construction and non-construction forms.

b. Program-Specific Required Forms and Information

I. IJ DEVELOPMENT: SHSP AND UASI

As part of the FY 2023 HSGP application process for SHSP and UASI funds, applicants must develop formal IJs that address the proposed investments. Failure to fulfill all of the terms contained in this section will be considered by DHS/FEMA in its evaluation of the effectiveness of the IJs submitted to meet the minimum percent spend requirement for the National Priority Areas. Failure to sufficiently align projects to the National Priority Areas and meet the minimum percent spend requirement will result in funds being placed on hold until those issues are addressed.

FY 2023 SHSP and UASI applications must include one (1) IJ and at least one (1) respective project for each of the five National Priority Areas with a minimum spend requirement (Soft Targets/Crowded Places, Intelligence and Information Sharing, Countering Domestic Violent Extremism, Election Security, and Community Preparedness and Resilience) identified in this NOFO. Each of these IJs must also meet or exceed the minimum percent spend requirement based on the applicant’s SHSP and UASI allocation stated in this NOFO. **All projects associated with the minimum spend of a National Priority Area must be submitted in the same IJ.** SAAs may submit complete project-level information at the time of application but are not required to do so at the time of application. However, any SHSP or UASI application that does not include an IJ for each National Priority Area that meets the minimum spend requirement will have that funding placed on hold (up to the National Priority Area minimum percent and up to 30% of the total SHSP or UASI allocations) until those IJs and project-level details that sufficiently address the National Priority Areas are received and approved by DHS/FEMA.

Each IJ must *demonstrate* how proposed investments:

- Support terrorism preparedness; and
- Support building capability and/or closing capability gaps or sustaining capabilities identified in the community's THIRA/SPR process.

Each IJ must *explain* how the proposed investments will support the applicant's efforts to:

- Prevent a threatened or an actual act of terrorism;
- Prepare for all hazards and threats, while explaining the nexus to terrorism preparedness;
- Protect citizens, residents, visitors, and assets against the greatest threats and hazards, relating to acts of terrorism; and/or
- Respond quickly and equitably to save lives, protect property and the environment, and meet basic human needs in the aftermath of an act of terrorism or other catastrophic incidents.

If not included in the application, SHSP and UASI recipients must submit complete project-level information for each SHSP and UASI IJ as part of the Biannual Strategy Implementation Report (BSIR) due by January 30, 2024. This includes IJs for the National Priority Areas.

DHS/FEMA will evaluate the effectiveness of the projects submitted in support of the National Priority Areas, either at the time of application or as part of the December 2023 BSIR due January 30, 2024. DHS/FEMA will not reduce FY 2023 HSGP awards based on the effectiveness review but will work with recipients to ensure compliance with the National Priority Area requirements based on the results of the effectiveness review. Recipients and subrecipients will not be permitted to expend funding under the National Priority Areas until the effectiveness of the proposed projects has been reviewed and confirmed by FEMA.

II. DEVELOPMENT OF INVESTMENTS AND PROJECTS: SHSP AND UASI

- Applicants must propose at least 5 and may include up to 12 investments.
- Within each investment, applicants must propose at least one project to describe the activities they plan to implement with SHSP and UASI funds. There is no limit to the number of projects that may be submitted.
- Required National Priority Area IJs must include the name of the priority in the investment name for easy identification.
- All requested funding must be associated with specific projects. For each project, several pieces of information must be provided to submit the project for consideration in the application, including:
 - Project name;
 - Project description;
 - Subrecipient name, if applicable;
 - Recipient type (e.g., state or local);
 - Project location (zip code of the primary location of the project);

- Primary core capability the project supports;
- Whether the project activities are shareable and deployable; and
- Which National Priority Area (if any) the project supports.
- Projects should describe how the proposed investment supports building capability and/or closing capability gaps or sustaining capabilities identified in the THIRA/SPR process.
- FEMA encourages states to use any DHS provided assessments, such as those performed by DHS's Protective Security Advisors and Cybersecurity Advisors, when developing their IJs.

III. NATIONAL PRIORITY AREA INVESTMENTS: SHSP AND UASI

States are encouraged to review the [Strategic Framework for Countering Terrorism and Targeted Violence](#) when developing investments.

- **Soft Targets/Crowded Places (3%)**

Soft targets and crowded places are increasingly appealing to terrorists and other violent extremist actors because of their relative accessibility and the large number of potential targets. This challenge is complicated by the prevalent use of simple tactics and less sophisticated attacks. Segments of our society are inherently open to the general public, and by nature of their purpose do not incorporate strict security measures. Given the increased emphasis by terrorists and other violent extremist actors to leverage less sophisticated methods to inflict harm in public areas, it is vital that the public and private sectors collaborate to enhance security of locations such as transportation centers, parks, restaurants, shopping centers, special event venues, polling places, and similar facilities.

The malicious use of unmanned aircraft systems poses a threat to the safety and security of the American people, communities, and institutions. Technologies to detect or mitigate unmanned aircraft systems are an allowable use under the HSGP in accordance with the Domestic Counter-Unmanned Aircraft Systems (UAS) National Action Plan. Recipients should ensure that, prior to the testing, acquisition, installation, or use of UAS detection and/or mitigation systems, they seek the advice of counsel experienced with both federal and state criminal, surveillance, and communications laws which may apply to the use of such technologies.

Given the increased risk to soft targets and crowded places, at least one investment must be in support of the state's and high-risk urban area's efforts to protect soft targets/crowded places. Additionally, the proposed investment must meet or exceed the FY 2023 national priority percentage for soft targets/crowded places and will also be subject to DHS/FEMA's evaluation of the effectiveness of the proposed investments. States are also encouraged to engage DHS' Protective Security Advisors' security assessments of soft targets to ensure that recommendations from those assessments are taken into consideration when allocating grant funding.

Additional resources and information regarding securing soft targets and crowded places are available through the [Cybersecurity and Infrastructure Security Agency](#) and the [National Institute of Standards and Technology](#).

- **Information and Intelligence Sharing (3%)**

Effective homeland security operations rely on access to, analysis of, and the timely sharing of open source, unclassified, and classified information, suspicious activity reports, tips/leads, and actionable intelligence on indicators and behaviors to accurately identify, assess, and mitigate a wide array of threats against the United States, including terrorism, threats to life, targeted violence, and other threats within the DHS mission space. Accordingly, DHS works diligently to enhance intelligence collection, integration, analysis, and information sharing capabilities to ensure partners, stakeholders, and senior leaders receive actionable intelligence and information necessary to inform their decisions and operations. A critical and statutorily charged mission of DHS is to deliver intelligence and information to federal, state, local, tribal, and territorial governments and private sector partners. Cooperation and information sharing among state, local, tribal, territorial, and federal partners across all areas of the homeland security enterprise, including counterterrorism, while upholding privacy, civil rights, and civil liberties protections, is critical to homeland security operations and the prevention of, preparation for, protection against, and response to acts of terrorism, and other threats to life and criminal acts of targeted violence. Counterterrorism includes both international and domestic terrorism, cybersecurity, border security, transnational organized crime, immigration enforcement, economic security, and other areas.

Given the importance of information sharing and collaboration to effective homeland security solutions, at least one investment must be in support of the state's and high-risk urban area's efforts to enhance information sharing and cooperation with DHS and other federal agencies. As noted above, this requirement must include at least one dedicated fusion center project. Additional instructions on development of the fusion center project can be found below. Applicants must justify persuasively how they will contribute to the information sharing and collaboration purposes of the investment and a culture of national preparedness. Additionally, the proposed investment must meet or exceed the FY 2023 national priority percentage for information sharing and will also be subject to DHS/FEMA's evaluation of the effectiveness of the proposed investments.

Additional resources and information regarding collaboration and information sharing are available through the Department's [Office of Intelligence and Analysis](#).

- **Domestic Violent Extremism (3%)**

As stated in the [Homeland Threat Assessment October 2020](#), domestic violent extremists, including ideologically motivated lone offenders and small groups, present the most persistent and lethal terrorist threat to the Homeland. These violent extremists capitalize on social and political tensions, which have resulted in an elevated threat environment. They utilize social media platforms and other technologies to spread violent extremist ideologies that encourage violence and influence action within the United States. The COVID-19 pandemic has further created an environment that may lead to accelerated mobilization to targeted violence and/or radicalization to domestic terrorism, including leveraging lawful protests to incite violence, intimidate targets, and promote their violent extremist ideologies.

Given the rise of domestic violent extremism in recent years, at least one investment must be in support of the state's and high-risk urban area's efforts to combat the rise, influence, and spread of domestic violent extremism. Additionally, the proposed investment must meet or exceed the FY 2023 national priority percentage for domestic violent extremism and will also be subject to DHS/FEMA's evaluation of the effectiveness of the proposed investments.

Additional resources and information regarding domestic violent extremism are available through [Center for Prevention Programs and Partnerships | Homeland Security \(dhs.gov\)](#).

- **Cybersecurity (no minimum percent)**

Today's world is more interconnected than ever before, but with increased connectivity comes increased risk of our adversaries, including terrorists, exploiting cyber vulnerabilities and weaknesses to disrupt our way of life. While not required, applicants are encouraged to submit an investment related to their ongoing or near-term high priority cybersecurity projects. The investment will be subject to DHS/FEMA's evaluation of the effectiveness of the proposed investments. Cybersecurity investments must support the security and functioning of critical infrastructure and core capabilities as they relate to preventing, preparing for, protecting against, or responding to acts of terrorism. Recipients and subrecipients of FY 2023 HSGP grant awards will be required to complete the 2023 [Nationwide Cybersecurity Review \(NCSR\)](#), enabling agencies to benchmark and measure progress of improving their cybersecurity posture. The Chief Information Officer (CIO), Chief Information Security Officer (CISO), or equivalent for each recipient should complete the NCSR. If there is no CIO or CISO, the most senior cybersecurity professional should complete the assessment. The NCSR is available at no cost to the user and takes approximately 2-3 hours to complete. The 2023 NCSR is estimated to be open from October 2023 through February 2024.

The NCSR is an annual requirement for recipients and subrecipients of HSGP funds and is taken once for each fiscal year award. Additionally, FEMA recognizes that some subawards will not be issued until after the NCSR has closed. In such cases, such subrecipients will be required to complete the first available NCSR offered after the subaward has been issued by the pass-through entity. Although not required by SLTTs that did not receive HSGP funds, all SLTT agencies with preparedness responsibilities are highly encouraged to participate and complete the NCSR to evaluate their cybersecurity posture. For detailed information and background on the NCSR, please see [IB 439](#).

Additional resources and information regarding cybersecurity and cybersecurity performance goals are available through the [Cybersecurity and Infrastructure Security Agency, Cross-Sector Cybersecurity Performance Goals | CISA](#), and the [National Institute of Standards and Technology](#).

- **Community Preparedness and Resilience (3%)**

Community organizations are the backbones of American civic life, both during "blue skies" and in the aftermath of terrorist attacks. Community organizations, such as

homeless shelters, food banks, public libraries, faith-based institutions, and nonprofit medical providers must have the capabilities to withstand acts of terrorism and provide essential services, especially to members of underserved communities, in the aftermath of an attack. In addition, individual citizens and volunteer responders, such as Community Emergency Response Teams, are often the first on the scene after a terrorist attack. The ability of these volunteers to provide assistance to their fellow citizens prior to the arrival of professional first responders is paramount to a community's resilience. FEMA's [2022 National Household Survey](#) recorded a 4% decline in the number of Americans that have taken at least three preparedness actions to bolster individual and household resilience. In addition, the COVID-19 pandemic has placed a significant burden on community-based organizations such as homeless shelters, food banks, public libraries, faith-based institutions, and nonprofit medical providers to continue to provide key services during and after disasters, including acts of terrorism. This National Priority Area will bolster community preparedness and resilience by investing in local, community-driven capabilities.

Additionally, equity in emergency management requires proactively prioritizing actions that reinforce cultural competency, accessibility, and inclusion, as well as reflect the historical context of specific groups of people. To that end, states, territories, and high-risk urban areas are strongly encouraged to explore how SHSP- and UASI-funded activities can address the needs of underserved, at-risk communities to help ensure consistent and systematic, fair, just, and impartial treatment of all individuals before, during, and after a disaster.

The focus on equity and investing in strategies that meet the needs of underserved communities will strengthen the whole of community system of emergency management. Substantial and ongoing prioritization of, and investment in, underserved communities is essential for the entire system to be effective and efficient. Engaging the whole community requires all members of the community to be part of the emergency management team, including representatives of underserved communities, diverse community members, social and community service groups and institutions, faith-based and disability advocacy groups, academia, professional associations, the private and nonprofit sectors, and government agencies that may not traditionally have been directly involved in emergency management. The whole community includes children; older adults; individuals with disabilities and others with access and functional needs; those from religious, racial, and ethnically diverse backgrounds; people with limited English proficiency; and owners of animals including household pets and service animals.

These factors underpin the requirement that at least one investment must be in support of the state's and urban area's efforts to address community preparedness and resilience. Additionally, the proposed investment must meet or exceed the FY 2023 national priority percentage for community preparedness and resilience and will also be subject to DHS/FEMA's evaluation of the effectiveness of the proposed investments.

Additional resources and information regarding community preparedness and resilience are available through [Individuals and Communities | FEMA.gov](#).

- **Election Security (3%)**

In January 2017, DHS designated the infrastructure used to administer the Nation's elections as critical infrastructure. This designation recognizes that the United States' election infrastructure is of such vital importance to the American way of life that its incapacitation or destruction would have a devastating effect on the country. Securing election infrastructure, ensuring its continued operation in the face of threats and harassment, advancing the safety of election officials, and ensuring an election free from foreign interference are national security priorities. Threats to election systems are constantly evolving, so defending these systems requires constant vigilance, innovation, and adaptation. As such, at least one investment must be in support of the state's and high-risk urban area's efforts to enhance physical election security and/or cyber election security. Additionally, the proposed investment must meet or exceed the FY 2023 national priority percentage for election security and will also be subject to DHS/FEMA's evaluation of the effectiveness of the proposed investments.

The SAA *must* include the State's Chief Election Official for all projects and matters related to the election security National Priority Area. **Any activities proposed that could be used to suppress voter registration or turnout will not be approved.**

Additional resources and information regarding election security are available through the [Cybersecurity and Infrastructure Security Agency](#).

IV. DEVELOPMENT OF FUSION CENTER PROJECTS: SHSP AND UASI

Each applicant must identify a fusion center project that will:

- Indicate alignment to a designated Fusion Center; and
- Provide both a brief narrative description and funding itemization for the proposed project activities that directly support the designated fusion center.

The descriptive narrative and the financial itemization should align improvement or sustainment requests with fusion center activities as they relate to the Fusion Center Performance Measures found in the [Preparedness Grants Manual](#).

Sample Fusion Center Funding Itemization

A sample project description and funding itemization are below. For the itemized projects, clearly identify the anticipated fusion center performance improvement or sustainment as a result of the proposed funding.

The X Fusion enhancement project will fund:

- *Salaries, benefits, and training for X number of Fusion Center intelligence analysts*
- *Travel costs associated with fusion center analyst training*
- *This project will directly sustain the Center's current capabilities and performance and directly aligns with performance measures 2023.XXX*
- *We anticipate seeing an improvement in the quality and quantity of analytic production and responses to requests for information as a direct result of the funding of this project*

The funding itemization for a fusion center project should include the amount and percent of each relevant solution area. As an example:

<i>Solution Area and Amount of Proposed Funding</i>	<i>Percent of Proposed Funding</i>
<i>Planning:</i> \$10,000	2%
<i>Organization:</i> \$200,000	48%
<i>Equipment:</i> \$200,000	48%
<i>Training:</i> \$10,000	2%
<i>Exercises:</i> \$0	0%
<i>Total:</i> \$420,000	100%

V. COMPLETING IJS IN THE GRANT REPORTING TOOL (GRT): SHSP AND UASI

In the Related Documents section of the [Grants.gov](https://www.grants.gov) posting, applicants can find the IJ template and instructions for collecting the required information for investments and projects. Additionally, applicants should utilize the Project Worksheet located in [Grants.gov](https://www.grants.gov) posting to assemble the information required for each project, which will facilitate the input of that information into the GRT.

Applicants must ensure the appropriate National Priority Area “Investment Type” (*Overview Tab – Investment Information Section*) is selected for the corresponding National Priority Area.

VI. DEVELOPMENT OF CONCEPT OF OPERATIONS FOR OPSG

As part of the FY 2023 OPSG application process, each eligible local unit of government at the county or federally recognized tribal government level must develop a strategic plan called a Concept of Operations (CONOP)/Application, which is a formal proposal of action to address a specific situation and forms the basis for Operations Orders, in coordination with state and federal law enforcement agencies, to include, but not limited to CBP/USBP. CONOPs that are developed at the county level should be inclusive of city, county, tribal, and other local law enforcement agencies that are eligible to participate in OPSG operational activities, and the CONOP/Application should describe participating agencies in the Executive Summary.

CONOP/Application details should include the names of the agencies, points of contact, and individual funding requests. All CONOPs/Applications must be developed in collaboration with the local USBP sector office, the SAA, and the local unit of government. Requests for funding in CONOPs/Applications must be based on risks and the operational enforcement support requirements of its corresponding USBP Sector, as well as the national priorities identified below. USBP Sector offices will forward the CONOPs to USBP Headquarters for vetting and coordination. Applicants will forward corresponding OPSG Applications to the SAA for submission to FEMA. USBP Headquarters will reconcile all submitted CONOPs with the OPSG Applications. FEMA will review and evaluate all CONOPs and OPSG Applications and funding will be allocated based on the review and selection criteria identified in this NOFO.

OPSG Applicants will be required to clearly articulate and identify how the CONOPs will address the national priority identified below:

- **Information and Intelligence Sharing and Cooperation**

Effective border security operations rely on access to, analysis of, and the timely sharing of open source, unclassified, and classified information, suspicious activity reports, tips/leads, and actionable intelligence on indicators and behaviors to accurately identify, assess, and mitigate a wide array of threats against the United States, including terrorism, threats to life, targeted violence, and other threats within the DHS mission space. Accordingly, DHS works diligently to enhance intelligence collection, integration, analysis, and information sharing capabilities to ensure partners, stakeholders, and senior leaders receive actionable intelligence and information necessary to inform their decisions and operations. One critical, statutorily required mission of DHS is to deliver intelligence and information to federal, state, local, and tribal governments and private sector partners. Cooperation and information sharing among state, federal, and local partners across all areas of the homeland security enterprise, including both international and domestic terrorism, cybersecurity, transnational organized crime, economic security, border security, immigration enforcement, and other areas, while upholding privacy, civil rights and civil liberties protections, is critical to homeland security operations and the prevention of, preparation for, protection against, and responding to acts of terrorism, and other threats to life and criminal acts of targeted violence.

Given the importance of information sharing and collaboration to effective homeland security solutions, the CONOP must support the recipient's efforts to enhance information sharing and cooperation with DHS and other federal agencies. Applicants must justify persuasively how they will contribute to the information sharing and collaboration purposes of the OPSG program and a culture of national preparedness.

Additional resources and information regarding collaboration and information sharing are available through the Department's [Office of Intelligence and Analysis](#).

VII. DETAILED Budget

Applicants must provide budget summary worksheets for all funds requested at the time of application. The budget summary worksheets must be complete, reasonable, and cost-effective in relation to the proposed project and should provide the basis of computation of all project-related costs (including management and administrative costs) and any appropriate narrative. FEMA must be able to thoroughly evaluate the projects being submitted based on the information provided. FEMA must be able to determine how much funding is being passed through to subrecipients for each sub-program (UASI, SHSP, OPSG). Consequently, applicants must provide an appropriate level of detail within the budget summary worksheets to clarify what will be purchased and spent. Sample budget summary worksheets are available on the [grants.gov](#) posting for the HSGP in the Related Documents tab and may be used as a guide to assist applicants in the preparation of budgets and budget narratives.

12. Other Submission Requirements

Fusion Center Investments

Of the proposed SHSP- and UASI-funded investments, one single project must be in support of a designated fusion center. Recipients must coordinate with the fusion center when developing a fusion center project prior to submission. See additional information on how to develop the fusion center projects below and in the [Preparedness Grants Manual](#).

Emergency Communications Investments

All emergency communications investments must describe how such activities align with needs identified in their Statewide Communication Interoperability Plan (SCIP). Recipients must coordinate with their Statewide Interoperability Coordinator (SWIC) and/or Statewide Interoperability Governing Body (SIGB) when developing an emergency communications investment prior to submission to ensure the project supports the statewide strategy to improve emergency communications and is compatible and interoperable with surrounding systems. Effective project alignment will require advance coordination with the SWIC and consultation with governing bodies such as the SIGB or Statewide Interoperability Executive Committee, as they serve as the primary steering group for the statewide interoperability strategy. Additionally, recipients should consult subject matter experts serving on governance bodies, such as broadband experts, chief information officers, representatives from utilities, or legal and financial experts, when developing proposals. The investment name must include the words “emergency communications” to easily identify any emergency communications investments.

13. Intergovernmental Review

An intergovernmental review may be required. Applicants must contact their state’s Single Point of Contact (SPOC) to comply with the state’s process under Executive Order 12372 (See [Executive Orders | National Archives](#) and [Intergovernmental Review \(SPOC List\) \(whitehouse.gov\)](#)).

14. Funding Restrictions and Allowable Costs

All costs charged to awards covered by this NOFO must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements at 2 C.F.R. Part 200, unless otherwise indicated in the NOFO, the terms and conditions of the award, or the [Preparedness Grants Manual](#). This includes, among other requirements, that costs must be incurred, and products and services must be delivered, within the period of performance of the award. See 2 C.F.R. § 200.403(h) (referring to budget periods, which for FEMA awards under this program is the same as the period of performance).

Federal funds made available through this award may be used for the purpose set forth in this NOFO, the [Preparedness Grants Manual](#), and the terms and conditions of the award and must be consistent with the statutory authority for the award. Award funds may not be used for matching funds for any other federal awards, lobbying, or intervention in federal regulatory or adjudicatory proceedings. In addition, federal funds may not be used to sue the Federal Government or any other government entity. See the [Preparedness Grants Manual](#) for more information on funding restrictions and allowable costs.

a. *Prohibitions on Expending FEMA Award Funds for Covered Telecommunications Equipment or Services*

Recipients and subrecipients of FEMA federal financial assistance are subject to the prohibitions described in section 889 of the [John S. McCain National Defense Authorization Act for Fiscal Year 2019 \(FY 2019 NDAA\)](#), Pub. L. No. 115-232 (2018) and 2 C.F.R. §§ 200.216, 200.327, 200.471, and Appendix II to 2 C.F.R. Part 200. Beginning August 13, 2020, the statute – as it applies to FEMA recipients, subrecipients, and their contractors and subcontractors – prohibits obligating or expending federal award funds on certain telecommunications and video surveillance products and contracting with certain entities for national security reasons.

Guidance is available [at Prohibitions on Expending FEMA Award Funds for Covered Telecommunications Equipment or Services, FEMA Policy #405-143-1](#), or superseding document.

Additional guidance is available at [Contract Provisions Guide: Navigating Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards \(fema.gov\)](#).

Effective August 13, 2020, FEMA recipients and subrecipients **may not** use any FEMA funds under open or new awards to:

- Procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;
- Enter into, extend, or renew a contract to procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system; or
- Enter into, extend, or renew contracts with entities that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

I. REPLACEMENT EQUIPMENT AND SERVICES

FEMA grant funding may be permitted to procure replacement equipment and services impacted by this prohibition, provided the costs are otherwise consistent with the requirements of the NOFO and the [Preparedness Grants Manual](#).

II. DEFINITIONS

Per section 889(f)(2)-(3) of the FY 2019 NDAA and 2 C.F.R. § 200.216, covered telecommunications equipment or services means:

- i. Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation, (or any subsidiary or affiliate of such entities);
- ii. For the purpose of public safety, security of Government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);

- iii. Telecommunications or video surveillance services provided by such entities or using such equipment; or
- iv. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the People's Republic of China.

Examples of the types of products covered by this prohibition include phones, internet, video surveillance, and cloud servers when produced, provided, or used by the entities listed in the definition of “covered telecommunications equipment or services.” See 2 C.F.R. § 200.471.

b. *Pre-Award Costs*

Pre-award costs are allowable only with the prior written approval of DHS/FEMA and as included in the award agreement. To request pre-award costs, a written request must be included with the application, signed by the AOR of the entity. The letter must outline what the pre-award costs are for, including a detailed budget break-out of pre-award costs from the post-award costs, and a justification for approval.

c. *Management and Administration (M&A) Costs*

M&A costs are allowed. Recipients may use a maximum of up to 5% of HSGP funds awarded for their M&A, and any funds retained are to be used solely for M&A purposes associated with the HSGP award. Subrecipients may also use a maximum of up to 5% of the funding passed through by the state solely for M&A purposes associated with the HSGP award. M&A activities are those directly relating to the management and administration of HSGP funds, such as financial management and monitoring. M&A expenses must be based on actual expenses or known contractual costs. M&A requests that are simple percentages of the award, without supporting justification, will not be allowed or considered for reimbursement.

M&A costs are not operational costs. They are the necessary costs incurred in direct support of the grant or as a result of the grant and should be allocated across the entire lifecycle of the grant. Examples include preparing and submitting required programmatic and financial reports, establishing and/or maintaining equipment inventory, documenting operational and equipment expenditures for financial accounting purposes, responding to official informational requests from state and federal oversight authorities, including completing the Civil Rights Evaluation Tool as required by DHS, and grant performance measurement or evaluation activities. Please see the [Preparedness Grants Manual](#) for additional information on direct costs.

Recipients or subrecipients may apply or credit M&A funding toward the recipient's requirement to allocate funding toward the National Priority Areas. For example, if a recipient spends \$5,000 to manage or administer its funding dedicated toward its soft targets/crowded places investment, the recipient may credit that funding toward its requirement to allocate at least 3% of its award to the enhancing the protection of soft targets and crowded places National Priority Area.

A state's HSGP funds for M&A calculation purposes includes the total of its SHSP, UASI, and OPSG awards. While the SAA may retain up to 5% of this total for M&A, the state must still ensure that all subrecipient award amounts meet the mandatory minimum pass-through requirements that are applicable to each HSGP program. To meet this requirement, the percentage of SHSP and UASI funds passed through to local or tribal jurisdictions must be based on the state's total HSGP award prior to withholding any M&A.

In retaining these funds, states may retain a maximum of 2.5% of the OPSG allocation, which must be withheld from the pass-through to each subrecipient county or tribe in an equal percentage. The SAA may also retain additional funding from its SHSP award to manage and administer the OPSG award, but that additional amount is also capped at an amount equal to 2.5% of the OPSG award. Examples applying this principle:

SAA 1:

Total award: \$6,000,000

SHSP: \$1,000,000 OPSG: \$2,500,000 UASI: \$2,500,000

M&A Maximum: \$300,000 (5% of \$6,000,000)

Maximum M&A for SHSP = \$50,000

Maximum M&A for OPSG = \$125,000. Of that amount, \$62,500 (2.5%) may be retained from the OPSG allocation, and the other \$62,500 would come from the SHSP allocation. Any amount used to manage and administer OPSG that is charged to SHSP may be above and beyond the \$50,000 available to manage the SHSP allocation.

Maximum M&A for UASI = \$125,000

SAA 2:

Total award: \$4,500,000

SHSP: \$3,500,000 OPSG: \$1,000,000

M&A Maximum: \$225,000 (5% of \$4,500,000)

Maximum M&A for SHSP = \$175,000

Maximum M&A for OPSG = \$50,000. Of that amount, \$25,000 (2.5%) may be retained from the OPSG allocation, and the other \$25,000 would come from the SHSP allocation. Any amount used to manage and administer OPSG that is charged to SHSP may be above and beyond the \$175,000 available to manage the SHSP allocation.

HSGP recipients are also reminded that any M&A charged to a recipient's or subrecipient's UASI funding must be directly allocable to administration of the UASI grant program and cannot be used to cover M&A costs that are directly allocable to SHSP or OPSG funding. Similarly, any M&A charged to a recipient's or subrecipient's SHSP or OPSG funding cannot be used to cover M&A costs directly allocable to UASI funding.

Please note, [IB 365: Management and Administration Costs in the Homeland Security Grant Program](#) and DHS/FEMA [Policy 207-087-1](#) **do not apply to awards made in FY 2023 under this NOFO**. Please also reference [IB 416](#) for additional clarification on OPSG M&A, but to the extent that there is any conflict between IB 416 and this NOFO, the requirements of this NOFO will apply to FY 2023 awards made under this NOFO.

d. *Indirect Facilities & Administrative (F&A) Costs*

Indirect costs are allowable under this program as described in 2 C.F.R. Part 200, including 2 C.F.R. § 200.414. Applicants with a current negotiated indirect cost rate agreement that desire to charge indirect costs to an award must provide a copy of their negotiated indirect cost rate agreement at the time of application. Not all applicants are required to have a current negotiated indirect cost rate agreement. Applicants that are not required by 2 C.F.R. Part 200 to have a negotiated indirect cost rate agreement but are required by 2 C.F.R. Part 200 to develop an indirect cost rate proposal must provide a copy of their proposal at the time of application. Applicants who do not have a current negotiated indirect cost rate agreement (including a provisional rate) and wish to charge the de minimis rate must reach out to the FEMA Grants Management Specialist for further instructions. Applicants who wish to use a cost allocation plan in lieu of an indirect cost rate must also reach out to the FEMA Grants Management Specialist for further instructions. Post-award requests to charge indirect costs will be considered on a case-by-case basis and based upon the submission of an agreement or proposal as discussed above or based upon on the de minimis rate or cost allocation plan, as applicable.

e. *Funds Transfer Restrictions*

The recipient is prohibited from transferring funds between programs (includes SHSP, UASI, and OPSG). Recipients can submit an investment/project where funds come from multiple funding sources (e.g., SHSP and UASI), however, recipients are not allowed to divert funding from one program to another due to the risk-based funding allocations, which were made at the discretion of DHS/FEMA.

f. *Other Direct Costs*

I. PLANNING

Planning costs are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information.

II. ORGANIZATION

Organization costs are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information.

III. EQUIPMENT

Equipment costs are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information.

• **General Purpose Equipment**

HSGP allows expenditures on general purpose equipment if it aligns to and supports one or more core capabilities identified in the Goal and has a nexus to terrorism preparedness. General purpose equipment, like all equipment funded under the HSGP, must be sharable through the EMAC³ and allowable under 6 U.S.C. § 609, and any other applicable provision of the *Homeland Security Act of 2002*, as amended. Examples of such general-purpose

³Except for American Samoa and the Commonwealth of the Northern Mariana Islands, which are not required to belong to EMAC at this time.

equipment may include:

- Law enforcement/general use vehicles (OPSG only);
- Emergency medical services equipment and vehicles;
- Fire service equipment and vehicles, to include hose, pump accessories, and foam concentrate for specialized chemical/biological/radiological/nuclear/explosive (CBRNE) response;
- Interoperability of data systems, such as computer aided dispatch (CAD) and record management systems (RMS); and
- Office equipment for staff⁴ engaged in homeland security program activity.

- **Controlled Equipment**

For decades, the federal government has provided equipment to state, local, and tribal law enforcement agencies (LEAs) through federal grants. Some federal grant programs have assisted LEAs as they carry out their critical missions to keep the American people safe. The equipment acquired by LEAs through these programs includes administrative equipment, such as office furniture and computers. Some federal grant programs also may include military and military-styled equipment, firearms, and tactical vehicles provided by the federal government, including property covered under 22 C.F.R. Part 121 and 15 C.F.R. Part 774 (collectively, "controlled equipment").

However, not all equipment that is considered controlled equipment is allowable under the HSGP. As noted in Section B of [FEMA Policy 207-22-0002, Prohibited or Controlled Equipment Under FEMA Awards](#), certain equipment is prohibited and is not allowable under HSGP. Grant funds under this program may not be used for the purchase of equipment not approved by DHS/FEMA. For example, the purchase of tracked armored vehicles, camouflage uniforms, weapons, and weapons accessories, including ammunition, is generally not allowed with HSGP funds.⁵

For some controlled equipment that is allowable under the HSGP, additional documentation, justifications, reviews, and approvals are required, including but not limited to proof of policies and procedures to safeguard individuals' privacy, civil rights, and civil liberties. Contact your Preparedness Officer if you have questions concerning HSGP requirements for controlled equipment requests.

Grant funds under this program must comply with the aforementioned [FEMA Policy 207-22-0002, Prohibited or Controlled Equipment Under FEMA Awards](#). As per this FEMA Policy, excepted or controlled equipment must remain in the possession of the original FEMA grant recipient and may not be transferred. The use of controlled equipment under a

⁴This applies to all homeland security personnel and is not limited to M&A staff, and costs are to be captured outside the cap on M&A costs.

⁵ FEMA issued Policy 207-22-0002 in response to [Executive Order \(EO\) 14074, Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety](#), which President Joseph R. Biden issued on May 25, 2022. EO 14074 directs the DHS to prohibit the use of grant funding to purchase certain types of military equipment by state, local, tribal, and territorial law enforcement agencies and to comply with and implement the recommendations stemming from [EO 13688](#), which established prohibited equipment and controlled equipment lists.

Memorandum of Understanding or other regional sharing agreement (see Section D.6 of this FEMA Policy) does *not* constitute a transfer of controlled equipment.

DHS/FEMA will continue to collaborate with federal agency partners to ensure that there is a consistent and reasonable approach to the restrictions placed on controlled equipment expenditures while continuing to support these investments when there is a justifiable need. Further, DHS/FEMA will continue to maintain an awareness of the evolving policy developments related to controlled equipment expenditures and keep grant recipients up to date on future developments.

IV. TRAINING

Training costs are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information. Recipients are encouraged to consider tuition-free courses offered by FEMA first, before investing in training. For more information and a catalog of courses please refer to the [National Preparedness Course Catalog at NTED](#).

V. EXERCISES

Exercise costs are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information.

VI. PERSONNEL

Personnel hiring, overtime, and backfill expenses are permitted under this grant to perform allowable HSGP planning, organization, training, exercise, and equipment activities. Under OPSG, overtime costs are allowable only in so far as they meet the intent of the program. All recipients and subrecipients of HSGP funds, including SHSP, UASI, and OPSG allocations, may not use more than 50% of their awards to pay for personnel activities unless a waiver is approved by FEMA. For more information on the 50% personnel cap, please see FEMA [IB 421b](#), Clarification on the *Personnel Reimbursement for Intelligence Cooperation and Enhancement of Homeland Security Act of 2008* (Public Law 110-412) – the PRICE Act. Please see the [Preparedness Grants Manual](#) for more information.

VII. OPERATIONAL OVERTIME

Operational overtime costs are allowed under this program. Prior to use of funds for operational overtime, recipients must receive approval from DHS/FEMA. Operational overtime costs are also subject to the 50% personnel cap. For more information on the 50% personnel cap, please see FEMA [IB 421b](#). For more information about operational overtime costs for SHSP, UASI, and OPSG, please see the [Preparedness Grants Manual](#).

Operational Overtime Costs for SHSP and UASI

As stated in the [Preparedness Grants Manual](#), in support of efforts to enhance capabilities for detecting, deterring, disrupting, and preventing acts of terrorism and other catastrophic events, operational overtime costs are allowable for increased protective security measures at critical infrastructure sites or other high-risk locations and to enhance public safety during mass gatherings and high-profile events. SHSP or UASI funds may be used to support select operational expenses associated with increased security measures in the authorized categories in the authorized categories outlined in the [Preparedness Grants Manual](#). FEMA retains the

discretion to approve other types of requests that do not fit within one of these categories.

Except for an elevated National Terrorism Advisory (NTAS) alert, SHSP or UASI funds may only be spent for operational overtime costs upon prior written approval by FEMA. *Post-event operational overtime requests will only be considered on a case-by-case basis*, where it is demonstrated that exigent circumstances prevented submission of a request in advance of the event or activity.

Operational Overtime Costs for OPSG

As stated in the [Preparedness Grants Manual](#), OPSG funds should be used for operational overtime costs associated with law enforcement activities in support of border law enforcement agencies for enhanced border security. Overtime shall be reimbursed consistent with the non-federal entity's overtime policy and the requirements as stated in the [Preparedness Grants Manual](#).

VIII. TRAVEL

Domestic travel costs are allowed under this program, as provided for in this NOFO and in the [Preparedness Grants Manual](#). International travel is not an allowable cost under this program unless approved in advance by DHS/FEMA.

IX. CONSTRUCTION AND RENOVATION

Construction and renovation costs to achieve capability targets related to preventing, preparing for, protecting against, or responding to acts of terrorism are allowed under this program. For construction and renovation costs to be allowed, they must be specifically approved by DHS/FEMA in writing prior to the use of any program funds. Limits on the total amount of grant funding that may be used for construction or renovation may apply. Additionally, recipients are required to submit [SF-424C and SF-424D](#).

All proposed construction and renovation activities must undergo an Environmental Planning and Historic Preservation (EHP) review, including approval of the review from FEMA, prior to undertaking any action related to the project. Failure of a grant recipient to meet these requirements may jeopardize Federal funding. Please see the [Preparedness Grants Manual](#) for more information.

X. MAINTENANCE AND SUSTAINMENT

Maintenance- and sustainment-related costs, such as maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees, are allowable. Please see the [Preparedness Grants Manual](#) for more information.

XI. CRITICAL EMERGENCY SUPPLIES

Critical emergency supplies are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information.

XII. SECURE IDENTIFICATION

Secure Identification costs are allowed under this program. Please see the [Preparedness Grants Manual](#) for more information.

Allowable Cost Matrix

The following matrix provides allowable cost activities that fall under each of the cost categories noted above. Recipients and subrecipients must follow all applicable requirements in 2 C.F.R. Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. HSGP funds may be used to cover the costs for evaluating the impact of these grants on the state or urban area's core capabilities and capability gaps. This list is not exhaustive, therefore, if there are any questions regarding allowable costs, please contact the appropriate HQ FEMA Preparedness Officer. For additional information on allowable costs, see the [Preparedness Grants Manual](#).

Allowable Program Activities	SHSP	UASI	OPSG
Allowable Planning Costs			
Developing hazard/threat-specific annexes	Y	Y	N
Developing and implementing homeland security support programs and adopting ongoing DHS/FEMA national initiatives	Y	Y	N
Developing related terrorism and other catastrophic event prevention activities	Y	Y	N
Developing and enhancing plans and protocols	Y	Y	N
Developing or conducting assessments	Y	Y	N
Hiring of full- or part-time staff or contract/consultants to assist with planning, engagement, and volunteer management activities	Y	Y	N
Materials required to conduct planning, engagement, and volunteer management activities	Y	Y	N
Travel/per diem related to planning, engagement, and volunteer management activities	Y	Y	Y
Overtime and backfill costs (in accordance with operational Cost Guidance)	Y	Y	Y
Issuance of Western Hemisphere Travel Initiative-compliant Tribal identification cards	Y	N	N
Activities to achieve planning inclusive of people with disabilities and others with access and functional needs and limited English proficiency.	Y	Y	N
Coordination with Citizen Corps Councils for public information/education and development of volunteer programs	Y	Y	N
Coordination and material support to Citizen Corps Councils and local firehouses for the establishment, training and maintenance of CERTs	Y	Y	N
Update governance structures and processes and plans for emergency communications	Y	Y	N
Development, and review and revision of continuity of operations plans	Y	Y	N
Development, and review and revision of the THIRA/SPR and continuity of operations plans	Y	Y	N
Developing or conducting equity assessments to address planning and preparedness disparities for historically underserved communities	Y	Y	N
Allowable Organizational Activities			
Note: Personnel hiring, overtime, and backfill expenses are permitted under this grant only to the extent that such expenses are for the allowable activities within the scope of the grant.			
Program management	Y	Y	N
Development of whole community partnerships	Y	Y	N
Structures and mechanisms for information sharing between the public and private sector	Y	Y	N
Implementing models, programs, and workforce enhancement initiatives	Y	Y	N

Allowable Program Activities	SHSP	UASI	OPSG
Tools, resources, and activities that facilitate shared situational awareness between the public and private sectors	Y	Y	N
Operational support	Y	Y	N
Utilization of standardized resource management concepts	Y	Y	N
Responding to an increase in the threat level under the National Terrorism Advisory System (NTAS), or needs in resulting from a National Special Security Event	Y	Y	N
Reimbursement for select operational expenses associated with increased security measures at critical infrastructure sites incurred (up to 50% of the allocation)	Y	Y	Y
Overtime for information, investigative, and intelligence sharing activities (up to 50% of the allocation)	Y	Y	Y
Hiring of new staff positions/contractors/consultants for participation in information/intelligence analysis and sharing groups or fusion center activities (up to 50% of the allocation).	Y	Y	Y
Hiring or maintaining staff positions/contractors/consultants at SLTT levels to deliver community preparedness training, resources and material to schools, community-based organizations, faith-based institutions and local businesses.	Y	Y	N
Hiring or maintaining staff positions/contractors/consultants to create, support and maintain CERT or Teen CERT	Y	Y	N
Cost of migrating online services to the “.gov” domain	Y	Y	N
Allowable Equipment Categories			
Personal Protective Equipment	Y	Y	Y
Allowable Equipment Categories			
Explosive Device Mitigation and Remediation Equipment	Y	Y	N
CBRNE Operational Search and Rescue Equipment	Y	Y	N
Information Technology	Y	Y	Y
Cybersecurity Enhancement Equipment	Y	Y	N
Interoperable Communications Equipment	Y	Y	Y
Detection	Y	Y	Y
Decontamination	Y	Y	N
Medical countermeasures	Y	Y	Y
Power (e.g., generators, batteries, power cells)	Y	Y	Y
CBRNE Reference Materials	Y	Y	N
CBRNE Incident Response Vehicles	Y	Y	N
Terrorism Incident Prevention Equipment	Y	Y	Y
Physical Security Enhancement Equipment	Y	Y	Y
Inspection and Screening Systems	Y	Y	Y
Animal Care and Foreign Animal Disease	Y	Y	N
CBRNE Prevention and Response Watercraft	Y	Y	N
CBRNE Prevention and Response Unmanned Aircraft	Y	Y	N
CBRNE Aviation Equipment	Y	Y	N
CBRNE Logistical Support Equipment	Y	Y	N
Intervention Equipment (e.g., tactical entry, crime scene processing)	Y	Y	Y
Critical emergency supplies	Y	Y	N
General use vehicle acquisition, lease, and rental	N	N	Y
Specialized vehicle acquisition, lease, and rental	Y	Y	Y
Other Authorized Equipment	Y	Y	Y
Allowable Training Costs			
Overtime and backfill for emergency preparedness and response personnel attending DHS/FEMA-sponsored and approved training classes	Y	Y	N

Allowable Program Activities	SHSP	UASI	OPSG
Overtime and backfill expenses for part-time and volunteer emergency response personnel participating in DHS/FEMA training	Y	Y	N
Training workshops and conferences	Y	Y	Y
Activities to achieve training inclusive of people with disabilities and others with access and functional needs and limited English proficiency	Y	Y	N
Full- or part-time staff or contractors/consultants	Y	Y	Y
Travel	Y	Y	Y
Supplies	Y	Y	N
Instructor certification/re-certification	Y	Y	N
Coordination with Citizen Corps Councils and CERT in conducting training exercises	Y	Y	N
Preparedness training for community preparedness initiatives and programs	Y	Y	N
Interoperable communications training	Y	Y	N
Activities to achieve planning inclusive of people with limited English proficiency	Y	Y	N
Immigration enforcement training	Y	Y	Y
Allowable Exercise Related Costs			
Design, Develop, Conduct, and Evaluate an Exercise	Y	Y	N
Full- or part-time staff or contractors/consultants	Y	Y	N
Overtime and backfill costs, including expenses for part-time and volunteer emergency response personnel participating in DHS/FEMA exercises	Y	Y	N
Implementation of HSEEP	Y	Y	N
Activities to achieve exercises inclusive of people with disabilities and others with access and functional needs	Y	Y	N
Travel	Y	Y	N
Supplies	Y	Y	N
Interoperable communications exercises	Y	Y	N
Allowable Exercise Related Costs			
Activities to achieve planning inclusive of people with limited English proficiency	Y	Y	N
Allowable M&A Costs			
Hiring of full- or part-time staff or contractors/consultants to assist with the management of the respective grant program, application requirements, and compliance with reporting and data collection requirements	Y	Y	Y
Development of operating plans for information collection and processing necessary to respond to DHS/FEMA data calls	Y	Y	Y
Overtime and backfill costs	Y	Y	Y
Travel	Y	Y	Y
Meeting related expenses	Y	Y	Y
Authorized office equipment	Y	Y	Y
Recurring expenses such as those associated with cell phones and faxes during the period of performance of the grant program	Y	Y	N
Leasing or renting of space for newly hired personnel during the period of performance of the grant program	Y	Y	N
Completing the Civil Rights Evaluation Tool	Y	Y	Y
Conducting activities related to evaluating project effectiveness for HSGP-funded projects	Y	Y	Y
LETPA Costs			
Integration and interoperability of systems and data, such as CAD and RMS, to facilitate the collection,	Y	Y	N
Maturation, enhancement, and sustainment of designated state and major Urban Area fusion centers, including information sharing and analysis, threat recognition, terrorist interdiction, and intelligence analyst training and salaries (subject to certain conditions)	Y	Y	N

Allowable Program Activities	SHSP	UASI	OPSG
Regional counterterrorism training programs for small, medium, and large jurisdictions to exchange information and discuss the current threat environment, lessons learned, and best practices to help prevent, protect against, and mitigate acts of terrorism	Y	Y	N
Coordination of regional full-scale training exercises (federal, state, and local law enforcement participation) focused on terrorism-related events	Y	Y	N
Law enforcement Chemical, Biological, Radiological, Nuclear, and high yield Explosives detection and response capabilities, such as bomb detection/disposal capability development, sustainment, or enhancement, including canine teams, robotics platforms, and x-ray technology	Y	Y	N
Coordination between fusion centers and other operational analytic, and investigative efforts	Y	Y	N
Implementation, maintenance, and sustainment of the Nationwide Suspicious Activity Reporting Initiative	Y	Y	N
Implementation of the "If You See Something, Say Something®" campaign	Y	Y	N
Increase physical security, through law enforcement personnel and other protective measures, by implementing preventive and protective measures at critical infrastructure locations	Y	Y	N

E. Application Review Information

1. Application Evaluation Criteria

a. Programmatic Criteria

I. RISK METHODOLOGY

The risk methodology determines the relative risk of terrorism faced by a given area considering the potential risk of terrorism to people, critical infrastructure, and economic security. The analysis includes, but is not limited to, threats from violent domestic extremists, international terrorist groups, and individuals inspired by terrorists abroad. See the [Preparedness Grants Manual](#) for additional information on the risk methodology.

NOTE: The THIRA/SPR process is separate from the risk methodology and its results do not affect grant allocations.

The Risk Methodology is used to inform allocations under HSGP. For more information on the SHSP, UASI, and OPSG allocation processes, please see Section B.1 of this NOFO, "Available Funding for the NOFO."

II. APPLICATION EVALUATION CRITERIA

FEMA will evaluate the FY 2023 HSGP applications for completeness, adherence to programmatic guidelines, and anticipated effectiveness of the proposed investments. FEMA's review will include verification that each IJ and project:

- Aligns with at least one core capability identified in the Goal;
- Demonstrates how investments support building capability and/or closing capability gaps or sustaining capabilities identified in the THIRA/SPR process; and
- Supports a NIMS-typed resource and whether those assets are deployable/shareable to support emergency or disaster operations per existing EMAC agreements.

In addition to the above, FEMA will evaluate whether proposed projects are: 1) both feasible and effective at reducing the risks for which the project was designed; and 2) able to be fully completed within the three-year period of performance. FEMA will use the information provided in the application and after the submission of the first BSIR to determine the feasibility and effectiveness of a grant project. To that end, IJs should include:

- An explanation of how the proposed project(s) will achieve objectives as identified in the SPR, including expected long-term impact where applicable, and which core capability gap(s) it helps to close and how;
- A summary of the status of planning and design efforts accomplished to date (e.g., included in a capital improvement plan); and
- A project schedule with clear milestones.

Recipients are expected to conform, as applicable, with accepted engineering practices, established codes, standards, modeling techniques, and best practices, and participate in the development of case studies demonstrating the effective use of grant funds, as requested.

FEMA will also review any submitted National Priority Area-aligned IJs and projects to ensure they meet the minimum spend requirements. Additional information on how the National Priority Area IJs and projects will be reviewed for effectiveness is included in the Review and Selection Process section below.

b. *Financial Integrity Criteria*

Prior to making a federal award, FEMA is required by 31 U.S.C. § 3354, as enacted by the Payment Integrity Information Act of 2019, Pub. L. No. 116-117 (2020); 41 U.S.C. § 2313; and 2 C.F.R. § 200.206 to review information available through any Office of Management and Budget (OMB)-designated repositories of governmentwide eligibility qualification or financial integrity information, including whether the applicant is suspended or debarred. FEMA may also pose additional questions to the applicant to aid in conducting the pre-award risk review. Therefore, application evaluation criteria may include the following risk-based considerations of the applicant:

- i. Financial stability;
- ii. Quality of management systems and ability to meet management standards;
- iii. History of performance in managing federal award;
- iv. Reports and findings from audits; and/or
- v. Ability to effectively implement statutory, regulatory, or other requirements.

c. *Supplemental Financial Integrity Criteria and Review*

Prior to making a federal award where the anticipated total federal share will be greater than the simplified acquisition threshold, currently \$250,000:

- i. FEMA is required to review and consider any information about the applicant, including information on the applicant's immediate and highest-level owner, subsidiaries, and predecessors, if applicable, that is in the designated integrity

- and performance system accessible through the System for Award Management (SAM), which is currently the [Federal Awardee Performance and Integrity Information System](#) (FAPIIS).
- ii. An applicant, at its option, may review information in FAPIIS and comment on any information about itself that a federal awarding agency previously entered.
 - iii. FEMA will consider any comments by the applicant, in addition to the other information in FAPIIS, in making a judgment about the applicant's integrity, business ethics, and record of performance under federal awards when completing the review of risk posed by applicants as described in 2 C.F.R. § 200.206.

2. Review and Selection Process

a. *SHSP and UASI*

All proposed investments will undergo a federal review by DHS/FEMA to verify compliance with all administrative and eligibility criteria identified in the NOFO. The federal review will be conducted by FEMA HQ Preparedness Officers. FEMA HQ Preparedness Officers will use a checklist to verify compliance with all administrative and eligibility criteria identified in the NOFO. Recipients must be able to demonstrate how investments support building capability and/or closing capability gaps or sustaining capabilities identified in the THIRA/SPR process. IJs will be reviewed at both the investment and project level.

Emergency communications investments will be jointly reviewed by FEMA and CISA's Emergency Communications Division (ECD) to verify compliance with SAFECOM Guidance on Emergency Communications Grants (SAFECOM Guidance). FEMA and ECD will coordinate directly with the recipient on any compliance concerns and will provide technical assistance as necessary to help ensure full compliance.

Additional Effectiveness Evaluation Criteria for the National Priority Areas

FEMA will evaluate the FY 2023 HSGP IJs and projects submitted in support of the National Priority Areas for anticipated effectiveness. FEMA's review will include verification that each IJ or project meets the National Priority Area required spend percentages.

Cybersecurity investments will be reviewed by DHS/FEMA, CISA, and other DHS components as appropriate, for compliance with purposes and requirements of the priority investment area. Proposed investments will be reviewed for effectiveness using the criteria set forth in this NOFO.

Soft Targets/Crowded Places investments will be reviewed by DHS/FEMA, CISA, and other DHS components as appropriate, for compliance with purposes and requirements of the priority investment area. Proposed investments will be reviewed for effectiveness using the criteria set forth in this NOFO.

Information Sharing and Cooperation Investments will be reviewed by DHS/FEMA, DHS Office of Intelligence and Analysis, and other DHS components as appropriate, for compliance with purposes and requirements of the priority investment area. Proposed investments will be reviewed for effectiveness using the criteria set forth in this NOFO.

For additional information on Fusion Center requirements, please see the [Preparedness Grants Manual](#).

Domestic violent extremism investments will be reviewed by DHS/FEMA, DHS Office of Intelligence and Analysis, DHS Center for Prevention Programs and Partnerships, and other DHS components as appropriate, for compliance with purposes and requirements of the priority investment area. Proposed investments will be reviewed for effectiveness using the scoring criteria set forth in this NOFO.

Community preparedness and resilience investments will be reviewed by DHS/FEMA and other DHS components as appropriate, for compliance with purposes and requirements of the priority investment area. Proposed investments will be reviewed for effectiveness using the scoring criteria set forth in this NOFO.

Election security investments will be reviewed by DHS/FEMA, CISA, and other DHS components as appropriate, for compliance with purposes and requirements of the priority investment area. Proposed investments will be reviewed for effectiveness using the scoring criteria set forth in this NOFO.

FEMA will determine whether the proposed approach is clear, logical, and reasonable to address the priority areas of interest and contribute to a culture of national preparedness. This includes factors such as the objectives and strategies proposed to address the priority area, how the objectives and strategies overcome legal, political, or practical obstacles to reduce overall risk, the process, and criteria to select additional relevant projects, and the approach to monitor awards to satisfy the funding percentage allocations.

For applicants that elect to submit IJs and project-level details for the National Priority Areas at the time of application, effectiveness will be evaluated prior to award. If the projects are found to not sufficiently align with the National Priority Area(s), applicants may have funds placed on hold (up to 30%) until the projects are revised to satisfactorily address the National Priority Areas.

For applicants that elect to submit IJs and project-level details for the National Priority Areas as part of the December 2023 BSIR, they will have funds placed on hold in the amount of 30%. The hold will be released only after their December 2023 BSIR submission has been reviewed, and projects related to the National Priority Areas deemed in alignment by DHS/FEMA.

SAAs are still required to meet pass-through requirements even if funds are on hold related to the National Priority Areas.

To that end, IJs should include:

- How the proposed investment addresses the National Priority Area;
- An explanation of how the proposed projects were selected and will achieve objectives and strategies to build or sustain the core capability gaps identified in the SPR, including expected long-term impact where applicable; and
- A summary of the collaboration efforts to prevent, prepare for, protect against, and respond to acts of terrorism as well as anticipated outcomes of the project.

For FY 2023 SHSP and UASI investments and projects related to the National Priority Areas, effectiveness will be evaluated based on the following four factors:

- Investment Strategy (40%): Proposals will be evaluated based on the quality and extent to which applicants describe an effective strategy that demonstrates that proposed projects support the program objective of preventing, preparing for, protecting against, and responding to acts of terrorism, to meet its target capabilities, and otherwise reduce the overall risk to the high-risk urban area, the state, or the Nation.
- Budget (20%): Proposals will be evaluated based on the extent to which applicants describe a budget plan for each investment demonstrating how the applicant will maximize cost effectiveness of grant expenditures.
- Impact/Outcomes (40%): Proposals will be evaluated on how the investment helps the jurisdiction close capability gaps identified in its SPR and addresses the relevant National Priority Area outlined in this NOFO. Further, proposals will be evaluated on their identification and estimated improvement of core capability(ies), the associated standardized target(s) that align with their proposed investment, and the ways in which the applicant will measure and/or evaluate improvement.
- Past Performance (additional consideration): Proposals will be evaluated based on the applicants demonstrated capability to execute the proposed investments. In evaluating applicants under this factor FEMA will consider the information provided by the applicant and may also consider relevant information from other sources.

b. *OPSG*

Applications will be reviewed by the SAA and USBP Sector Headquarters for completeness and adherence to programmatic guidelines and evaluated for anticipated feasibility, need, and impact of the Operations Orders. For more information on Operations Orders and other requirements of OPSG, see the [Preparedness Grants Manual](#).

DHS/FEMA will verify compliance with all administrative and eligibility criteria identified in the NOFO and required submission of Operations Orders and Inventory of Operations Orders by the established due dates. DHS/FEMA and USBP will use the results of both the risk analysis and the federal review by DHS/FEMA to make recommendations for funding to the Secretary of Homeland Security.

FY 2023 OPSG funds will be allocated among the eligible jurisdictions based on risk-based prioritization using the OPSG Risk Assessment described above. Final funding allocations are determined by the Secretary of Homeland Security, who may consider information and input from various law enforcement offices or subject-matter experts within the Department. Factors considered include, but are not limited to threat, vulnerability, miles of the border, and other border-specific law enforcement intelligence, as well as the feasibility of FY 2023 Operations Orders to designated localities within border states and territories.

F. Federal Award Administration Information

1. Notice of Award

Before accepting the award, the AOR and recipient should carefully read the award package. The award package includes instructions on administering the grant award and the terms and conditions associated with responsibilities under federal awards. **Recipients must accept all conditions in this NOFO and the [Preparedness Grants Manual](#) as well as any specific terms and conditions in the Notice of Award to receive an award under this program.**

Recipients must accept their awards no later than 60 days from the award date. The recipient shall notify FEMA of its intent to accept and proceed with work under the award or provide a notice of intent to decline through the ND Grants system. For instructions on how to accept or decline an award in the ND Grants system, please see the ND Grants Grant Recipient User Guide, which is available at [Non-Disaster Grants Management System | FEMA.gov](#) along with other ND Grants materials.

Funds will remain on hold until the recipient accepts the award through the ND Grants system and all other conditions of the award have been satisfied or until the award is otherwise rescinded. Failure to accept a grant award within the 60-day timeframe may result in a loss of funds.

See the [Preparedness Grants Manual](#) for information on Notice of Award.

2. Pass-Through Requirements

Awards made to the SAA for HSGP carry additional **statutorily mandated** pass-through requirements. Pass-through is defined as an obligation on the part of the SAA to make funds available to local units of government, combinations of local units, tribal governments, or other specific groups or organizations. These entities are defined at 6 U.S.C. § 101(13) as:

- A county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (regardless of whether the council of governments is incorporated as a nonprofit corporation under State law), regional or interstate government entity, or agency or instrumentality of a local government.
- An Indian tribe or authorized tribal organization, or in Alaska a Native village or Alaska Regional Native Corporation.
- A rural community, unincorporated town or village, or other public entity.

Four criteria must be met to pass-through grant funds:

- The SAA must make a firm written commitment to passing through grant funds to subrecipients;
- The SAA's commitment must be unconditional (i.e., no contingencies for the availability of SAA funds);
- There must be documentary evidence (i.e., award document, terms, and conditions) of the commitment; and
- The award terms must be communicated to the subrecipient.

Timing and Amount

The SAA must pass-through at least 80% of the funds awarded under SHSP and UASI to the above-defined local or tribal units of government within 45 calendar days of receipt of the funds. "Receipt of the funds" occurs either when the SAA accepts the award or 15 calendar days after the SAA receives notice of the award, whichever is earlier.

SAAs are sent notification of HSGP awards via the GPD's ND Grants system. If an SAA accepts its award within 15 calendar days of receiving notice of the award in the ND Grants system, the 45 calendar days pass-through period will start on the date the SAA accepted the award. Should an SAA not accept the HSGP award within 15 calendar days of receiving notice of the award in the ND Grants system, the 45 calendar days pass-through period will begin 15 calendar days after the award notification is sent to the SAA via the ND Grants system.

It is important to note that the period of performance start date does not directly affect the start of the 45 calendar days pass-through period. For example, an SAA may receive notice of the HSGP award on August 25, 2023, while the period of performance dates for that award September 1, 2023, through August 31, 2026. In this example, the 45-day pass-through period will begin on the date the SAA accepts the HSGP award or September 9, 2023 (15 calendar days after the SAA was notified of the award), whichever date occurs first. The period of performance start date of September 1, 2023 would not affect the timing of meeting the 45-calendar day pass-through requirement.

Other SHSP and UASI Pass-Through Requirements

The signatory authority of the SAA must certify in writing to DHS/FEMA that pass-through requirements have been met. **A letter of intent (or equivalent) to distribute funds is not considered sufficient.** A letter of intent is not a firm commitment and if issued before FEMA makes the award, then a letter of intent is also not unconditional since it is inherently conditioned on receipt of funds.

The pass-through requirement does not apply to SHSP awards made to the District of Columbia, Guam, American Samoa, the U.S. Virgin Islands, or the Commonwealth of the Northern Mariana Islands. **The Commonwealth of Puerto Rico is required to comply with the pass-through requirement**, and its SAA must also obligate at least 80% of the funds to local units of government within 45 calendar days of receipt of the funds.

Under SHSP, the SAA may retain more than 20% of funding for expenditures made by the

state on behalf of the local unit(s) of government, such as expenditures by the state in order to pass through goods or services to local unit(s) of government in lieu of cash. This may occur only with the written consent, such as a Memorandum of Understanding, between the SAA and the local unit(s) of government. Separate written consent is necessary for each local unit of government in which more than 20% of funding is retained on their behalf by the state. The written consent must specify the amount of funds to be retained and the intended use of funds, including whether any goods or services will be passed through in lieu of cash. It must also be signed by authorized representatives of both the state and the local unit of government.

States shall review their written consent agreements yearly and ensure that they are still valid. If a written consent agreement is already in place from previous fiscal years, DHS/FEMA will continue to recognize it for FY 2023, unless the written consent review indicates the local government is no longer in agreement. If modifications to the existing agreement are necessary, the SAA should contact their assigned FEMA HQ Preparedness Officer.

However, even if a written consent agreement is in place from previous fiscal years, **the SAA must still initially carry out the pass-through documentation for its FY 2023 award and comply with the four pass-through criteria described above before the written consent agreement can take effect for purposes of the FY 2023 funding.**

Additional OPSG Requirements

The recipient is prohibited from obligating or expending funds provided through this award until each unique and specific county-level or equivalent Operational Order/Fragmentary Operations Order budget has been reviewed and approved through an official electronic mail notice issued by DHS/FEMA removing this special programmatic condition.

3. Administrative and National Policy Requirements

In addition to the requirements of in this section and in this NOFO, FEMA may place specific terms and conditions on individual awards in accordance with 2 C.F.R. Part 200.

In addition to the information regarding DHS Standard Terms and Conditions and Ensuring the Protection of Civil Rights, see the [Preparedness Grants Manual](#) for additional information on administrative and national policy requirements, including:

- [EHP Compliance](#);
- [FirstNet](#);
- [NIMS Implementation](#); and
- [SAFECOM Guidance](#).

a. DHS Standard Terms and Conditions

All successful applicants for DHS grant and cooperative agreements are required to comply with DHS Standard Terms and Conditions, which are available online at: [DHS Standard Terms and Conditions](#).

The applicable DHS Standard Terms and Conditions will be those in effect at the time the award was made. What terms and conditions will apply for the award will be clearly stated in the award package at the time of award.

b. *Ensuring the Protection of Civil Rights*

As the Nation works towards achieving the [National Preparedness Goal](#), it is important to continue to protect the civil rights of individuals. Recipients and subrecipients must carry out their programs and activities, including those related to the building, sustainment, and delivery of core capabilities, in a manner that respects and ensures the protection of civil rights for protected populations.

Federal civil rights statutes, such as Section 504 of the Rehabilitation Act of 1973 and Title VI of the Civil Rights Act of 1964, along with DHS and FEMA regulations, prohibit discrimination on the basis of race, color, national origin, sex, religion, age, disability, limited English proficiency, or economic status in connection with programs and activities receiving [federal financial assistance](#) from FEMA.

The DHS Standard Terms and Conditions include a fuller list of the civil rights provisions that apply to recipients. These terms and conditions can be found in the [DHS Standard Terms and Conditions](#). Additional information on civil rights provisions is available at [External Civil Rights Division | FEMA.gov](#).

Monitoring and oversight requirements in connection with recipient compliance with federal civil rights laws are also authorized pursuant to 44 C.F.R. Part 7.

In accordance with civil rights laws and regulations, recipients and subrecipients must ensure the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment.

c. *Environmental Planning and Historic Preservation (EHP) Compliance*

As a federal agency, FEMA is required to consider the effects of its actions on the environment and historic properties to ensure that all activities and programs funded by FEMA, including grant-funded projects, comply with federal EHP laws, Executive Orders, regulations, and policies, as applicable.

All non-critical new construction or substantial improvement of structures in a Special Flood Hazard Area must, at a minimum, apply the flood elevations of the Federal Flood Risk Management Standard's Freeboard Value Approach unless doing so would cause the project to be unable to meet applicable program cost-effectiveness requirements. All other types of projects may choose to apply the flood elevations of the Federal Flood Risk Management Standard's Freeboard Value Approach. See [Executive Order \(EO\) 14030, Climate-Related Financial Risk](#) and [FEMA Policy #-206-21-0003, Partial Implementation of the Federal Flood Risk Management Standard for Hazard Mitigation Assistance Programs \(Interim\)](#) ([fema.gov](#)).

All GPD actions, including grant-funded actions, must comply with National Flood Insurance Program criteria or any more restrictive federal, state, or local floodplain

management standards or building code (44 CFR § 9.11(d)(6)). All GPD-funded non-critical actions in 1% annual chance floodplains (also known as 100-year floodplains) that involve new construction or substantial improvement of structures must be elevated, at a minimum, to the lower of:

- Two feet above the 1% annual chance flood elevation (also known as the base flood elevation), in accordance with the Federal Flood Risk Management Standard (FFRMS) “Freeboard Value Approach” (FVA); or
- The 0.2% annual chance flood elevation. Where 0.2% annual chance flood elevations are not available, such actions must be elevated to at least two feet above the 1% annual chance flood elevation.

All GPD-funded critical actions in 0.2% annual chance floodplains (also known as 500-year floodplains) that involve new construction or substantial improvement of structures must be elevated, at a minimum, to the higher of:

- Three feet above the 1% annual chance flood elevation; or
- The 0.2% annual chance flood elevation. Where 0.2% annual chance flood elevations are not available, such actions must be elevated to at least three feet above the 1% annual chance flood elevation.

See [EO 11988, Floodplain Management](#), as amended by [EO 13690, Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input](#).

Recipients and subrecipients proposing projects that have the potential to impact the environment, including, but not limited to, the construction of communication towers, modification or renovation of existing buildings, structures, and facilities, or new construction including replacement of facilities, must participate in the FEMA EHP review process. The EHP review process involves the submission of a detailed project description along with any supporting documentation requested by FEMA in order to determine whether the proposed project has the potential to impact environmental resources or historic properties.

In some cases, FEMA is also required to consult with other regulatory agencies and the public in order to complete the review process. Federal law requires EHP review to be completed before federal funds are released to carry out proposed projects. FEMA may not be able to fund projects that are not in compliance with applicable EHP laws, Executive Orders, regulations, and policies.

DHS and FEMA EHP policy is found in directives and instructions available on the [FEMA.gov EHP page](#), the FEMA website page that includes documents regarding EHP responsibilities and program requirements, including implementation of the National Environmental Policy Act and other EHP regulations and Executive Orders.

The GPD EHP screening form is located at [FEMA Form](#). Additionally, all recipients under this funding opportunity are required to comply with the [FEMA GPD EHP Policy Guidance, FEMA Policy #108-023-1](#).

d. *National Incident Management System (NIMS) Implementation*

In expending funds under this program, recipients that are state, local, tribal, or territorial governments must ensure and maintain adoption and implementation of NIMS. The state, local, tribal, or territorial government must show adoption of NIMS during any point of the period of performance. The list of objectives used for progress and achievement reporting is at <https://www.fema.gov/emergency-managers/nims/implementation-training>.

Emergency management and incident response activities require carefully managed resources (personnel, teams, facilities, equipment, and/or supplies) to meet incident needs. Using standardized resource management concepts such as typing, credentialing, and inventorying, promote a strong national mutual aid capability needed to support delivery of core capabilities. Additional information on resource management, NIMS resource typing definitions, job titles, and position qualifications is on FEMA's website at [NIMS Components - Guidance and Tools | FEMA.gov](#).

FEMA developed the [National Incident Management System Guideline for the National Qualification System](#) to describe national credentialing standards and to provide written guidance regarding the use of those standards. This guideline describes credentialing and typing processes and identifies tools which Federal Emergency Response Officials and emergency managers at all levels of government may use both routinely and to facilitate multijurisdictional coordinated responses.

Although state, local, tribal, and private sector partners (including nongovernmental organizations) are not required to credential their personnel in accordance with these guidelines, FEMA strongly encourages them to do so to leverage the federal investment in the Federal Information Processing Standards 201 infrastructure and to facilitate interoperability for personnel deployed outside their home jurisdiction.

Additional information about NIMS in general is available at [National Incident Management System | FEMA.gov](#).

e. *Emergency Communications Investments*

If an entity uses HSGP funding to support emergency communications investments, the following requirements shall apply to all such grant-funded communications investments in support of the emergency communications priorities and recognized best practices:

- The signatory authority for the SAA must certify in writing to DHS/FEMA their compliance with the [SAFECOM Guidance](#). The certification letter should be coordinated with the SWIC for each state and must be uploaded to ND Grants at the time of the first Program Performance Report submission.
- All states and territories must designate a full-time SWIC who has the authority and resources to actively improve interoperability with emergency management and response agencies across all levels of government, to include establishing statewide plans, policies, and procedures, and coordinating decisions on communications investments funded through federal grants. Note that the designated full-time SWIC may also be the state's or territory's cybersecurity point of contact. SWIC status

information will be maintained by CISA and will be verified by FEMA GPD through programmatic monitoring activities.

- By the period of performance end date, all states and territories must update the SCIP, with a focus on communications resilience/continuity, to include assessment and mitigation of all potential risks identified in the SCIP: natural disasters, accidental damage (human failures), intentional damage (sabotage, terrorism), cybersecurity, etc. Following the initial update, the SCIP should be updated on an annual basis. SCIP status information will be maintained by CISA and will be verified by FEMA GPD through programmatic monitoring activities.

All states and territories must test their emergency communications capabilities and procedures (as outlined in their operational communications plans) in conjunction with regularly planned exercises (separate/addition emergency communications exercises are not required). Exercises should be used to both demonstrate and validate skills learned in training and to identify gaps in capabilities. Resilience and continuity of communications should be tested during training and exercises to the greatest extent possible. Further, exercises should include participants from multiple jurisdictions, disciplines, and levels of government and include emergency management, emergency medical services, law enforcement, interoperability coordinators, public health officials, hospital officials, officials from colleges and universities, and other disciplines and private sector entities, as appropriate. Findings from exercises should be used to update programs to address gaps in emergency communications as well as emerging technologies, policies, and partners. Recipients are encouraged to increase awareness and availability of emergency communications exercise opportunities across all levels of government.

States, territories, and other eligible grant recipients are advised that HSGP funding may be used to support communications planning (including the cost of hiring a SWIC, participation in governance bodies and requirements delineated above), training, exercises, and equipment costs. Costs for transitioning to the FirstNet network may also be eligible. More information regarding FirstNet can be found in the [Preparedness Grants Manual](#).

4. Reporting

Recipients are required to submit various financial and programmatic reports as a condition of award acceptance. Future awards and funds drawdown may be withheld if these reports are delinquent.

See the [Preparedness Grants Manual](#) for information on reporting requirements.

5. Monitoring and Oversight

Per 2 C.F.R. § 200.337, FEMA, through its authorized representatives, has the right, at all reasonable times, to make site visits or conduct desk reviews to review project accomplishments and management control systems to review award progress and to provide any required technical assistance. During site visits or desk reviews, FEMA will review recipients' files related to the award. As part of any monitoring and program evaluation activities, recipients must permit FEMA, upon reasonable notice, to review grant-related records and to interview the organization's staff and contractors regarding the program.

Recipients must respond in a timely and accurate manner to FEMA requests for information relating to the award. Failure to respond in this manner may result in funding holds on current and future awards until the requested information is provided.

See the [Preparedness Grants Manual](#) for information on monitoring and oversight.

G. DHS Awarding Agency Contact Information

1. Contact and Resource Information

a. *Program Office Contact*

FEMA has assigned state-specific Preparedness Officers for the HSGP. If you do not know your Preparedness Officer, please contact the Centralized Scheduling and Information Desk (CSID) by phone at (800) 368-6498 or by email at askcsid@fema.dhs.gov, Monday through Friday, 9:00 AM – 5:00 PM ET.

b. *Centralized Scheduling and Information Desk (CSID)*

CSID is a non-emergency comprehensive management and information resource developed by FEMA for grants stakeholders. CSID provides general information on all FEMA grant programs and maintains a comprehensive database containing key personnel contact information at the federal, state, and local levels. When necessary, recipients will be directed to a federal point of contact who can answer specific programmatic questions or concerns. CSID can be reached by phone at (800) 368-6498 or by e-mail at askcsid@fema.dhs.gov, Monday through Friday, 9:00 AM – 5:00 PM ET.

c. *Grant Programs Directorate (GPD) Award Administration Division*

GPD's Award Administration Division (AAD) provides support regarding financial matters and budgetary technical assistance. Additional guidance and information can be obtained by contacting the AAD's Help Desk via e-mail at ASK-GMD@fema.dhs.gov.

d. *Equal Rights*

The FEMA Office of Equal Rights (OER) is responsible for compliance with and enforcement of federal civil rights obligations in connection with programs and services conducted by FEMA and recipients of FEMA financial assistance. All inquiries and communications about federal civil rights compliance for FEMA grants under this NOFO should be sent to FEMA-CivilRightsOffice@fema.dhs.gov.

e. *Environmental Planning and Historic Preservation*

GPD's EHP Team provides guidance and information about the EHP review process to recipients and subrecipients. All inquiries and communications about GPD projects under this NOFO or the EHP review process, including the submittal of EHP review materials, should be sent to gpdehpinfo@fema.dhs.gov.

2. Systems Information

a. *Grants.gov*

For technical assistance with [Grants.gov](https://www.grants.gov), call the customer support hotline 24 hours per day, 7 days per week (except federal holidays) at (800) 518-4726 or e-mail at support@grants.gov.

b. *Non-Disaster (ND) Grants*

For technical assistance with the ND Grants system, please contact the ND Grants Helpdesk at ndgrants@fema.dhs.gov or (800) 865-4076, Monday through Friday, 9:00 AM – 6:00 PM ET. User resources are available at [Non-Disaster Grants Management System | FEMA.gov](#).

c. *Payment and Reporting System (PARS)*

FEMA uses the [Payment and Reporting System \(PARS\)](#) for financial reporting, invoicing, and tracking payments. FEMA uses the Direct Deposit/Electronic Funds Transfer (DD/EFT) method of payment to recipients. To enroll in the DD/EFT, recipients must complete a Standard Form 1199A, Direct Deposit Form. If you have questions about the online system, please call the Customer Service Center at (866) 927-5646 or email ask-GMD@fema.dhs.gov.

H. Additional Information

GPD has developed the [Preparedness Grants Manual](#) to guide applicants and recipients of grant funding on how to manage their grants and other resources. Recipients seeking guidance on policies and procedures for managing preparedness grants should reference the Preparedness Grants Manual for further information. Examples of information contained in the [Preparedness Grants Manual](#) include:

- Actions to Address Noncompliance
- Audits
- Case Studies and Use of Grant-Funded Resources During Real-World Incident Operations
- Community Lifelines
- Conflicts of Interest in the Administration of Federal Awards and Subawards
- Disability Integration
- National Incident Management System
- Payment Information
- Period of Performance Extensions
- Procurement Integrity
- Record Retention
- Whole Community Preparedness
- Other Post-Award Requirements

1. Termination Provisions

FEMA may terminate a federal award in whole or in part for one of the following reasons. FEMA and the recipient must still comply with closeout requirements at 2 C.F.R. §§ 200.344-200.345 even if an award is terminated in whole or in part. To the extent that subawards are permitted under this NOFO, pass-through entities should refer to 2 C.F.R. § 200.340 for additional information on termination regarding subawards.

a. *Noncompliance*

If a recipient fails to comply with the terms and conditions of a federal award, FEMA may terminate the award in whole or in part. If the noncompliance can be corrected, FEMA may first attempt to direct the recipient to correct the noncompliance. This may take the form of a

Compliance Notification. If the noncompliance cannot be corrected or the recipient is non-responsive, FEMA may proceed with a Remedy Notification, which could impose a remedy for noncompliance per 2 C.F.R. § 200.339, including termination. Any action to terminate based on noncompliance will follow the requirements of 2 C.F.R. §§ 200.341-200.342 as well as the requirement of 2 C.F.R. § 200.340(c) to report in FAPIIS the recipient's material failure to comply with the award terms and conditions. See also the section on Actions to Address Noncompliance in this NOFO or in the [Preparedness Grants Manual](#).

b. *With the Consent of the Recipient*

FEMA may also terminate an award in whole or in part with the consent of the recipient, in which case the parties must agree upon the termination conditions, including the effective date, and in the case of partial termination, the portion to be terminated.

c. *Notification by the Recipient*

The recipient may terminate the award, in whole or in part, by sending written notification to FEMA setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. In the case of partial termination, FEMA may determine that a partially terminated award will not accomplish the purpose of the federal award, so FEMA may terminate the award in its entirety. If that occurs, FEMA will follow the requirements of 2 C.F.R. §§ 200.341-200.342 in deciding to fully terminate the award.

2. Program Evaluation

Recipients and subrecipients are encouraged to incorporate program evaluation activities from the outset of their program design and implementation to meaningfully document and measure their progress towards meeting an agency priority goal(s). Title I of the Foundations for Evidence-Based Policymaking Act of 2018 ([Evidence Act](#)), [Pub. L. No. 115-435 \(2019\)](#) urges federal awarding agencies and federal assistance recipients and subrecipients to use program evaluation as a critical tool to learn, to improve equitable delivery, and to elevate program service and delivery across the program lifecycle. Evaluation means “an assessment using systematic data collection and analysis of one or more programs, policies, and organizations intended to assess their effectiveness and efficiency.” Evidence Act § 101 (codified at 5 U.S.C. § 311). Evaluation costs are allowable costs (either as direct or indirect), unless prohibited by statute or regulation.

In addition, recipients are required to participate in a DHS-led evaluation if selected, which may be carried out by a third-party on behalf of the Program Office or DHS. By accepting grant funds, recipients agree to participate in the evaluation, which may include analysis of individuals who benefit from the grant, and provide access to program operating personnel and participants, as specified by the evaluator(s) during the award.

3. Period of Performance Extensions

Extensions to the period of performance for this program are allowed. Extensions to the POP identified in the award will only be considered through formal, written requests to the recipient's FEMA Preparedness Officer and must contain specific and compelling justifications as to why an extension is required. Recipients are advised to coordinate with

the FEMA Preparedness Officer as needed when preparing an extension request. Please see the [Preparedness Grants Manual](#) for more information.

4. Financial Assistance Programs for Infrastructure

a. *Build America, Buy America Act*

Recipients and subrecipients must comply with the Build America, Buy America Act (BABAA), which was enacted as part of the Infrastructure Investment and Jobs Act §§ 70901-70927, Pub. L. No. 117-58 (2021); and Executive Order 14005, Ensuring the Future is Made in All of America by All of America’s Workers. See also [OMB Memorandum M-22-11, Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure](#).

None of the funds provided under this program may be used for a project for infrastructure unless the iron and steel, manufactured products, and construction materials used in that infrastructure are produced in the United States.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

To see whether a particular FEMA federal financial assistance program is considered an infrastructure program and thus required to include a Buy America preference, please see [Programs and Definitions: Build America, Buy America Act | FEMA.gov](#) and [Build America, Buy America Act Frequently Asked Questions \(FAQs\) | FEMA.gov](#). Additional information is found in [Buy America Preference in FEMA Financial Assistance Programs for Infrastructure, FEMA Interim Policy #207-22-0001](#).

b. *Waivers*

When necessary, recipients (and subrecipients through their pass-through entity) may apply for, and FEMA may grant, a waiver from these requirements.

A waiver of the domestic content procurement preference may be granted by the agency awarding official if FEMA determines that:

- Applying the domestic content procurement preference would be inconsistent with the public interest.
- The types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality.
- The inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25%.

For FEMA awards, the process for requesting a waiver from the Buy America preference requirements can be found on FEMA's website at: ["Buy America" Preference in FEMA Financial Assistance Programs for Infrastructure | FEMA.gov](#).

c. *Definitions*

Construction materials: an article, material, or supply — other than an item primarily of iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives — that is or consists primarily of non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, paint, and drywall.

Domestic content procurement preference: Means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

Federal financial assistance: Generally defined in 2 C.F.R. § 200.1 and includes all expenditures by a federal agency to a non-federal entity for an infrastructure project, except that it does not include expenditures for assistance authorities relating to major disasters or emergencies under sections 402, 403, 404, 406, 408, or 502 of [the Robert T. Stafford Disaster Relief and Emergency Assistance Act](#) relating to a major disaster or emergency declared under section 401 or 501, respectively, or pre and post disaster or emergency response expenditures.

Infrastructure: Infrastructure projects which serve a public function, including at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property; and structures, facilities, and equipment that generate, transport, and distribute energy.

Produced in the United States means the following for:

- **Iron and steel:** All manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- **Manufactured products:** The product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55% of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation.
- **Construction Materials:** All manufacturing processes for the construction material occurred in the United States.

Project: is any activity related to the construction, alteration, maintenance, or repair of infrastructure in the United States.



***Cal* OES**

**GOVERNOR'S OFFICE
OF EMERGENCY SERVICES**

**Fiscal Year 2023
Homeland Security Grant Program**

***California Supplement to the
Federal Notice of Funding Opportunity***

October 2023

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A – FY 2023 HSGP Allocations
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Federal Program Announcement

In February 2023, the U.S. Department of Homeland Security (DHS)/Federal Emergency Management Agency (FEMA) issued the Fiscal Year (FY) 2023 Homeland Security Grant Program (HSGP), [Notice of Funding Opportunity](#) (NOFO) and the FEMA [Preparedness Grants Manual](#).

Subrecipients must follow the programmatic requirements in the NOFO, FEMA Preparedness Grants Manual, and the applicable provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards located in [Title 2, Code of Federal Regulations \(C.F.R.\), Part 200](#).

Information Bulletins

DHS issues [Information Bulletins](#) (IBs) to provide updates, clarification, and new requirements throughout the life of the grant.

Grant Management Memoranda

Cal OES issues [Grant Management Memoranda](#) (GMMs) which provide additional information and requirements regarding HSGP funds.

Purpose of the California Supplement

The FY 2023 HSGP California Supplement to the NOFO (State Supplement) is intended to complement, rather than replace, the NOFO and the FEMA [Preparedness Grants Manual](#). Applicants are highly encouraged to thoroughly read the NOFO and the Preparedness Grants Manual before referring to the State Supplement. The State Supplement will emphasize differences between the FY 2022 and FY 2023 HSGP and highlight additional California policies and requirements applicable to FY 2023 HSGP.

Eligible Subrecipients

Eligible Applicants, referred to as Subrecipients, include Counties/Operational Areas (OAs), Urban Areas (UAs), State Agencies (SAs), Departments, Commissions, and Boards who have or can obtain appropriate state Department of Finance budget authority for awarded funds, and federally recognized tribes located in California.

Tribal Allocations

The NOFO strongly encourages Cal OES to provide HSGP funds directly to tribes in California. To implement this requirement, a special Request for Proposal will be issued to California's federally recognized tribes. All Subrecipients are encouraged to coordinate with tribal governments to ensure that tribal needs are considered in their grant applications.

Subrecipient Allocations	FY 2023 HSGP Subrecipient final allocations are provided in Attachment A and reflect reductions to Subrecipients who did not submit minimum thresholds for National Priority Areas, including Subrecipients opting out of the award altogether, and increases to Subrecipients that are helping meet statewide minimum level National Priority Area requirements.
Supplanting	Grant funds must be used to supplement existing funds, not replace (supplant) funds that have been appropriated for the same purpose. Subrecipients may be required to provide supporting documentation that certifies a reduction in non-federal resources that occurred for reasons other than the receipt or expected receipt of federal funds. Supplanting will result in the disallowance of the activity associated with this improper use of federal grant funds.
Public/Private Organizations	Subrecipients may contract with other public or private organizations to perform eligible activities on approved HSGP projects.
Debarred/ Suspended Parties	<p>Subrecipients must not make or permit any award (subaward or contract) at any tier, to any party, that is debarred, suspended, or otherwise excluded from, or ineligible for, participation in federal assistance programs.</p> <p>Subrecipients must obtain documentation of eligibility before making any subaward or contract using HSGP funds and must be prepared to present supporting documentation to monitors/auditors.</p> <p>Before entering into a Grant Subaward, the Subrecipient must notify Cal OES if it knows if any of the principals under the subaward fall under one or more of the four criteria listed at 2 C.F.R. § 180.335. The rule also applies to Subrecipients who pass through funding to other local entities.</p>

**Debarred/
Suspended
Parties
Cont.**

If at any time after accepting a subaward, Subrecipients learn that any of its principals fall under one or more of the criteria listed at [2 C.F.R. § 180.335](#), immediate written notice must be provided to Cal OES and all grant activities halted until further instructions are received from Cal OES. The rule also applies to subawards passed through by Subrecipients to local entities.

**Key Changes to
the FY 2023
HSGP**

National Priority Areas: There are six National Priority Areas (NPAs) for FY 2023. SHSP and UASI applicants must include one Investment Justification (IJ) for each NPA that has a minimum spend requirement, where applicable. For the NPAs with no minimum spend requirement, the Department of Homeland Security strongly encourages recipients to make investments in those areas as they are of critical national concern. For those NPAs that have an associated minimum spend, **all projects related to meeting the minimum spend for those NPAs must be included in the same IJ.**

The six NPAs, along with the relevant minimum spend requirement, are:

- Enhancing information and intelligence sharing and cooperation with federal agencies, including the Department of Homeland Security – 3% minimum;
- Enhancing the protection of soft targets/crowded places – 3% minimum;
- Enhancing cybersecurity – no minimum requirement;
- Enhancing community preparedness and resilience – 3% minimum;
- Combating domestic violent extremism – 3% minimum;
- Enhancing election security – **NEW:** 3% minimum.

**Key Changes to
the FY 2023
HSGP
Cont.**

Law Enforcement Terrorism Prevention Activities: Increased from 30% to 35% of the subaward.

Build America, Buy America Act (BABAA):

FY 2023 HSGP is subject to BABAA requirements. The BABAA requires all federal agencies, including FEMA, to ensure that no federal financial assistance for “infrastructure” projects is provided unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States. The BABAA requirements only apply to awards or funds obligated on or after January 2, 2023, and do not apply to awards or funds obligated during the waiver period from July 1, 2022, through January 1, 2023.

Section 2 – Federal Changes and Initiatives | 2023

**FY 2023 National
Priorities**

DHS/FEMA annually publishes the [National Preparedness Report](#) (NPR) to report national progress in building, sustaining, and delivering the core capabilities outlined in the goal of a secure and resilient nation. This analysis provides a national perspective on critical preparedness trends for whole community partners to use to inform program priorities, allocate resources, and communicate with stakeholders about issues of concern.

HSGP Subrecipients are required to prioritize grant funding to demonstrate how investments support closing capability gaps or sustaining capabilities identified in the Threat Hazard Identification and Risk Assessment (THIRA)/Stakeholder Preparedness Review (SPR) process.

DHS/FEMA continually assesses changes to the threat landscape to further the National Preparedness Goal (NPG) of a secure and resilient nation. The following are national priority areas for FY 2023, including the corresponding percentage of funds required in each area:

- Enhancing information and intelligence sharing and cooperation with federal agencies, including DHS – 3%;
- Enhancing the protection of soft targets/crowded places - 3%;
- Enhancing cybersecurity – no minimum;
- Enhancing community preparedness and resilience – 3%
- Combating domestic violent extremism through enhanced intelligence collection & analysis, training, and community resilience – 3%; and
- Enhancing election security – 3% minimum.

The NPA specifically addressing emerging threats has been removed, but activities in this category remain allowable expenses under other investment areas. Further, **applicants must spend a minimum of 30% of their SHSP and UASI awards across the six NPAs but have new flexibility on how that funding is allocated.** Although 15% is required in minimum spending across **five** NPAs, as noted above, the remaining 15% can be allocated across any of the six NPAs. Enhancing Cybersecurity NP does not require a minimum allocation.

**FY 2023 National
Priorities
Cont.**

National Priority projects will be reviewed for effectiveness by DHS/FEMA and must be deemed effective prior to the obligation or expenditure of funds.

Projects requiring additional information for DHS/FEMA to determine effectiveness of the project, or projects deemed ineffective, will have a hold placed on their subaward pending submission of requested information and DHS/FEMA approval. Once a project is approved by DHS/FEMA, modifications to the project have special restrictions regarding modifications as indicated below:

Modifications which do not change the project scope and do not decrease the overall project budget can be processed via regular modification request.

Modifications which change the project scope or decrease the overall project budget will require DHS/FEMA approval and must be requested on the [National Priority Project Modification Form](#).

Effectiveness will be evaluated by DHS/FEMA, Cybersecurity and Infrastructure Security Agency, DHS Office of Intelligence and Analysis, DHS Center for Prevention Programs and Partnerships, and/or other DHS components, as appropriate. FEMA will determine whether the proposed approach is clear, logical, and reasonable to address the priority areas of interest and contribute to a culture of national preparedness, based on the following four factors:

- **Investment Strategy (40%):** Projects will be evaluated based on the quality and extent to which the strategy effectively demonstrates supporting the program objective of preventing, preparing for, protecting against, and responding to acts of terrorism, to meet its target capabilities, and otherwise reduce the overall risk to the high-risk urban area, the state, or the nation.
- **Budget (20%):** Projects will be evaluated based on the extent to which a budget plan for each investment demonstrates how grant expenditures maximize cost effectiveness.

FY 2023 National Priorities Cont.

- **Impact/Outcomes (40%):** Projects will be evaluated on how this investment helps the jurisdiction close capability gaps identified in its Stakeholder Preparedness Review and addresses NPs outlined in the FY 2023 NOFO. Further, projects will be evaluated on their identification and estimated improvement of core capability(ies), the associated standardized target(s) that align with their proposed investment, and the ways in which improvements are measured and/or evaluated.
- **Past Performance (additional consideration):** Projects will be evaluated based on the Subrecipient's demonstrated capability to execute the proposed investments. Under this factor, FEMA will consider the information provided by the Subrecipient and may also consider relevant information from other sources.

A detailed description of allowable investments for each NP is included in the [FY 2023 HSGP NOFO \(Section A\)](#).

National Campaigns and Programs

Whole Community Preparedness – Subrecipients should engage with the whole community to advance individual and community preparedness and to work as a nation to build and sustain resilience. In doing so, Subrecipients are encouraged to consider the needs of individuals with access and functional needs and limited English proficiency in the activities and projects funded by the grant.

Subrecipients should utilize [established best practices for whole community inclusion](#) and engage with stakeholders to advance individual and jurisdictional preparedness and resilience. Subrecipients are encouraged to consider the necessities of all Californians in the activities and projects funded by the grant, including children, seniors, individuals with disabilities or access and functional needs, individuals with diverse culture and language use, individuals with lower economic capacity, and other underserved populations.

National Campaigns and Programs Cont.

Active Shooter Preparedness – DHS developed a comprehensive [Active Shooter Preparedness website](#), which strives to enhance national preparedness through a whole-community approach by providing the necessary products, tools, and resources to help all stakeholders prepare for and respond to an active shooter incident. Subrecipients are encouraged to review the referenced active shooter resources and evaluate their preparedness needs.

Soft Targets and Crowded Places – States, territories, UAs, and public and private sector partners are encouraged to identify security gaps and build capabilities that address security needs and challenges related to protecting locations or environments that are easily accessible to large numbers of people on a predictable or semi-predictable basis that have limited security or protective measures in place, including town centers, shopping malls, open-air venues, outside hard targets/venue perimeters, and other places of meeting and gathering. For more information, please see DHS's [Hometown Security Program](#).

Community Lifelines – FEMA created Community Lifelines to reframe incident information and impacts using plain language and unity of effort to enable the integration of preparedness efforts, existing plans, and identifies unmet needs to better anticipate response requirements. Additional information may be found at the [Community Lifelines Implementation Toolkit website](#).

Strategic Framework for Countering Terrorism and Targeted Violence – DHS adopted the [DHS Strategic Framework for Countering Terrorism and Targeted Violence](#) which explains how the department will use the tools and expertise that have protected and strengthened the country from foreign terrorist organizations to address the evolving challenges of today.

**National
Campaigns and
Programs Cont.**

Countering Violent Extremism (CVE) Training - Foreign terrorist groups and individual terrorist thought leaders recruit or inspire Westerners to carry out attacks against western and U.S. targets, including individuals living in communities with the U.S. via, but not limited to, print, video, and social media, as well as through personal interaction. But we also know that violent extremism is not a phenomenon restricted solely to one community and that any effort to counter violent extremism must be applicable to all ideologically motivated violence. Efforts to provide information and training regarding CVE should emphasize the strength of local communities' approach.

**National
Cybersecurity
Review**

The [National Cybersecurity Review \(NCSR\)](#) is a required assessment for all Subrecipients of State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) funding to be completed between October and February 2024.

The NCSR is a no-cost, anonymous, and annual self-assessment designed to measure gaps and capabilities of state, local, tribal, territorial, nonprofit, and private sector agencies' cybersecurity programs.

Additionally, FEMA recognizes that some subawards will not be issued until after the NCSR has closed. In these cases, Subrecipients will be required to complete the first available NCSR offered after the subaward has been issued by Cal OES.

The Chief Information Officer (CIO), Chief Information Security Officer (CISO), or equivalent should complete the NCSR. If there is no CIO or CISO, the most senior cybersecurity professional should complete the assessment. Additional information may be found in [IB 439](#) and [429a](#).

**NIMS
Implementation**

Prior to the allocation of any federal preparedness awards, Subrecipients must ensure and maintain the adoption and implementation of the [National Incident Management System](#) (NIMS).

**Law Enforcement
Terrorism
Prevention
Activities**

At least 35% of the grant funding under SHSP and UASI must be dedicated to Law Enforcement Terrorism Prevention Activities (LETPA). This required LETPA allocation can be from SHSP, UASI, or both and may be met by funding projects in any combination of the six NPAs and any other investments.

Allowable expenditures can be found in the authorizing legislation, [Preparedness Grants Manual](#), [Information Bulletin \(IB\) No. 473 Supplemental Guidance for LETPA Expenditures](#), the [National Prevention Framework](#), and [National Protection Framework](#).

For an activity to be counted towards the LETPA requirement, it must have a law enforcement terrorism prevention nexus. If an activity is listed in the authorizing legislation or can be directly tied to a capability in the National Prevention Framework or shared capability in the National Protection Framework, then it is presumed to have law enforcement nexus and be a LETPA. For all other claimed activities, nexus to law enforcement and terrorism prevention must be clearly explained.

Refer to [IB 485 - FY23 LETPA Supplemental Guidance](#) to the NOFO for further direction on how to account for LETPA activities, best practices for submitting LETPA investments, and information on how to distinguish LETPA from other activities .

**Management
and
Administration**

The Management and Administration (M&A) allowance for Subrecipients is set at a maximum of 5% for FY 2023 HSGP.

Indirect Costs

Indirect costs are allowable under the FY 2023 HSGP Grant Award.

Subrecipients with an indirect cost rate approved by their cognizant federal agency may claim indirect costs based on the established rate. Indirect costs claimed must be calculated using the base approved in the indirect cost negotiation agreement. A copy of the approved negotiation agreement is required at the time of application.

**Indirect Costs
Cont.**

Indirect costs are *in addition to* the M&A allowance and must be included in the Grant Award application as a "Project" and reflected in the FMFW on the Indirect Cost Tab if being claimed under the award.

Indirect costs must be claimed no more than once annually, and only at the end of the Subrecipient's fiscal year. An exception to this rule applies if there is a mid-year change to the approved indirect cost rate; in this case, costs incurred to date must be claimed. At that time, a Grant Subaward Modification reflecting the rate change must also be submitted to Cal OES, along with a copy of the new Indirect Cost Rate Agreement.

**Organization
Costs – Overtime**

Operational overtime costs are allowable *for increased security measures at critical infrastructure sites* if associated with detecting, deterring, disrupting, and preventing acts of terrorism and other catastrophic events.

Pursuant to page A-4 of the [Preparedness Grants Manual](#), all operational overtime requests must clearly explain how the request meets the criteria of one or more of the categories listed in *Table 2: Authorized Operational Overtime Categories*.

Requests must address the threat environment as it relates to the event or activity requiring operational overtime support and explains how the overtime activity is responsive to the threat.

Post-event operational overtime requests will only be considered on a case-by-case basis, where it is demonstrated exigent circumstances prevented submission of a request in advance of the event or activity. Requests for overtime costs must be submitted to Cal OES via [Allowability Request Log \(ARL\) Form](#) at the time of application, if the activity will occur within one year of the final application submission. All subsequent requests must be submitted at least 60 days in advance of the activity.

All operational overtime costs must be formally pre-approved in writing by DHS/FEMA.

Personnel Cap

Pursuant to [6 U.S.C. § 609\(b\)](#), SHSP and UASI funds may be used for personnel costs, totaling up to 50 percent of each fund source. A Subrecipient may request this requirement be waived by DHS/FEMA, via Cal OES. Requests for personnel cap waivers must be submitted separately for each fund source in writing to the Program Representative on official letterhead, with the following information:

- Documentation explaining why the cap should be waived;
- Conditions under which the request is being submitted; and
- A budget and method of calculation of personnel costs both in percentages of the Grant Award **and** in total dollar amount (waivers must be calculated separately for SHSP and UASI, outlining salary, fringe benefits, and any M&A costs).

Subrecipient requests to exceed the personnel cap must be received by Cal OES at the time of application. Subaward modifications impacting the personnel cap will be reviewed on a case-by-case basis and may require the submittal of the above-mentioned information.

Please see [IB 421b](#) for more information on the waiver process.

Equipment Typing/ Identification and Use

Allowable HSGP equipment is listed on the [FEMA Authorized Equipment List](#) (AEL) website.

Subrecipients that allocate HSGP funds towards equipment are required to type and identify the capability associated with that equipment. The [FEMA Resource Typing Library Tool \(RTLTL\)](#) can be used to help determine the type and capability.

Per FEMA policy, the purchase of weapons and weapon accessories are not allowed with HSGP funds. Special rules apply to pharmaceutical purchases, medical countermeasures, and critical emergency supplies; refer to page A-10 of the [FEMA Preparedness Grants Manual](#) for additional information.

**Equipment Typing/
Identification and
Use Cont.**

Expenditures for general purpose equipment are allowable if they align to and support one or more core capabilities identified in the NPG, and in addition, are deployable/sharable through the Emergency Management Assistance Compact and allowable under 6 U.S.C. § 609. Refer to the NOFO and Preparedness Grants Manual for examples of allowable general-purpose equipment.

**Equipment
Maintenance/
Sustainment**

Use of HSGP funds for maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees are allowable as described in FEMA [IBs 336](#) and [379](#), as well as Grant Programs Directorate (GPD) Policy [FP-205-402-125-1](#).

**Emergency
Communications
Projects**

All Subrecipient emergency communications projects must comply with the SAFECOM Guidance on Emergency Communications Grants and describe in their FMFW how such activities align with the goals of the Statewide Communications Interoperability Plan.

**Telecom
Equipment and
Services
Prohibitions**

Effective August 13, 2020, section 889(f)(2)-(3) of the [John S. McCain National Defense Authorization Act for FY 2019 \(NDAA\)](#) and [2 C.F.R. § 200.216, 200.471](#), and Appendix II to 2 C.F.R. Part 200 prohibit DHS/FEMA Recipients and Subrecipients (including their contractors and subcontractors) from using any FEMA funds under open or new awards for the following telecommunications equipment or services:

- 1) Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation, (or any subsidiary or affiliate of such entities);
- 2) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
- 3) Telecommunications or video surveillance services provided by such entities or using such equipment; or

**Telecom Equipment
and Services
Prohibitions Cont.**

- 4) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the People's Republic of China.

Additional guidance is available in [FEMA Policy #405-143-1, Prohibitions on Expending FEMA Award Funds for Covered Telecommunications Equipment or Services](#)

**Prohibited and
Controlled
Equipment**

Effective May 25, 2022, [Executive Order \(EO\) 14074, Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety](#), Section 12(a) of EO 14074 directs the Department of Homeland Security (DHS) to review its grant programs and, consistent with applicable law, prohibits the use of grant funding to purchase certain types of military equipment by state, local, tribal, and territorial law enforcement agencies (LEAs).

For all awards issued on or after January 1, 2023, The policy directly prohibits certain types of equipment outright (prohibited equipment), whereas other types of equipment may be controlled, or LEAs are required to submit certifications prior to purchase.

Even if equipment is listed as controlled equipment and is not outright prohibited, that does not automatically make it allowable under a particular FEMA program. Recipients and Subrecipients should refer to applicable program guidance or contact your Program Representative to determine if a particular type of equipment is allowable under that program.

Additional information regarding Prohibited and Controlled Equipment is available on [FEMA Policy 207-22-0002](#).

Small Unmanned Aircraft Systems

All requests to purchase Small Unmanned Aircraft Systems (SUAS) with FEMA grant funding must comply with [FEMA Policy 207-22-0002](#) and include copies of the policies and procedures in place to safeguard individuals' privacy, civil rights, and civil liberties of the jurisdiction that will purchase, take title to, or otherwise use the SUAS equipment. The Authorized Equipment Listing for [03OE-07-SUAS](#) details questions that must be included in the Aviation Request justification. Reference the [Presidential Memorandum: Promoting Economic Competitiveness While Safeguarding Privacy, Civil Rights, and Civil Liberties in Domestic Use of Unmanned Aircraft Systems](#) for additional information.

FEMA approval is required before a SUAS can be purchased with HSGP grants funds.

Emergency Operations Plans

Subrecipients should update their Emergency Operations Plan (EOP) at least once every two years to remain compliant with the [Comprehensive Preparedness Guide 101 version 2.0](#).

Conflict of Interest

To eliminate and reduce the impact of conflicts of interest in the subaward process, Subrecipients and pass-through entities must follow their own policies and procedures regarding the elimination or reduction of conflicts of interest when making subawards. Subrecipients and pass-through entities are also required to follow any applicable federal, state, local, and tribal statutes or regulations governing conflicts of interest in the making of subawards.

Subrecipients must disclose to their Program Representative, in writing, any real or potential conflict of interest as defined by the federal, state, local, or tribal statutes or regulations, which may arise during the administration of the HSGP subaward within five days of learning of the conflict of interest.

**Build America,
Buy America Act
(BABAA)**

Under FEMA financial assistance programs, the BABAA requirements apply to:

- New awards made on or after January 2, 2023,
- New funding that FEMA obligates to existing awards or through renewal awards on or after January 2, 2023; and
- Infrastructure projects.

Funds provided under this program may not be used for a project for infrastructure unless the iron and steel, manufactured products, and construction materials used in that infrastructure are produced in the United States.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Additionally, the Buy America preference does not apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

When necessary, Subrecipients may apply for a waiver from these requirements. Additional information regarding the BABAA can be found on FEMA's website under [Buy America Preference Buy America Preference](#).

**FY 2023
Investments**

The State prioritized the following investment strategies for the FY 2023 subawards:

1. Enhance Information and Intelligence Sharing and Cooperation with Federal Agencies, including DHS **(National Priority)**;
2. Enhance the Protection of Soft Targets/Crowded Places **(National Priority)**;
3. Enhance Cybersecurity **(National Priority)**;
4. Enhancing Community Preparedness and Resilience **(National Priority)**;
5. Combating Domestic Violent Extremism **(National Priority)**;
6. Strengthen Emergency Communications Capabilities Through Planning, Governance, Technology, and Equipment;
7. Enhance Medical and Public Health Preparedness;
8. Strengthen Information Sharing and Collaboration (non-Fusion Center);
9. Enhance Multi-Jurisdictional/Inter-Jurisdictional All-Hazards/Whole Community Incident Planning, Response & Recovery Capabilities;
10. Protect Critical Infrastructure and Key Resources (includes Food and Agriculture); and
11. Enhance Election Security **(National Priority)**.

Section 3 – State Changes and Initiatives | 2023

**California
Homeland
Security Strategy
Goals**

The State prioritized the following California Homeland Security Strategy Goals for the FY 2023 subawards:

1. Enhance Information Collection, Analysis, and Sharing, in Support of Public Safety Operations Across California;
2. Protect Critical Infrastructure and Key Resources from All Threats and Hazards;
3. Strengthen Security and Preparedness Across Cyberspace;
4. Strengthen Communications Capabilities through Planning, Governance, Technology, and Equipment;
5. Enhance Community Preparedness;
6. Enhance Multi-Jurisdictional/Inter-Jurisdictional All-Hazards Incident Catastrophic Planning, Response, and Recovery Capabilities;
7. Improve Medical and Health Capabilities;
8. Enhance Incident Recovery Capabilities;
9. Strengthen Food and Agriculture Preparedness; and
10. Enhance Homeland Security Exercise, Evaluation, and Training Programs.

**State Initiative
Funding**

For FY 2023, Cal OES shall retain 20% of the SHSP and 18.5% of the UASI funding for state initiatives.

“On Behalf Of”

Cal OES may, in conjunction with local approval authorities, designate funds “on behalf of” local entities who choose to decline or fail to utilize their subaward in a timely manner.

**Public Alert and
Warning**

Cal OES encourages Subrecipients to consider the use of this funding to assist their jurisdiction's alignment with the [State of California Alert and Warning Guidelines](#), developed pursuant to Senate Bill 833 of the 2018 Legislative Session.

Section 4 – Required State Application Components | 2023

**Financial
Management
Forms
Workbook**

The FY 2023 Cal OES FMFW includes:

Grant Subaward Face Sheet – Use the Grant Subaward Face Sheet to apply for grant programs. The Grant Subaward Face Sheet must be signed and submitted in portrait format. An active UEI# (Formerly DUNS#) is required. UEI registration information is available sam.gov.

Authorized Body of 5 – Provide the contact information of Authorized Agents (AA), delegated via the Governing Body Resolution (GBR) or Signature Authorization Form, including staff related to grant activities. More than one person is recommended for designation as the AA; in the absence of an AA, an alternate AA can sign requests.

Project Ledger – The project ledger is used in the application process to submit funding information and is used for submitting cash requests, Grant Subaward Modifications, and assists with the completion of the Biannual Strategy Implementation Report (BSIR).

Planning Tab – Provides detailed information on grant-funded planning activities with a final product identified.

Organization Tab – Provides detailed information on grant-funded organizational activities.

Equipment Tab – Detailed information must be provided under the equipment description for all grant-funded equipment. AEL numbers must be included for all items of equipment. Always refer to the AEL for a list of allowable equipment and conditions, if any.

Training Tab – Provides detailed information on grant-funded training activities. All training activities must receive Cal OES approval prior to starting the event, including a Training Feedback number. The [Training Request Form](#) must be submitted and approved to obtain a Training Feedback number and should be submitted at **least** 30 days in advance.

Exercise TAB – Provides detailed information on grant-funded exercises.

M&A Tab – Provides information on grant-funded M&A activities.

Indirect Costs Tab – Provides information on indirect costs.

Financial Management Forms Workbook Cont.

Consultant-Contractor Tab – Provides detailed information on grant-funded consultants and contractors.

Authorized Agent Page – The AA Page must be submitted with the application, all cash requests, and Grant Subaward Modifications. The AA Page must include a valid signature on file with Cal OES and the date.

Subrecipient Grants Management Assessment

Per [2 C.F.R. § 200.332](#), Cal OES is required to evaluate the risk of non-compliance with federal statutes, regulations, and grant terms and conditions posed by each Subrecipient of pass-through funding. The [Subrecipient Grants Management Assessment Form](#) contains questions related to an organization's experience in the management of federal grant awards. It is used to determine and provide an appropriate level of technical assistance, training, and grant oversight to Subrecipients during the subaward. The questionnaire must be completed and returned with the grant application.

Application Attachments

Federal Funding Accountability and Transparency Act (FFATA) Financial Disclosure – Use the [FFATA Financial Disclosure Form](#) to provide the information required by the Federal Funding Accountability and Transparency Act of 2006.

Certification Regarding Lobbying – Use the [Certification Regarding Lobbying Form](#) to certify lobbying activities, as stipulated by the Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352.

Intelligence Analysts Certificates – Pursuant to the Preparedness Grants Manual, Cal OES must have certificates for completion of training for fusion center analytical personnel. Please provide copies of certificates for each intelligence analyst, if applicable.

UASI Footprint (UASIs Only) – The Urban Area Working Group (UAWG) establishes the 'footprint' of the UA. A map or list defining the footprint must be included with the application.

UAWG Member Roster (UASIs Only) – A list of all current UAWG members with positions or titles.

Indirect Cost Rate Agreement – If claiming indirect costs at a federally-approved rate, please provide a copy of the approved indirect cost rate agreement.

Standard Assurances

The Standard Assurances list the requirements to which the Subrecipients will be held accountable. All Applicants will be required to submit a signed, **original** of the FY 2023 Standard Assurances as part of their FY 2023 HSGP application. The required Standard Assurances can be found only in PDF format on the Cal OES website.

NOTE: Self-created Standard Assurances will not be accepted.

Operational Areas and Urban Areas

Governing Body Resolution – The GBR appoints AAs (identified by the individual's name or by a position title) to act on behalf of the governing body and the Applicant by executing any actions necessary for each application and subaward. All Applicants are required to submit a copy of an approved GBR with their grant application. Resolutions may be valid for up to three grant years given the following:

- The resolution identifies the applicable grant program (e.g., EMPG and/or HSGP);
- The resolution identifies the applicable grant years, (e.g., FY 2023, FY 2024, FY 2025; and
- Adheres to any necessary elements required by local protocols, rules, etc., if applicable.

Resolutions that only identify a single grant program will only be valid for that single program. Resolutions that do not identify applicable grant years will only be valid for the grant year in which the resolution was submitted.

Authorized Agent Information – For each person or position appointed by the governing body, identify the individual in the Authorized Body of 5 ledger of the FMFW.

All changes in AA and contact information must be provided to Cal OES in writing. If the GBR identifies the AA by name, a new Resolution is needed when changes are made. If the GBR identifies the AA by position and/or title, changes may be made by submitting a request on the entity's letterhead, signed by an existing AA. Cal OES will not accept signatures of an AA's designee, unless authorized by the GBR. A change to an AA's designee must be submitted on agency letterhead and signed by the AA, announcing the change to their designee.

Operational Areas Only

Approval Authority Body – OAs must appoint an Anti-Terrorism Approval Body (Approval Authority) to have final approval of the OA's application for HSGP funds. Each member of the Approval Authority must provide written agreement with the OA's application for HSGP funds. The Approval Authority shall consist of the following representatives, and additional voting members may be added by a simple majority vote of the following standing members:

- County Public Health Officer or designee responsible for Emergency Medical Services
- County Fire Chief or Chief of Fire Authority
- Municipal Fire Chief (selected by the OA Fire Chiefs)
- County Sheriff
- Chief of Police (selected by the OA Police Chiefs)

Urban Areas Only

Urban Area Working Groups – Membership in the UAWG must provide either direct or indirect representation for all relevant jurisdictions and response disciplines (including law enforcement, fire service, EMS, hospitals, public health, and emergency management) that comprise the defined UA. It also must be inclusive of local Citizen Corps Council and tribal representatives. The UAWG should also ensure the integration of local emergency management, public health, and health care systems into a coordinated sustained local capability to respond effectively to a mass casualty incident. Additional group composition criteria are found in the FEMA [Preparedness Grants Manual](#).

Threat Hazard Identification and Risk Assessment – Subrecipients are required to submit a THIRA for all 32 core capabilities. Beginning in 2019, UAs are required to submit a THIRA every three years. An annual capability assessment will still be required.

Stakeholder Preparedness Review – The SPR is an annual grant requirement for all states, territories, and UAs. It is an annual capability assessment, which helps jurisdictions identify capability gaps and prioritize investment requirements to reach the targets set in their THIRA.

All fusion center investments must align to, and reference, specific performance areas of the assessment that the funding is intended to support.

**Fusion
Centers Only**

Fusion Centers are also required to follow all Reporting and Administrative Metrics for California Fusion Centers, as set forth in the Governor's Homeland Security Advisor/Cal OES Director's letter dated March 16, 2016. These operational and administrative metrics set forth an integrated and coordinated approach for regular and proactive information and intelligence sharing between all fusion centers in the California State Threat Assessment System (STAS).

**State
Agencies and
Tribes Only**

State Agencies, and federally recognized tribes may submit the Signature Authorization Form in lieu of a GBR, signed by the most senior ranking official, such as the Secretary, Director, President, Chancellor, or Chairperson.

Section 5 – State Application Process | 2023

Application Submission

Subrecipients must submit an electronic copy of their completed FMFW to their Program Representative for review. After the application is approved, a completed copy of the FMFW, along with all other application components must be submitted, with official signatures, by the application due date. During the application process, if it is determined not all allocated funds can be expended by the end of the period of performance, please inform a Program Representative as soon as possible. The completed application should be received by Cal OES no later than the date provided in the FY 2023 HSGP Timeline, referenced as Attachment B.

Late or Incomplete Application

Late or incomplete applications may be denied. If an application is incomplete, the Program Representative may request additional information. Requests for late submission of applications must be made in writing to the Program Representative prior to the application due date. Cal OES has sole discretion to accept or reject a late or incomplete grant application.

HSGP Contact Information

All Subrecipient application materials, questions, comments, and correspondence should be directed to:

California Governor's Office of Emergency Services
ATTN: Grants Management (Building F)
Homeland Security Grants Unit
3650 Schriever Avenue
Mather, CA 95655

Darlene Arambula	(916) 845-8427
Christopher Camacho	(916) 845-8789
Laura Halverstadt	(916) 845-8899
Antoinette Johnson	(916) 845-8260
Jim Lane	(916) 845-8428
Tyrone Freeman	(916) 328-7750
Abigayle Tirapelle	(916) 845-8400

The [Program Representative Regional Assignments Map](#) is available at the Cal OES website under "Regional Assignments".

**Subaward
Approval**

Subrecipients will receive a formal notification of award no later than 45 days after Cal OES accepts the federal grant award. The award letter must be signed, dated, and returned to Cal OES within 20 calendar days. Once the completed application, along with the signed award letter, is received and approved, reimbursement of eligible subaward expenditures may be requested using the Cal OES FMFW.

Payment Request Process

To request an advance or cash reimbursement of HSGP funds, Subrecipients must first complete a payment request using the Cal OES HSGP FMFW, returning it to the appropriate Program Representative. Subrecipients who fail to follow the workbook instructions may experience delays in processing the payment request.

Payments can only be made if the Subrecipient has an approved application.

Advances and Interest Earned on Advances

An Advance payment is a payment that is requested before Subrecipients have disbursed the funds for program purposes. Subrecipients may be paid an advance, provided they maintain a willingness and ability to maintain procedures to minimize the time elapsing between the receipt of funds and their disbursement. The timing and amount of advance payments must be as close as administratively feasible to the actual disbursements by the Subrecipient for project costs.

Federal rules require advances to be deposited in interest-bearing accounts. Interest earned amounts up to \$500 per year may be retained by Subrecipients for administrative expenses; any additional interest earned on federal advance payments must be returned annually to Cal OES.

Semi-Annual Drawdown Requirements

All Subrecipients must report expenditures and request funds at least semi-annually throughout the period of performance. Semi-annual drawdowns should occur by March and October of each calendar year following final approval of the subaward application, except for the final cash request, which must be submitted within 20 calendar days after the end of the period of performance.

Modifications

Post-award budget and scope modifications must be requested using the [Cal OES HSGP FMFW v1.23](#), signed by the Subrecipient's AA, and submitted to the Program Representative.

The Subrecipient may implement grant modification activities, and incur associated expenses, only after receiving written final approval of the modification from Cal OES.

**Modifications
Cont.**

Subrecipients must provide a written justification with all modification requests. The justification may be included in the body of the e-mail transmitting the request, or in a document attached to the transmittal e-mail. Please reference [GMM 2018-17](#) for additional information regarding modification requests.

Modifications to NP Projects have additional restrictions as indicated below:

Modifications which do not change the project scope and do not decrease the overall project budget can be processed via regular modification request.

Modifications which change the project scope or decrease the overall project budget will require DHS/FEMA approval and must be requested on the [National Priority Project Modification Form](#).

**Training
Requirements**

All grant-funded training activities must receive Cal OES approval prior to starting the training event. Cal OES shall allow Subrecipients to develop a “placeholder” for future training conferences when an agenda has not been established at the time Subrecipient applications are due. Please work with a Program Representative and the Training Branch to identify a possible “placeholder” for these types of training activities.

When seeking approval of non-DHS/FEMA developed courses, course materials must be submitted with the approval requests. Conditional approvals are not offered.

Subrecipients must complete a [Training Request Form](#) and submit it electronically to the Cal OES Training Branch to be approved with a Training Feedback Number before beginning any training activities. This includes project components like travel to, materials for, or attendance in training courses. Training Feedback Numbers should be obtained no later than 30 days before the first day of the training or related activities. Requests that are submitted with less than 30 days prior to the start of the training or activity are not guaranteed to be approved in time and run the risk of training being unallowable. Training Feedback numbers must

Training Requirements Cont.

be included on the FMFW Training Ledger to be considered for reimbursement.

For more information on this or other training-related inquiries, contact the [Cal OES Training Branch](mailto:Training@CalOES.ca.gov) at (916) 845-8745 or Training@CalOES.ca.gov.

Exercises, Improvement Plans, and After-Action Reporting

Subrecipients should engage stakeholders to identify long-term training and exercise priorities. These priorities should address capability targets and gaps identified through the THIRA and SPR process, real-world events, previous exercises, and national areas for improvement identified in the NPR.

Subrecipients must report on all exercises conducted with HSGP grant funds. An After-Action Report (AAR)/Improvement Plan (IP) or Summary Report (for Seminars and Workshops) must be completed and submitted to Cal OES within 90 days after exercise/seminars/workshops are conducted. It is acceptable to submit an *Exercise Summary Report for Seminars and Workshops* in lieu of a full AAR/IP.

Please e-mail AAR/IPs and Summary Reports to:

- hseep@fema.dhs.gov
- exercise@caloes.ca.gov
- christopher.camacho@caloes.ca.gov

For exercise-related issues and/or questions, please email the Cal OES Exercise Team at exercise@caloes.ca.gov.

Exercise costs will not be considered for reimbursement until an AAR/IP is received by Cal OES.

Procurement Standards and Written Procedures

Subrecipients must conduct procurement using documented local government procurement procedures, or the federal procurement standards found in [2 C.F.R. Part 200](#), whichever are more strict. Subrecipients must also have written conflict of interest policies governing the actions of its employees engaged in the selection, award and administration of contracts, including disciplinary actions for violations of such standards.

**Procurement
Thresholds**

Effective June 20, 2018, the micro-purchase threshold was increased from \$3,500 to \$10,000 and the simplified acquisition threshold was increased from \$150,000 to \$250,000. These increases apply to all Subrecipient procurements executed on or after June 20, 2018.

Refer to [IB 434](#) for additional information.

**Procurement
Documentation**

Non-federal entities, other than states and territories, are required to maintain and retain records sufficient to detail the history of procurements, covering at least the rationale for the procurement method, contract type, contractor selection or rejection, and the basis for the contract price. For any cost to be allowable, it must be adequately documented. Examples of the types of documents that would meet this requirement include, but are not limited to:

- Solicitation documentation, such as requests for quotes, invitations for bids, or requests for proposals;
- Responses to solicitations, such as quotes, bids, or proposals;
- Pre-solicitation independent cost estimates and post-solicitation cost/price analyses on file for review by federal personnel, if applicable;
- Contract documents and amendments;
- Documents demonstrating inclusion of required contract provisions; and
- Other documents required by federal regulations applicable at the time the grant was awarded to the Subrecipient.

**Noncompetitive
Procurement**

All noncompetitive procurements exceeding the simplified acquisition threshold requires Cal OES **prior** written approval to be eligible for reimbursement. This method of procurement must be approved by the local Purchasing Agent prior to submitting a request for Cal OES approval. A copy of the Purchasing Agent's approval must be included with the Cal OES [Request for Noncompetitive Procurement Authorization](#) form. Cal OES may request additional documentation that supports the procurement effort.

Noncompetitive Procurement Cont.

Cal OES will not reimburse for any noncompetitive procurement contracts for any HSGP terrorism-related training, regardless of the cost of the training. Exceptions to this policy may be approved in limited circumstances, e.g., related to a procurement effort that has resulted in inadequate competition. Please refer to [GMM2017-01A](#) and [GMM2021-05](#) for additional guidance.

Performance Bond

Due to the risks associated with delays in vendor delivery of large equipment procurements, DHS/FEMA allows Subrecipients to obtain a “performance bond” for items that are paid for up front to ensure delivery of the equipment within the grant period of performance.

Cal OES *requires* Subrecipients to obtain a performance bond when procuring any equipment item over \$250,000, or for any vehicle, aircraft, or watercraft that requires full or partial payment **prior** to receiving the final product(s).

Performance Bond Waivers may be granted on a case-by-case basis and must be submitted to Cal OES prior to procurement.

Environmental Planning and Historic Preservation (EHP)

DHS/FEMA is required to ensure all activities and programs that are funded by the agency comply with federal Environmental Planning and Historic Preservation (EHP) regulations. Subrecipients proposing projects or activities (including, but not limited to, training, exercises, the installation of equipment, and construction or renovation projects) that have the potential to impact the environment, or a historic structure must participate in the EHP screening process. EHP Screening Memos must include detailed project information, explain the goals and objectives of the proposed project, and include supporting documentation.

DHS/FEMA may also require the Subrecipient to provide a confidential California Historical Resources Information System (CHRIS) report in addition to the EHP Screening Form. Determination on the necessity of a CHRIS report is based upon information disclosed on the form. Program Representatives will provide additional instructions should this report be required.

**Environmental
Planning and
Historic
Preservation (EHP)
Cont.**

[EHP Screening Requests](#) should be submitted to Cal OES as early as possible. All projects/activities triggering EHP must receive DHS/FEMA written approval prior to commencement of the funded activity.

Updated information may be referenced in the [FEMA GPD EHP Policy Guidance](#).

**Construction and
Renovation**

When applying for construction activity at the time of application, including communication towers, Subrecipients must submit evidence of approved zoning ordinances, architectural plans, any other locally required planning permits, and a notice of federal interest. Additionally, Subrecipients are required to submit an SF-424C Budget and Budget Detail that cites project costs. Communication tower construction requests also require evidence that the Federal Communications Commission's Section 106 review process was completed.

Subrecipients using funds for construction projects must comply with the Davis-Bacon Act. Subrecipients must ensure that their contractors or subcontractors for construction projects pay workers no less than the prevailing wages for laborers and mechanics employed on projects of a character like the contract work in the civil subdivision of the state in which the work is to be performed.

Project construction using SHSP and UASI funds may not exceed \$1,000,000 or 15% of the grant subaward (for the purposes of limitations on funding levels, communications towers are not considered construction).

Written approval for construction must be provided by DHS/FEMA prior to the use of any HSGP funds for construction or renovation. No construction activities (including site preparation, utility installations, and any groundbreaking activities) or equipment installations on existing structures, may begin until the EHP review process is complete.

Inventory Control and Property Management

Subrecipients must use standardized resource management concepts for resource typing and credentialing, in addition to maintaining an inventory by which to facilitate the effective identification, dispatch, deployment, tracking, and recovery of resources.

Subrecipients must have an effective inventory management system, to include:

- Property records that document description, serial/ID number, fund source, title information, acquisition date, cost, federal cost share, location, use, condition, and ultimate disposition;
- A physical inventory conducted at least every two years;
- A control system to prevent loss, damage, and theft of grant purchased equipment and supplies; and
- Adequate maintenance procedures to keep the property in good condition.

Equipment Disposition

When original or replacement equipment acquired under the HSGP is no longer needed for program activities, the Subrecipient must contact the Program Representative to request disposition instructions. See [2 C.F.R. § 200.313\(e\)](#).

Performance Reporting

Subrecipients must complete a BSIR each Winter and Summer using the DHS/FEMA [Grants Reporting Tool](#) (GRT) for the duration of the subaward period of performance or until all grant activities are completed and the subaward is formally closed by Cal OES. Failure to submit a BSIR could result in subaward reduction, suspension, or termination.

Access to the BSIR may be obtained through the GRT. To create a new account, please click the link that reads, "Register for an account" and follow the instructions provided. The Subrecipient will be required to ensure up-to-date project information is entered. The Project Ledger in the FMFW may assist with the BSIR data entry process. For additional assistance with the GRT, please contact your Program Representative.

Extension Requests

Extensions to the initial period of performance identified in the subaward will only be considered through formal, written requests to your Program Representative. Upon receipt of the extension request, Cal OES will:

1. Verify compliance with performance reporting requirements by confirming the Subrecipient has submitted all necessary performance reports;
2. Confirm the Subrecipient has provided sufficient justification for the request; and
3. If applicable, confirm the Subrecipient has demonstrated sufficient progress in past situations where an extension was authorized by Cal OES.

Extension requests will be granted only due to compelling legal, policy, or operational challenges, must be project-specific and will only be considered for the following reasons:

1. Contractual commitments with vendors that prevent completion of the project within the period of performance;
2. The project must undergo a complex environmental review which cannot be completed within this timeframe;
3. Projects are long-term by design and therefore, acceleration would compromise core programmatic goals; and
4. Where other special circumstances exist.

To be considered, extension requests must be received no later than 60 days prior to the end of the Subrecipient's period of performance and must contain specific and compelling justifications as to why an extension is required. All extension requests must address the following:

1. Grant program, fiscal year, and award number;
2. Reason for delay;
3. Current status of the activity/activities;
4. Approved period of performance termination date and new project completion date;
5. Amount of funds drawn down to date;
6. Remaining available funds, both federal and non-federal;

Extension Requests Cont.

7. Budget outlining how remaining federal and non-federal funds will be expended;
8. Plan for completion, including milestones and timeframes for each milestone and the position/person responsible for implementing the plan for completion; and
9. Certification the activity/activities will be completed within the extended period of performance without any modification to the original Project Scope.

General questions regarding extension requirements and the extension request form, should be directed to your Program Representative. For additional information, please see IB 379. Extension requests for personnel and salaries do not meet the requirements of IB 379 and will not be granted. Subrecipients are expected to complete all grant-funded personnel activities by the end of the subaward period of performance.

Progress Reports on Grant Extensions

All Subrecipients that receive Cal OES approval to extend their FY 2023 Grant Subaward period of performance may be required to submit progress reports indicating completed and future project milestones on all extended projects. Progress reports must be submitted electronically to the Subrecipient's Program Representative. Deadlines for the submission of progress reports will be established at the time of extension approval.

Monitoring

Cal OES Grants Monitoring actively monitors Subrecipients, through day-to-day communications, programmatic site visits, desk, and on-site compliance assessments. The purpose of the compliance assessment is to ensure Subrecipients are in compliance with applicable state and federal regulations, grant guidelines, and programmatic requirements.

Monitoring activities may include, but are not limited to:

- Verifying entries recorded on the FMFW categories are properly supported with source documentation;
- Eligibility of and support for expenditures, typically covering two to three years of data;
- Comparing actual Subrecipient activities to those approved in the grant application and subsequent

**Monitoring
Cont.**

modifications, including the review of timesheets and invoices as applicable;

- Procurements and contracts;
- Ensuring equipment lists are properly maintained and physical inventories are conducted;
- Ensuring advances have been disbursed in accordance with applicable guidelines; and
- Confirming compliance with Standard Assurances; and
- Information provided on performance reports and payment requests

NOTE: It is the responsibility of all Subrecipients that pass down grant funds to other entities, to maintain and utilize a formal process to monitor the grant activities of their subawards. This requirement includes, but is not limited to, on-site verification of grant activities, as required. It is common for Subrecipients to receive findings in a programmatic site visit or compliance assessment, which require a Corrective Action Plan (CAP) to be submitted by Subrecipients. Those Subrecipients who fail to submit a CAP, as required, shall have a “hold” placed on any future reimbursements until the “finding” is resolved.

**Failure to Submit
Required Reports**

Periodic reporting is required by the grant. Subrecipients who miss a single reporting deadline may receive a letter addressed to their Board of Supervisors informing them of the failure to report. County OAs and tribes who fail to report twice consecutively may have subsequent awards reduced by 10% until timely reporting is reestablished; UASIs may have a “hold” placed on any future reimbursements.

**Suspension/
Termination**

Cal OES may suspend or terminate grant funding, in whole or in part, or other measures may be imposed for any of the following reasons:

- Failure to submit required reports.
- Failure to expend funds in a timely manner consistent with the grant milestones, guidance, and assurances.
- Failure to comply with the requirements or statutory progress toward the goals or objectives of federal or state law.
- Failure to make satisfactory progress toward the goals or objectives set forth in the Subrecipient application.
- Failure to follow Grant Subaward requirements or Special Conditions.

Suspension/

**Termination
Cont.**

- Proposing or implementing substantial plan changes to the extent that, if originally submitted, the application would not have been selected for funding.
- False certification in the application or document.
- Failure to adequately manage, monitor, or direct the grant funding activities of their Subrecipients.

Closeout

Before taking action, Cal OES will provide the Subrecipient reasonable notice of intent to impose corrective measures and will make every effort to informally resolve the problem. Cal OES will close-out Subrecipient awards when it determines all applicable administrative actions and all required work of the federal award have been completed. Subawards will be closed after:

- All funds have been requested and reimbursed, or disencumbered;
- Receiving all applicable Subrecipient reports indicating all approved work has been completed, and all funds have been distributed;
- Completing a review to confirm the accuracy of reported information;
- Reconciling actual costs to subawards, modifications, and payments; and
- Verifying the Subrecipient has submitted a final BSIR showing all grant funds have been expended.

Records Retention

The records retention period is three years from the date of the Cal OES Grant Closeout letter, or until any pending litigation, claim, or audit started before the expiration of the three-year retention period has been resolved and final action is taken.

For indirect cost rate proposals, cost allocation plans, or other rate computation records, the start of the record retention period is dependent on whether the proposal, plan, or other

computation is required to be submitted to the federal government (or to the pass-through entity) for negotiation purposes. See [2 C.F.R. § 200.334\(f\)](#).

In order for any cost to be allowable, it must be adequately documented per [2 C.F.R. § 200.403\(g\)](#).

**Records Retention
Cont.**

The Cal OES Grant Closeout Letter will notify the Subrecipient of the start of the records retention period for all programmatic and financial grant-related records.

If the State Administrative Agency's award remains open after the Subrecipient's submission of the final BSIR, Cal OES will complete any additional BSIR reporting required under the award on behalf of the Subrecipient.

Closed grants may still be monitored and audited. Failure to maintain all grant records for the required retention period could result in a reduction of grant funds, and an invoice to return costs associated with the unsupported activities.

If documents are retained longer than the required retention period, FEMA, the DHS Office of Inspector General, Government Accountability Office, and pass-through entity have the right to access these records as well. See [2 C.F.R. §§ 200.334, 200.336](#).

Attachment A – FY 2023 HSGP Allocations | 2023

*SHSP allocations reflect National Priority Area project adjustments

State Homeland Security Program (SHSP)					
Operational Area	Total Award		Operational Area	Total Award	
ALAMEDA	1,650,795		ORANGE	3,091,413	
ALPINE	76,145		PLACER	465,161	
AMADOR	113,439		PLUMAS	93,069	
BUTTE	267,310		RIVERSIDE	2,398,207	
CALAVERAS	117,971		SACRAMENTO	1,578,910	
COLUSA	94,168		SAN BENITO	137,459	
CONTRA COSTA	1,178,218		SAN BERNARDINO	2,161,778	
DEL NORTE	100,963		SAN DIEGO	3,210,706	
EL DORADO	256,682		SAN FRANCISCO	878,889	
FRESNO	1,039,636		SAN JOAQUIN	823,130	
GLENN	102,425		SAN LUIS OBISPO	342,774	
HUMBOLDT	203,934		SAN MATEO	785,321	
IMPERIAL	246,059		SANTA BARBARA	499,634	
INYO	93,103		SANTA CLARA	1,882,403	
KERN	942,855		SANTA CRUZ	329,271	
KINGS	220,012		SHASTA	247,205	
LAKE	126,762		SIERRA	78,080	
LASSEN	103,878		SISKIYOU	116,809	
LOS ANGELES	9,481,457		SOLANO	501,615	
MADERA	225,138		SONOMA	535,157	
MARIN	320,277		STANISLAUS	599,128	
MARIPOSA	102,042		SUTTER	169,572	
MENDOCINO	168,349		TEHAMA	132,940	
MERCED	346,225		TRINITY	90,284	
MODOC	83,289		TULARE	528,108	
MONO	87,762		TUOLUMNE	127,741	
MONTEREY	488,715		VENTURA	870,207	
NAPA	204,898		YOLO	285,965	
NEVADA	171,574		YUBA	153,481	
				*Total	41,728,498

Fusion Centers	
Region	Total Award
SAN FRANCISCO BAY AREA	1,792,050
SACRAMENTO/CENTRAL VALLEY AREA	2,565,000
GREATER LOS ANGELES AREA	2,887,500
SAN DIEGO AREA	2,047,500
ORANGE AREA	835,000
*Total	10,127,050

* SHSP allocations reflect National Priority Area project adjustments

Urban Areas Security Initiative (UASI)			
*A minimum of 35% of UASI funding must be for Law Enforcement Terrorism Prevention			
Urban Area	Federal Allocation to State	Allocation to UASI	State Initiatives
ANAHEIM/SANTA ANA AREA	5,250,000	4,278,750	971,250
BAY AREA	36,493,265	29,742,011	6,751,254
LOS ANGELES/LONG BEACH AREA	66,174,270	53,932,030	12,242,240
RIVERSIDE AREA	3,900,000	3,178,500	721,500
SACRAMENTO AREA	3,800,000	3,097,000	703,000
SAN DIEGO AREA	16,445,560	13,403,131	3,042,429
Total	132,063,095	107,631,422	24,431,673

Attachment B – FY 2023 HSGP Timeline | 2023

DHS/FEMA Announcement of 2023 HSGP NOFO	February 13, 2023
Cal OES Application Due to DHS	May 18, 2023
DHS Award to California	September 25, 2023
Subrecipient period of performance begins	September 1, 2023
2023 HSGP California Supplement release	October 2023
Subrecipient Workshops	October 2023
Subrecipient Awards (45 days from DHS award)	October 2023
Subrecipient Final Applications for FY23 Due to Cal OES	December 29, 2023
Subrecipient period of performance ends	May 31, 2026
Final Cash Requests due to Cal OES	Within twenty (20) calendar days after end of grant
Cal OES's period of performance ends	August 31, 2026

Subrecipient: _____ FIPS#: _____

Program Representative: _____

Financial Management Forms Workbook:

- Grant Award Face Sheet
- Authorized Body of 5
- Project Ledger
- Planning Tab
- Organization Tab
- Equipment Tab
- Training Tab
- Exercise Tab
- Consultant/Contractor Tab
- Management & Administration Tab
- Indirect Cost Tab
- Authorized Agent Sheet

Attachments:

- Original Counter-Signed Award Letter
- Governing Body Resolution (Certified)
- Standard Assurances (Signed Originals)
- FFATA Certification
- Lobbying Certification
- Subrecipient Grant Management Assessment Form
- Indirect Cost Rate Negotiation Agreement
- Personnel Cap Waiver (If Applicable)
- Intelligence Analyst(s) Certificates (If Applicable)

UASI Only:

- UASI Footprint
- UAWG Roster

State Agencies and Tribes Only:

- Signature Authority Form (in lieu of Governing Body Resolution)

For Cal OES Use Only

Reviewed by: _____ Date: _____

Management Approval: _____ Date: _____



**SHARED SERVICES DIVISION
GRANT PAYMENT REQUEST**

SECTION A: SUBMITTING YOUR REQUEST

<p>Please submit Grant Payment Request Form along with legible supporting documents to: Grants@auditor.lacounty.gov</p> <p>In the event e-mail is not available, you can mail your Grant payment request to (please do not fax or send duplicates): Department of Auditor-Controller Shared Services Division / Attn: Grants Unit 320 W. Temple Street, Room 380 Los Angeles, CA 90012</p>	<p>1. Grant Name & Year:</p> <div style="border: 1px solid black; height: 25px; width: 100%; margin-bottom: 5px;"></div> <div style="border: 1px solid black; height: 25px; width: 100%;"></div>
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SECTION B: SUB-RECIPIENT'S INFORMATION

1. Sub-recipient's Name: (reimbursement check will be made payable to a payee entered _____)	3. Taxpayer ID #:	4. Contact's Name:
2. Mailing Address (please let us know where you want your check delivered, including attention line if necessary):	4. Contact's phone:	
	4. Contact's e-mail:	

SECTION C: DETAIL PAYMENT REQUEST INFORMATION

1. SOLUTION AREA <small>(e.g. equipment, training, planning, exercise, organization)</small>	2. PROJECT # <small>(e.g. 011.22)</small>	4. EHP required? <small>(Environmental & Historic Preservation)</small>		5. VENDOR'S INVOICE # <small>(Maximum of 5 invoices)</small>	6. PURCHASE METHOD <small>(including Training)</small>			7. CLAIM AMOUNT <small>(indicate the amount per each line)</small>
		No	Yes <small>(attach State Approval)</small>		If Competitive, <small>indicate the # of bids.</small>	Non-Competitive Bid	Sole Source	
8. TOTAL								\$ 0 -

SECTION D: SUB-RECIPIENT'S CERTIFICATION **SECTION E: FOR SSD USE ONLY**

<p>I certify that (please use the checkbox):</p> <p><input type="checkbox"/> 1. I am the duly authorized officer of the claimant herein and this claim is in all respect true and correct. All expenditures were made in accordance with applicable laws, rules, regulations and grant conditions and assurances.</p> <p><input type="checkbox"/> 2. All instructions for this form were followed and all the supporting documentation (per instructions) is included with this claim.</p> <p>3. _____ <small style="display: inline-block; width: 150px; margin-left: 100px;">AUTHORIZED SIGNATURE</small> <small style="display: inline-block; width: 100px; margin-left: 100px;">DATE</small></p> <p>4. _____ <small style="display: inline-block; width: 150px; margin-left: 100px;">AUTHORIZED PRINTED NAME</small> <small style="display: inline-block; width: 100px; margin-left: 100px;">AUTHORIZED TITLE</small></p> <p>5. AUTHORIZED CONTACT INFORMATION (If different from Section B):</p> <p>PHONE # _____</p> <p>E-MAIL: _____</p>	<p style="text-align: center;">STAMP WITH RECEIVED DATE HERE:</p> <p style="text-align: center;">ASSIGNED INVOICE NO.:</p> <div style="border: 1px solid black; height: 25px; width: 100%; margin-top: 10px;"></div>
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NOTE: This Form is intended for Internal SSD review purpose only.
 Revised on April 2021

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER / SHARED SERVICES DIVISION
INSTRUCTIONS TO COMPLETE THE GRANT PAYMENT REQUEST**

Purpose of these instructions:

To assist sub-recipients in completing the Grant Payment Request. We appreciate your participation in this program, for questions or suggestions please use our e-mail below to contact us. **Please do not send these instructions to us, they are to be used for your guidance only.**

SECTION A: GENERAL INSTRUCTIONS FOR SUBMISSION OF GRANT PAYMENT REQUEST

In numeral **1** of this section, please enter the name and year of the grant program that you are submitting for payment. In addition, please help us expedite the process of your Homeland Security claims by:

- Completing the Grant payment request correctly and according to these instructions.
- Submitting your Grant payment request using our e-mail --> **Grants@auditor.lacounty.gov** (please do **not** fax documents).
- Sending your Grant payment request only once (we do not require original documents and duplicates will slow down our process).
- Using the checkboxes to ensure all the required supporting documents and files accompany your Grant payment request. Supporting documents are flagged for your convenience with a checkbox within the corresponding areas.
- Ensuring that all documents attached to your Grant payment requests are legible.
- Submitting Grant payment request timely. We do **not** guarantee the process of Grant payment requests that are submitted late or too close to the final due date. Reimbursable expenditures need to be charged within the performance period of the grant and submitted to us as soon as they are incurred.

SECTION B: SUB-RECIPIENT'S INFORMATION

The following numerals provide the instructions to fill in the corresponding numeral in the form:

1. Please enter the name of the agency requesting for payment. The name of the agency should be typed according to its signed agreement and as you need it to appear in the payee line of the reimbursement check.
2. Please enter the complete address (street number and name, city, zip code) and attention line where you will need to receive the reimbursement check. Please note that this is not necessary for L.A. County departments.
3. Please enter the tax ID of the governmental entity requesting payment. Please leave blank for L.A. County departments.
4. Please enter the information of the person that can assist us with detail claim questions.

SECTION C: DETAIL PAYMENT REQUEST INFORMATION:

In order to expedite your Grant payment request, in this area's grid, include a **maximum of five (5) invoices or reimbursements charges (one charge or one invoice per line)**. The invoices or charges need to share the same solution area, project #.

The following numerals provide the instructions to fill in the corresponding numeral in the form:

1. Enter the solution area corresponding to the claim. This information is found in the latest budget of the grant. Examples of solution areas are: equipment, training, planning or exercise.
2. Enter the project # corresponding to the claim. This information is found in the latest budget of the grant. An example of Item # is 17.020.
4. Check with an X under either yes or no according to the claim's Environmental & Historical Preservation (EHP) requirements from the State. EHP approval needs to be obtained from the State **prior** to the start of the project on certain equipment items (see AEL description) or training/exercise projects. Please attach the following:
 - a) **State EHP Approval:** if required by the state for your claim.

SECTION C: (Continued)

5. If the expenditures that you are claiming were purchased thru a vendor or contractor, please enter the invoice # in the grid area. Please note that you are responsible for following acceptable purchasing policies and for documenting your procurement process. Additionally please include the following documentation with your claim:
- Copy of the invoice:** Please attach an invoice that provides sufficient information to be used as a cross reference with the items described in your grant line item and AEL #. When the invoice includes items that are not being claimed or that belong to different claims or grants, please circle and designate on the invoice the items that you are requesting for reimbursement. Each item circled must have a project #, a funding source, and a total. Purchase orders and price quotes will not be accepted in the place of the invoice.
 - Copy of the purchase order**
 - Print out of the corresponding AEL # (Authorized Equipment List number).** The AEL listing can be found at: <https://www.fema.gov/grants/guidance-tools/authorized-equipment-list>
 - Proof of payment of the invoice:** The proof of payment for L.A. County Departments is the printout from e-CAPS showing that the check cleared the bank. The proof of payment for **other** than L.A. County Department is the corresponding copy of the bank's cleared check .
 - Calculations for use tax paid:** When use tax is paid, clearly show the calculations of the use tax in the invoice included in your claim.
 - Proof of payment of the use tax:** Please provide official documents which authenticate the remittance of the use tax to the state, the amount and the reference to the invoice being claimed.
 - Federal Debarment Listing:** Please provide a screen print out of the queried Federal Debarment Listing at sam.gov/SAM/. The listing needs to be queried **prior** to the selection of the vendor.
6. If you are claiming services, supplies, training related costs, or any other type of items purchased thru a vendor or contractor or government agency, please indicate with an X the method that you used to acquire the items (do **not** leave blank or mark more than one). Please note that competitive bid, non-competitive bid or sole source are the only valid purchasing methods.
- Competitive Bid:** for projects that received more than one bid. Please indicate number of bids received (must be more than one).
 - Non-Competitive Bid:** for single bid purchases of \$250,000 or more (effective June 21, 2018) to a single vendor or a single project, please attach the approval from the State. The approval needs to be requested from the State **prior** to the start of the project.
 - Sole Source:** for non-bid purchases of \$250,000 or more effective (June 21, 2018) to a single vendor or a single project, please attach the approval from the State. The approval needs to be requested from the State **prior** to the start of the project.
7. Enter the amount of your claim after you verify that your budget is sufficient to cover your request. When the amount of the budget is not sufficient, please let your Program Coordinator know of the possible need for budget modification.
8. Enter the "Total Amount" by adding the subtotal claims included in each line.

SECTION D: SUB-RECIPIENT'S CERTIFICATION

The following numerals provide the instructions to fill in the corresponding numeral in the form:

- Please read and check the box provided if you are an authorized signor.
 - Please read and check the box provided if you are an authorized signor.
 - Please sign the Grant payment request if you are an authorized signor of your agency.
- 4 & When the authorized person is the same as the contact person in Section B you do not need to enter the authorized contact information. If the
- authorized person and the contact person in Section B are different, please enter all the fields in this area as requested.

ADDITIONAL ITEMS THAT YOU NEED TO ATTACH TO YOUR GRANT PAYMENT REQUEST:**For Equipment Claims:**

- a) **Equipment Inventory Listing (Print out & Excel File):** Please include both the printout of the listing and the corresponding excel file with your claim. The excel file is used to submit your claim with the state and the printout as backup document for audits. If there is no serial # for your equipment please assign a valid ID tag, or write "Consumable" (if it applies) or write N/A. please do NOT leave the corresponding space blank. ^{*1}**Please refer to the Instructions to Equip Inty Tab for completion procedures of Equipment Inventory.**

Additionally, please enter the appropriate CBRNE Mission (Chemical, Biological, Radiological, Nuclear, or Explosive) in the column titled "Equipment Description & Quantity". This only applies to vehicles with AEL # 12VE-00-MISS (Vehicle Specialized Mission: CBRNE).

You need to inform us of any changes on the items above ^{*1}. This applies to each piece of equipment added in the Inventory Listing, including when the items are disposed and/or no longer useful. We will update the master inventory listing (per grant requirement) according to the information you give us. Please make sure that you include all the attachments that are necessary to provide us with the requested information.

For Training Claims:

- a) **State Sole Source Approval:** If you are claiming training related costs thru a Non-Competitive Bid or Sole Source training provider, regardless the purchased amount, please attach the State's approval (effective December 03, 2018). The approval needs to be requested from the State prior to the start of the project.
- b) **State-Sponsored Training Reporting Form (with the tracking request #):** Please add this form along with the Training Request Form Training Officer (POC), which you completed at the website, to the claim's backup documentation. All the backup documentation submitted for the training claim needs to agree with the training period and the detail description on the Training Reporting Form and the line item of the Grant. Training request #'s must be obtained from the State prior to the start of the project.
- c) **Receipts and paid invoices:** please include the complete copy of the receipts and paid invoices with your claim for itemized costs such as air plane tickets, hotel stays, instructor's fees, workshop cost, facilities fees, consulting services, etc. Additionally, you will need to include the documents requested in numeral 5 under Section C.

If you are including **personnel cost** with your training claim, please add the following:

- d) **Personnel List (Print out & Excel File):** Please include both the printout of the listing and the corresponding excel file with your claim. The excel file is used to submit your claim with the state and the printout as backup document for audits.
- e) **Documents that certify completion of the training:** please attach supporting documents that show the class name, dates of training, # of hours of the training class, printed name and signature of individual taking the class and approval signature from supervisor or trainer (attach the information for backfilled positions also). Examples of documents that certify completion of training are:
- Attendance sheets (signed by employee and instructor)
 - Sign in sheets (same as above)
 - Signed training certificates
- f) **Summary Listing of Charges:** Please use the **Training Summary Sheet** form provided in this claim packet that **clearly** shows the breakdown of the training charges per employee and that match the total claimed. This form includes the following: employee name, assignment, job title, date, salary, hours claimed, regular rate, overtime rate, employee benefits rate, claim amount per employee, clear calculations of amount claimed per employee and total (equal to the amount claimed).

Please ensure that the Training Summary Sheet is verified/approved by an authorized signatory, with printed name and title, and dated.

- g) **Backup for the Benefits Rate:** If you are adding benefits to your claim, please make sure that you include the official calculation for the rate used.
- h) **Timecards:** Include a printout of the corresponding timecards. Manual timecards need to indicate the # of hours charged per day to the grant, supervisor's signature, employee name and signature. Automatic system generated timecards need to be approved and include the name of the employee and hours charged per day to the grant.
- i) **Explanation of timekeeping codes:** When the supporting documentation (timesheet, payroll register, etc.) includes timekeeping codes please provide a printout with the explanation of the usage as detailed as possible.

- j) **Payroll register:** The payroll register needs to clearly support and explain the amount claimed per employee. It also needs to show the salary, hourly rate, employee benefits and overtime rate.
- k) **Roster of backfilled positions:** When you are claiming overtime for a backfilled position, please attach the backfilled roster to your claim. The roster needs to include the name of the backfilling employees, a short description of duties performed, the corresponding employee whose duties were covered and the dates accordingly. Please make sure that the roster is signed and that you include documentation corresponding to the employee covered by the backfilling position.

For Planning Claims:

- a) **Deliverable (or final product):** Please include with your claim the final product of the planning activity (deliverable) that was identified in the grant award.
- b) **Signed Certificate of Completion:** The certificate of completion can be an e-mail confirming that the planning activity was completed.
- c) **Invoices:** If your planning claim includes charges invoiced by vendors, please see requirements and documents you need to attach to your claim form under Section C (numeral 5 and numeral 6).
- d) **Supporting Documentation for Personnel Cost:** When your planning claim includes personnel cost, please see d) to i) under Training Claim (supporting documents needed) and add to the documentation.

For Exercise Claims:

- a) **Proof of State Approval of After Action Report (AAR):** In order for your AAR to be approved you have to submit it to the State using the ODP Portal (see link below), within 90 days after completion of the exercise. You need to notify the State when the AAR is uploaded so they can proceed with the approval process.

https://hseep.dhs.gov/DHS_SSO/

- b) **Invoices:** If your exercise claim includes charges invoiced by vendors please see requirements and documents you need to attach to your claim form under Section C (numeral 5 and numeral 6).
- c) **Supporting Documentation for Personnel Cost:** When your exercise claim includes personnel cost, please see d) to i) under Training Claim (supporting documents needed) and add to the documentation.

For Organization Claims: Please see above b) and c) under Exercise Claims

Equipment Inventory Listing Procedures for Completion

OBJECTIVE: To provide an equipment inventory listing that links the State Homeland Security Workbook, to the Equipment Ledger and to the Equipment Listing to simplify the tracking and accountability; and to eliminate duplication and confusion.

<u>Field</u>	<u>Date Element</u>	<u>Procedure</u>
(1)	Grant Name	SHSP or EMPG
(2)	Sub-Recipient	Name of your agency
(3)	Date of Report	Date report completed {1}
(4)	Grant Year	Grant Year of funds used to purchase equipment
(5)	Project #	Project Number (from Grant Workbook Project Sheets)
(7)	AEL No.	Authorized Equip Listing No (from Grant Workbook)
(8)	Description	Description of the equipment
(9)	Serial # or Other ID #	Serial # or Other identification # used
(10)	Safecom consult	Fill out either by Yes, No, or N/A
(11)	Source of Property	Funding source, i.e, SHSP, EMPG, etc.
(12)	Title Holder	Name of agency (City/Department)
(13)	Vendor Name	Name of the vendor
(14)	Invoice Number	Invoice number
(15)	Acquisition Date	Date equipment acquired
(16)	Acquisition Cost	Cost of the individual equipment item
(17)	% of Fed Part	Fed participation in the cost of equipment
(18)	Location	Location of equipment
(19)	Use & Condition	Use & condition {2}
(20)	Disposition data	Date of disposition
(21)	Sale Price	Sale price, If applicable, or N/A for not applicable

The Equipment Inventory Listing must be completed in its entirety to meet the objective of the form.

Note {1}: This date should be the date the physical inventory of equipment was taken and the results reconciled with the equipment records (at least once every two years).

{2} Indicate: N = New, D = Deployed, O = Out of Service, L = Lost & S = Stolen

Distribution

Copy maintained in sub-recipient file

Copy forwarded to Shared Services Division

PLANNING ROSTER											
Project	Planning Activity	Solution Area Sub-Category	Discipline	Funding Source	Total Cost	Total Claimed	Cash Request Number	Final Product			
					-	-					
GRAND TOTAL							\$				

Approved by:

Authorized Signature

Print Name and Title

Date

8. Notes on Personnel Cost:

In general, costs associated with:

- Work performed under contract for a specific deliverable DOES NOT count against the personnel cap, however,
- Work performed under contract for an undefined period, such as for personnel costs supporting operational activities, including general planning, training or exercise activities DO count against the personnel cap; and
- Work performed by all non-contractor personnel, including for full- or part-time staff and operational overtime DO count against the personnel cap.

The following examples would not count towards the personnel cap:

- Vendor installation of a radio tower;
- Vendor training on new equipment purchased;
- Contractor hired to create an Emergency Operations Plan;
- Contractor hired to provide deliveries of ICS 400; and
- Contractor hired to assist with planning, training, evaluating, and reporting the effectiveness of a specific exercise.

The following examples would count towards the personnel cap:

- Contractor hired to be the State's WMD training instructor with no specific deliverables under contract;
- Contractor hired to facilitate unidentified number of exercises throughout the performance period;
- Contractor hired to be the part-time auditor of Homeland Security Grants throughout the year; and
- Contractor hired to be an intelligence analyst.

Subrecipient Monitoring Instrument

Subrecipient Monitoring Instrument

PROJECT TITLE

Los Angeles County State Homeland Security Program
Monitoring Reports

A. FINANCIAL REPORTING REQUIREMENTS

Objective

To determine that the Subrecipient implemented corrective action to address findings noted in its Single Audit that is related to the Homeland Security Grant.

	<u>Yes</u>	<u>No</u>	<u>Comment</u>
<p><u>Verification</u></p> <p>1. Was a Single Audit completed for Grant Year 2014-15 and 2015-16?</p> <p>2. If yes, did the Subrecipient forward a copy to the Homeland Security Grant Administrator (HSGA) by March 30th of the year following the audit?</p> <p>3. Did the Single Audit(s) identify findings related to the Homeland Security Grant? If yes, please continue. If no, please mark N/A and continue to Section B.</p> <p>4. Did the Subrecipient develop a corrective action plan that addresses the finding(s)?</p> <p>5. Did the Subrecipient send a copy of a corrective action plan to the HSGA?</p> <p>6. Did the Subrecipient implement the corrective action plan?</p>			

B. TRAINING

Objective

To determine that the Training expenditures were appropriately documented and that the activities aligned with the project’s goals and objectives. If the Training activities involved employees, determine if the Subrecipient appropriately documented the Training expenditures using employee timecards, sign-in sheets, and certificates of training. If the Training activities involved using consultants or contractors, determine if the Subrecipient followed the appropriate procurement procedures to hire the consultants or contractors. Use Worksheets 1 and 3 (See Attachment E – Subrecipient Monitoring Worksheets).

<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
1. Did the Subrecipient receive funding for Training expenditures? If yes, then continue. If no, continue to next section.			
2. Did the Subrecipient receive prior approval from the State either via email or other documentation and did it include the training course name and number?			
3. If the Training expenditures relate to the use of employees, did the Subrecipient appropriately document the Training expenditures using employee timecards, sign-in sheets and certificates of training?			
4. If Training expenditures relate to the use of consultants/contractors, did the Subrecipient follow proper procurement procedures to hire the consultants or contractors?			
5. Did the Subrecipient accurately report the Training expenditures in their accounting records?			
6. For Projects with overtime expenditures for Training:			
a. Did the Subrecipient maintain employee timecards to appropriately document the overtime expenditures?			
b. Did the Subrecipient accurately report the overtime expenditures in their accounting records?			

B. TRAINING (Continued)

	<u>Yes</u>	<u>No</u>	<u>Comments</u>
<p>7. For Projects with backfill expenditures for Training:</p> <p style="margin-left: 20px;">a. Does the Subrecipient have documentation that the backfill expenditures were approved by the State?</p> <p style="margin-left: 20px;">b. Did the Subrecipient appropriately document the backfill expenditures using employee timecards and sign-in sheets?</p> <p style="margin-left: 20px;">c. Did the Subrecipient accurately report the expenditures in their accounting records?</p>			
<p>8. Were employee timecards utilized in Training activities signed and dated by the employee and direct supervisor?</p>			
<p>9. Were the Training expenditures consistent with the State approved grant award and/or post award modification(s)?</p>			
<p>10. Ensure the Subrecipient corrected areas of noncompliance that remain outstanding and were reported as findings in prior Grant Year monitoring reports submitted by HSGA:</p> <p style="margin-left: 20px;">a. If the Project prior Grant Year monitoring report finding was resolved, explain resolution, and indicate such in the current report as resolved.</p> <p style="margin-left: 20px;">b. If the Project prior Grant Year report finding is not resolved, indicate why it has not been resolved and what the Subrecipient is doing to resolve the prior year finding and indicate such in the current report.</p>			

C. PLANNING

Objective

To determine that the Planning expenditures were appropriately documented and that the activities aligned with the project’s goals and objectives. If the Planning activities involved employees, determine if the Subrecipient appropriately documented the Planning expenditures using employee timecards and sign-in sheets. If the Planning activities involved using consultants or contractors, determine if the Subrecipient followed the appropriate procurement policies. Use Worksheets 1 and 3 (See Attachment E – Subrecipient Monitoring Worksheets).

<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
1. Did the Subrecipient receive funding for Planning expenditures? If yes, continue. If no, continue to next section.			
2. Did the Subrecipient appropriately document the Planning expenditures providing copies of the support documentation that indicated the efforts made to produce the final product and a copy of the product produced?			
3. If Planning expenditures relate to the use of employees, did the Subrecipient use employee timecards and sign-in sheets?			
4. If Planning expenditures relate to the use of consultants/contractors, did the Subrecipient follow proper procurement procedures to hire the consultants or contractors?			
5. Did the Subrecipient accurately report the Planning expenditures in their accounting records?			
6. For Projects with overtime expenditures for Planning:			
a. Did the Subrecipient maintain employee timecards to appropriately document the overtime expenditures?			

C. PLANNING (Continued)

	<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
b. Did the Subrecipient accurately report the overtime expenditures in their accounting records?				
7. For Projects with backfill expenditures for Planning:				
a. Does the Subrecipient have documentation that the backfill expenditures were approved by the State?				
b. Did the Subrecipient appropriately document the backfill expenditures using employee timecards and sign-in sheets?				
c. Did the Subrecipient accurately report the backfill expenditures in their accounting records?				
8. Were the employee timecards utilized in Planning activities signed and dated by the employee and direct supervisor?				
9. Were the Planning expenditures consistent with the State approved grant award and/or post award modification(s)?				
10. Ensure the Subrecipient corrected area of noncompliance that remain outstanding and were reported as findings in prior Grant Year monitoring reports submitted to HSGA:				
a. If the project prior Grant Year monitoring report finding was resolved, explain resolution, and indicate such in the current report as resolved.				
b. If the project prior Grant Year monitoring report finding is not resolved, indicate why it has not been resolved and what the Subrecipient is doing to resolve the prior year finding and indicate such in the current report.				

D. EQUIPMENT

Objective

To determine that the project Equipment expenditures are supported by invoices and that a listing of the Equipment/property is maintained by the Subrecipient. To determine that the purchases are aligned with the project’s goals and objectives. Use Worksheets 2 and 3 (See Attachment E – Subrecipient Monitoring Worksheets).

<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
1. Did the Subrecipient receive funding for Equipment expenditures? If yes, continue. If no, continue to next section.			
2. Did the Subrecipient maintain invoices to support the Equipment expenditures?			
3. Did the Subrecipient follow proper procurement procedures to purchase the Equipment and were the items listed in the federal “Authorized Equipment List” and/or “Standardized Equipment List”?			
4. Did the Subrecipient accurately report the Equipment expenditures in their accounting records?			
5. Did the Subrecipient maintain an Equipment inventory that listed the following: a) Description of Equipment, b) Serial number or other identification number, c) AEL number, d) Fund/source/grant year, e) Title holder, f) 100 percent of federal participation. If no, then identify percentage, g) Acquisition date, h) Acquisition cost, i) Quantity, j) Equipment location, k) Use and condition of Equipment, l) Disposal date and sale price of the Equipment			
6. Did the Subrecipient conduct an inventory of Equipment purchased with Cal/OES grant funds at least once every two years?			

D. EQUIPMENT (Continued)

<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
7. Was the Equipment physically inspected to ensure:			
a. The Equipment existed and agreed to inventory listing?			
b. The Equipment worked and adequately trained staff are available to operate the Equipment?			
8. Did the Subrecipient maintain Equipment in a secure location?			
9. For property other than Equipment, i.e. supplies, did the Subrecipient have controls and accountability to safeguard and ensure that the items are used and solely for authorized purposes?			
10. For Equipment disposal, if any:			
a. Was the disposition consistent with federal regulations?			
b. What is the status of the proceeds received from the disposal?			
11. Did the Subrecipient have a policy for damaged, destroyed, lost or stolen Equipment including but not limited to informing the Cal/OES, steps to replace the Equipment and an investigative process?			
12. Were the Equipment expenditures consistent with State approval grant award and/or post award modification(s)?			
13. Ensure the Subrecipient corrected areas of noncompliance that remain outstanding and were reported as findings in prior Grant Year monitoring reports maintained by HSGA:			
a. If the project prior Grant Year monitoring report finding was resolved, explain resolution, and indicate such in the current report as resolved.			
b. If the project prior Grant Year monitoring report finding is not resolved, indicate why it has not been resolved and what the Subrecipient is doing to resolve the prior year finding and indicate such in the current report.			

E. EXERCISE

Objective

To determine that the Exercise expenditures were appropriately documented and the activities align with project’s goals and objectives. If the Exercise activities involved employees, determine if the Subrecipient appropriately documented the Exercise expenditures using timecards and sign-in sheets. If the Exercise activities involved using consultants or contractors, determine if the Subrecipient followed the appropriate procurement procedure. Use Worksheets 1 and 3 (See Attachment E – Subrecipient Monitoring Worksheets).

<u>Verification</u>	Yes	No	<u>Comments</u>
1. Did the Subrecipient receive funding for Exercise expenditures? If yes, continue. If no, continue to next section.			
2. Did the Subrecipient receive prior approval from the State either via email or other documentation and did it include the Exercise course name and number?			
3. If the Exercise expenditures relate to the use of employees, did the Subrecipient appropriately document the Exercise expenditures using employee timecards, sign-in sheets, and certificates for Exercise?			
4. If the Exercise expenditures relate to the use of consultants/contractors, did the Subrecipient follow proper procurement procedures to hire the consultants or contractors?			
5. Did the Subrecipient accurately report the Exercise expenditures in their accounting records?			
6. For Projects with overtime expenditures for Exercise:			
a. Did the Subrecipient maintain employee timecards to appropriately document the overtime expenditures?			
b. Did the Subrecipient accurately report the overtime expenditures in their accounting records?			
c. Did the Subrecipient accurately report the backfill expenditures in their accounting records?			
7. For Projects with backfill expenditures for Exercise:			
a. Does the Subrecipient have documentation that the backfill expenditures were approved by the State?			
b. Did the Subrecipient appropriately document the backfill expenditures using employee timecards and sign-in sheets?			

E. EXERCISE (Continued)

<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
8. Were the employee timecards utilized in the Exercise activities signed and dated by the employee and direct supervisor?			
9. Were the Exercise expenditures consistent with the State approved grant award and/or post award modifications?			
10. Ensure the Subrecipient corrected areas of noncompliance that remain outstanding and were reported as findings in prior Grant Year monitoring reports:			
a. If the Project prior Grant Year monitoring report finding was resolved, explain resolution and indicate such in the current report as resolved.			
b. If the Project prior Grant Year monitoring report finding is not resolved, indicate why it has not been resolved and what the Subrecipient is doing to resolve the prior year finding and indicate such in the current report.			

F. ORGANIZATION

Objective

To determine that the Organization expenditures were appropriately documented and that the activities align with the project’s goals and objectives. If the Organization activities involved employees, determine if the Subrecipient appropriately documented the Organization expenditures using employee timecards and sign-in sheets. If the Organization activities involved using consultants or contractors, determine if the Subrecipient followed the appropriate procurement policies. Use Worksheets 1 and 3 (See Attachment E – Subrecipient Monitoring Worksheets).

<u>Verification</u>	<u>Yes</u>	<u>No</u>	<u>Comments</u>
1. Did the Subrecipient receive funding for Organization expenditures? If so, continue. If no, continue to next section.			
2. If the Organization expenditures relate to the use of employees, did the Subrecipient document the expenditures using employee timecards, sign-in sheets, or with other support documentation that substantiated the expense?			
3. If the Organization expenditures relate to the use of consultants or contractors, did the Subrecipient follow proper procurement procedures to hire the consultants or contractors?			
4. Did the Subrecipient accurately report the Organization expenditures in their accounting records?			
5. For Projects with overtime expenditures for Organization:			
a. Did the Subrecipient maintain employee timecards to appropriately document the overtime expenditures?			
b. Did the Subrecipient accurately report the overtime expenditures in their accounting records.?			

F. ORGANIZATION (Continued)

	<u>Yes</u>	<u>No</u>	<u>Comments</u>
<p>6. For Projects with backfill expenditures for Organization:</p> <p style="margin-left: 40px;">b. Does the Subrecipient have documentation that the backfill expenditures were approved by the State?</p> <p style="margin-left: 40px;">c. Did the Subrecipient appropriately document the backfill expenditures using employee timecards and other payroll documentation?</p>			
<p>7. Were employee timecards utilized in Organization activities signed and dated by the employee and direct supervisor?</p>			
<p>8. Were the Organization expenditures consistent with the State approved grant award and/or post award modification(s)?</p>			
<p>9. Ensure that the Subrecipient corrected areas of noncompliance that remain outstanding and were reported as findings in prior Grant Year monitoring reports maintained by HSGA:</p> <p style="margin-left: 40px;">a. If the Project prior Grant Year monitoring report finding was resolved, explain resolution and indicate such in the current report as resolved.</p> <p style="margin-left: 40px;">b. If the Project prior Grant Year monitoring report finding is not resolved, indicate why it has not been resolved and what the Subrecipient is doing to resolve the prior year finding and indicate such in the current report.</p>			



City of Sierra Madre Agenda Report

*Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Edward Garcia, Council Member
Gene Goss, Council Member
Kelly Kriebs, Council Member*

Sue Spears, City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Henry Amos, Police Captain

REVIEWED BY: Jose Reynoso, City Manager
Gustavo Barrientos, Police Chief

DATE: January 28, 2025

SUBJECT: **RESOLUTION NO. 25-10 TO ESTABLISH FINES
AND PENALTIES FOR PARKING VIOLATIONS**

STAFF RECOMMENDATION

Staff recommends that the City Council approve Resolution No. 25-10, which establishes the specific fines and penalties for parking violations.

ALTERNATIVES

City Council may:

- Approve Resolution No. 25-10 as presented;
- Approve Resolution No. 25-10 with modifications;
- Continue consideration of Resolution No. 25-10; or
- Deny consideration of Resolution No. 25-10.

SUMMARY

At the December 10, 2024, City Council meeting, Ordinance No. 1475 was approved to establish a parking penalties process for the City, in compliance with California Vehicle Code (CVC) §40203.5(a).

The rising costs of parking enforcement operations due to inflation necessitate adjustments to the fine structure to maintain enforcement effectiveness. Currently, the City lacks a fine schedule compliant with CVC §40203.5(a), which has delayed fine collection and hindered cost recovery.

Staff conducted research on parking fine and late payment systems in surrounding cities. While violations varied, all jurisdictions analyzed had an established fine schedule, which informed the development of a fair and effective structure for the City.

In collaboration with Phoenix Group Information Systems, the City's parking citation-processing partner, staff developed a proposed fine structure, late fees, and DMV hold fees for the parking bail schedule. Fine amounts for most violations were aligned with Consumer Price Index (CPI) adjustments applied to the City's overall fee schedule.

The detailed parking fine bail schedule is attached to Resolution No. 25-10 for review.

Staff recommends implementing the following three-level fine and penalty system for parking violations:

1. **Within 21 Days:** The initial fine assessed at the time a citation is issued.
2. **In Excess of 21 Days:** If the citation is not paid within twenty-one (21) days, then a \$25.00 assessment fee will be added to the overall violation amount.
3. **DMV Hold:** If the citation is forwarded to the California Department of Motor Vehicles (DMV), then a \$15.00 assessment fee will be added to the overall violation fine. This action will result in the withholding of the vehicle owner's ability to register their vehicle until all outstanding parking citation fines are paid.

Approval of Resolution No. 25-10 will ensure compliance with state requirements under CVC §40203.5(a), establish a structured and effective system for parking fine recovery, and support the ongoing costs of enforcement operations.

Staff recommends that the City Council approve the resolution to adopt the proposed parking fine bail schedule and implement the three-level fine and penalty system.

FINANCIAL REVIEW/SOURCE OF FUNDING

Revenue generated from parking fines and penalties established under Resolution No. 25-10 will be deposited into the City's General Fund Object of Revenue account 44003 - Vehicle Fines & Forfeiture. These funds will support parking enforcement operations and cost recovery associated with citation processing and administrative functions. The proposed fine structure, which includes base fines, late payment penalties, and DMV hold fees, is designed to ensure the City recovers enforcement costs effectively. Fines for general violations are set at \$100, with additional late fees of \$25 after 21 days and \$15 for citations referred to the DMV. Higher fines apply to serious violations, such as blocking disabled parking or fire lanes, to reflect their critical nature and ensure compliance.

This structured fine schedule aligns with California Vehicle Code (CVC) §40203.5(a) and Consumer Price Index (CPI) adjustments. By implementing this schedule, the City anticipates improved revenue collection efficiency while maintaining fairness and accountability in enforcement practices.

All parking violation revenue will continue to be tracked by the Finance Department and allocated to the appropriate accounts, ensuring transparency and proper use of funds to support City operations. This recommendation balances operational needs with the City's responsibility to maintain fair enforcement practices, ensuring fiscal sustainability and compliance with state guidelines.

STRATEGIC PLAN CORRELATION

Parking enforcement and/or fines are not incorporated into the City's current Strategic Plan.

ENVIRONMENTAL (CEQA)

N/A

PUBLIC NOTICE PROCESS

This item has been duly noticed through the regular agenda notification process. Copies of this report are available on the City's website at www.sierramadeca.gov. Additionally, a notice was published in a local accredited newspaper 10 days prior to this meeting.

ATTACHMENTS:

- Resolution No. 25-10

RESOLUTION NO. 25-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE APPROVING OF CITY PARKING BAIL SCHEDULE TO ESTABLISH OPERATIONAL COSTS ASSOCIATED WITH PARKING ENFORCEMENT, INSTITUTING LATE PAYMENT PENALTIES FINES FOR DELINQUENT PAYMENT OF PARKING CITATIONS AND AUTHORIZE FINANCE DIRECTOR TO MAKE ANY NECESSARY BUDGETARY AND ACCOUNTING ENTRIES

WHEREAS, State of California law provides in Vehicle Code Section 40203.5(a) “The schedule of parking penalties for parking violations and late payment penalties shall be established by the governing body of the jurisdiction where the notice of violation is issued. To the extent possible, issuing agencies within the same county shall standardize parking penalties”, and;

WHEREAS, State of California authorizes the City of Sierra Madre to recover administrative fines, process service fines, fines and collection costs related to civil debt collection and other related charges, and;

WHEREAS, the City of Sierra Madre currently does not have in place a late payment penalties system for delinquent payment of parking citations as it is authorized to do by California Vehicle Code Section 40203.5(a) and recovery of late payment of parking citations will increase payment compliance by persons cited, and;

WHEREAS, a comparison of bail amounts of selected jurisdictions reveals that the proposed bail amounts are within the range specified by California Vehicle Code Section 40203.5(a) that cities establish the amount of parking bails that states that “To the extent possible, issuing agencies within the same county shall standardize parking penalties”, and;

WHEREAS, pursuant to California Government Code sections 76100, 76000(b), 76000(c), 76000(d), 70372(b), and 76000.3, as well as California Vehicle Code section 40225 and Penal Code section 1465.5, the City is required to remit a portion of the parking fines, fees, and penalties to the Los Angeles County Superior Court for deposit into County and State funds;

WHEREAS, normal costs of operations associated with parking enforcement has increased due to normal inflation that affects all segments of public and private business and it is important to recoup those inflation related costs in order to continue to offset costs related to parking enforcement operations.

NOW, THEREFORE IT BE RESOLVED, that the City Council of the City of Sierra Madre does hereby approves the imposition of a three-level fine and penalty system for parking violations:

- **Within 21 Days:** The initial fine assessed at the time a citation is issued.
- **In Excess of 21 Days:** If the citation is not paid within twenty-one (21) days, a \$25.00 assessment fee will be added to the overall violation fine.
- **DMV Hold:** A \$15.00 assessment fee will be added to the overall violation fine if the citation is forwarded to the California Department of Motor Vehicles (DMV). This action will result in the withholding of the vehicle owner’s ability to register their vehicle until all outstanding parking citation fines are paid.

Refer to the attached City of Sierra Madre Bail Schedule for a detailed parking fine bail schedule for your review.

PASSED, APPROVED, AND ADOPTED this [redacted] day of [redacted], 2025.

Kelly Kriebs, Mayor

I HEREBY CERTIFY that the foregoing Ordinance was introduced by first reading on the [redacted] day of [redacted] 2025, and duly adopted at a regular meeting held on the [redacted] day of [redacted] 2025, by the City Council of the City of Sierra Madre, California, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Laura Aguilar, City Clerk

ATTACHMENT(S)

City of Sierra Madre Parking Bail Schedule

Unless otherwise specified in the following schedule (or as mandated by law), the fine for any parking violation within the City of Sierra Madre is \$100.00, with a delinquent fine of \$25.00 added to the total violation fine. Additionally, if a DMV hold is placed on the vehicle's registration due to unpaid fines, a \$15.00 assessment fee will be added to the total violation fee.

Vehicle Code

Violation Code	Description	Within 21 Days	In Excess of 21 Days	DMV Hold
4000(a)(1)	EXPIRED REG (CORRECTABLE)	\$100.00	\$125.00	\$140.00
4152.5	FOREIGN REG (CORRECTABLE)	\$100.00	\$125.00	\$140.00
4457	DAMAGED LIC PLATE (CORRECTABLE)	\$100.00	\$125.00	\$140.00
5200(a)	MISSING LIC PLATE (CORRECTABLE)	\$100.00	\$125.00	\$140.00
5201	LIC PLATES REQ (CORRECTABLE)	\$100.00	\$125.00	\$140.00
5204(a)	REG TABS REQ (CORRECTABLE)	\$100.00	\$125.00	\$140.00
21461(a)	DISOBEDIENCE TO SIGNS	\$100.00	\$125.00	\$140.00
22500(a)	PARKED IN AN INTERSECTION	\$100.00	\$125.00	\$140.00
22500(b)	PARKING IN A CROSSWALK	\$100.00	\$125.00	\$140.00
22500(c)	NO PARKING SAFETY ZONE	\$100.00	\$125.00	\$140.00
22500(d)	NO PARKING 15 FEET FIRE STATION DRIVEWAY	\$100.00	\$125.00	\$140.00
22500(e)	BLOCKING DRIVEWAY	\$100.00	\$125.00	\$140.00
22500(f)	PARKING ON SIDEWALK	\$100.00	\$125.00	\$140.00
22500(g)	OPPOSITE SIDE OF STREET	\$100.00	\$125.00	\$140.00
22500(h)	DOUBLE PARKING	\$100.00	\$125.00	\$140.00
22500(i)	BUS LOADING ZONE	\$100.00	\$125.00	\$140.00
22500(k)	PARKED ON BRIDGE	\$100.00	\$125.00	\$140.00
22500(l)	NO PARKING CURB FOR WHEELCHAIR ACCESS	\$300.00	\$325.00	\$340.00
22500.1	PARKED IN A FIRE LANE	\$100.00	\$125.00	\$140.00
22502(a)	MORE THAN 18 IN FROM THE CURB/WRONG WAY	\$100.00	\$125.00	\$140.00
22505(a)(1)	VEHICLE LEFT PARKED OR STANDING	\$100.00	\$125.00	\$140.00
22507.8(a)	PARKING IN DISABLED SPACE	\$300.00	\$325.00	\$340.00
22507.8(b)	BLOCKING ACCESS TO DISABLED PERSON PARKING SPACE	\$300.00	\$325.00	\$340.00
22507.8(c)(1)	PARKING ON LINES OF DISABLED PARKING STALLS	\$300.00	\$325.00	\$340.00
22507.8(c)(2)	PARKING IN AREA MARKED WITH CROSSHATCH LINES BY DISABLED PERSON PARKING STALL	\$300.00	\$325.00	\$340.00
22514	PARK WITHIN 15 FEET OF A FIRE HYDRANT	\$100.00	\$125.00	\$140.00
22515(a)	FAILURE TO SET PARKING BRAKE	\$100.00	\$125.00	\$140.00
22517	PARKING UNLAWFULLY, DOOR LEFT OPEN	\$100.00	\$125.00	\$140.00
22523(a)	PARKED OVER 72 HRS	\$100.00	\$125.00	\$140.00
26708.5	FRONT TINTED WINDOWS (CORRECTABLE)	\$100.00	\$125.00	\$140.00
26709(a)	NO DRIVERS MIRROR (CORRECTABLE)	\$100.00	\$125.00	\$140.00
26710	DEFECTIVE WINDSHIELD (CORRECTABLE)	\$100.00	\$125.00	\$140.00
27155	NO FUEL CAP (CORRECTABLE)	\$100.00	\$125.00	\$140.00
27465(b)	BALD TIRES (CORRECTABLE)	\$100.00	\$125.00	\$140.00
27150(a)	DEFECTIVE MUFFLER (CORRECTABLE)	\$100.00	\$125.00	\$140.00

Correctable violations will incur a reduced fee to \$10.00 if proof of correction and payment are submitted within 21 days of citation issuance.

City of Sierra Madre Parking Bail Schedule

Unless otherwise specified in the following schedule (or as mandated by law), the fine for any parking violation within the City of Sierra Madre is \$100.00, with a delinquent fine of \$25.00 added to the total violation fine. Additionally, if a DMV hold is placed on the vehicle's registration due to unpaid fines, a \$15.00 assessment fee will be added to the total violation fee.

Municipal Code

Violation Code	Description	Within 21 Days	In Excess of 21 Days	DMV Hold
10.24.020	STOPPING/STANDING IN PARKWAYS PROHIBITED	\$100.00	\$125.00	\$140.00
10.24.030	CITY TO MAINTAIN RSTRCTD PRKG/STPG AREAS	\$100.00	\$125.00	\$140.00
10.24.040	NO PARKING AREAS	\$100.00	\$125.00	\$140.00
10.24.050	PARKED ON STREET OVER 72 HOURS	\$100.00	\$125.00	\$140.00
10.24.060	PARKING FOR DEMONSTRATION	\$100.00	\$125.00	\$140.00
10.24.070	REPAIRING/GREASING VEHICLES ON PUBLIC STREET	\$100.00	\$125.00	\$140.00
10.24.080	PARKING PROHIBITED ON NARROW STREET	\$100.00	\$125.00	\$140.00
10.24.090	PARKING ON A 3% GRADE, WHEELS NOT TURNED	\$100.00	\$125.00	\$140.00
10.24.100	UNLAWFUL PARKING BY PEDDLERS AND VENDORS	\$100.00	\$125.00	\$140.00
10.24.110	EMERGENCY PARKING SIGNS	\$100.00	\$125.00	\$140.00
10.24.120	WRNING DEVICES DISPLYD-COMM VEH DISABLED	\$100.00	\$125.00	\$140.00
10.24.130	TWENTY MINUTE PARKING	\$100.00	\$125.00	\$140.00
10.24.130(B)	PARKING IN GREEN ZONE	\$100.00	\$125.00	\$140.00
10.24.140	ONE-HOUR PARKING	\$100.00	\$125.00	\$140.00
10.24.150	TWO-HOUR PARKING	\$100.00	\$125.00	\$140.00
10.24.155	THREE-HOUR PARKING	\$100.00	\$125.00	\$140.00
10.24.160	PARALLEL PARKING	\$100.00	\$125.00	\$140.00
10.24.170	DIAGONAL PARKING	\$100.00	\$125.00	\$140.00
10.24.180	PARKING SPACE MARKINGS	\$100.00	\$125.00	\$140.00
10.24.190	NO STOPPING ZONES	\$100.00	\$125.00	\$140.00
10.24.210	NO PARKING ANYTIME	\$100.00	\$125.00	\$140.00
10.24.220	PARKING RESTRICTIONS ON MUNICIPAL LOTS	\$100.00	\$125.00	\$140.00
10.24.230(A)	NO OVERNIGHT PARKING (2AM-5AM)	\$100.00	\$125.00	\$140.00
10.24.250(A)	PARKING IN A RED ZONE	\$100.00	\$125.00	\$140.00
10.24.250(B)	PARKING IN A YELLOW ZONE	\$100.00	\$125.00	\$140.00
10.24.250(C)	PARKING IN A WHITE CURB	\$100.00	\$125.00	\$140.00
10.24.260	EFFECT OF PERMISSION TO LOAD OR UNLOAD	\$100.00	\$125.00	\$140.00
10.24.270	STANDING OR LOADING OR UNLOADING ONLY	\$100.00	\$125.00	\$140.00
10.24.280	STANDING IN PASSANGER LOADING ZONE	\$100.00	\$125.00	\$140.00
10.24.290	STANDING IN AN ALLEY	\$100.00	\$125.00	\$140.00
10.24.300	COACH ZONES TO BE ESTABLISHED	\$100.00	\$125.00	\$140.00
10.24.310	PRKNG COMMERCIAL VEH IN RES DISTRICTS	\$100.00	\$125.00	\$140.00
10.24.320	NO PARKING ON CITY PROPERTY / SIGNS POSTED	\$100.00	\$125.00	\$140.00
10.24.330	BICYCLE PARKING ZONE	\$100.00	\$125.00	\$140.00
10.24.340	TAXI CAB STANDS TO BE ESTABLISHED	\$100.00	\$125.00	\$140.00
10.24.350(C)	REMOVAL OF IGNITION KEYS BY POLICE	\$100.00	\$125.00	\$140.00
10.24.360	PARKING ON PRIVATE PROPERTY PROHIBITED	\$100.00	\$125.00	\$140.00



City of Sierra Madre AGENDA REPORT

Robert Parkhurst, Mayor
Kristine Lowe, Mayor Pro Tem
Edward Garcia, Council Member
Gene Goss, Council Member
Kelly Kriebs, Council Member

Susan Spears, City Treasurer

TO: Honorable Mayor Parkhurst and Members of the City Council

FROM: Aleks R. Giragosian, City Attorney

REVIEWED BY: Jose Reynoso, City Manager

DATE: January 28, 2025

SUBJECT: RESOLUTION NO. 25-06 ESTABLISHING A LEGISLATIVE ADVOCACY POLICY AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO TAKE POLICY POSITIONS ON PENDING LEGISLATION OR REGULATION

STAFF RECOMMENDATION

Staff recommends the City Council consider adoption of Resolution No. 25-06 establishing a legislative advocacy policy and authorizing the City Manager or designee to take policy positions on pending legislation or regulation.

ALTERNATIVES

- 1) Adopt Resolution No. 25-06 as amended by the City Council;
- 2) Do not adopt Resolution No. 25-06;
- 3) Establish an ad hoc committee of the City Council to present a recommendation at a future meeting or
- 4) Continue the item and provide further direction to staff.

ANALYSIS

The City of Sierra Madre is a member of the League of California Cities (“Cal Cities”). Cal Cities assigns regional public affairs managers — including for the Los Angeles County Division — to keep members informed of pending legislation. Occasionally, the regional public affairs manager will request member agencies take a position in support of or against pending legislation or regulations.

Unlike an expenditure of public funds for the purpose of supporting or opposing a ballot measure or candidate, the expenditure of public funds is expressly authorized to

advocate for or against proposed legislation or regulatory actions, which will affect the City. (Gov. Code, § 50023) However, the request to take a position requires City Council action, which is usually infeasible given the immediate nature of the request and the infrequency of City Council meetings.

The purpose of this Legislative Advocacy Policy is twofold:

- 1) to identify the City's legislative policy priorities; and
- 2) to empower an individual or group to take policy positions on behalf of the City.

The specific advocacy priorities included in the Resolution, included as Attachment A, were taken word-for-word from the Cal Cities' 2025 Advocacy Priorities list. The City Council may seek to expand the list of priorities based on Cal Cities' "Summary of Existing Policy and Guiding Principles," included as Attachment B, or the City Council may revise the list based on input from some other local government association, such as the Clean Power Alliance (see Attachment C).

There are many different decision-making models for taking policy positions. Listed below are the three most common:

- 1) Only the City Council is authorized to adopt policy positions;
- 2) The City Manager adopts a policy position after consultation with the Mayor; or
- 3) The City Manager or designee adopts a policy position.

The Resolution empowers the City Manager or designee (Option #3) and is modeled on the template prepared by the California Special Districts Association, included as Attachment D.

ENVIRONMENTAL (CEQA)

This Resolution is not a "Project" for purposes of the California Environmental Quality Act because under 14 CCR 15378(b)(1), a "Project does not include: ... Proposals for legislation to be enacted by the State Legislature" and under 14 CCR 15378(b)(4), a "Project does not include: ... Organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment."

STRATEGIC PLAN CORRELATION

N/A

FISCAL IMPACT

The adoption of this Resolution is not anticipated to have any direct fiscal impact on the City of Sierra Madre. All activities associated with implementing the Legislative Advocacy Policy, including the designation of the City Manager or their designee to take policy positions on behalf of the City, will be carried out within existing staff resources and budget allocations.

By streamlining the process for responding to legislative and regulatory requests, the policy is expected to enhance the City's ability to advocate for its interests without incurring additional costs.

PUBLIC NOTICE

This item has been noticed through the regular agenda notification process. Copies of this report can be accessed on the City's website at www.cityofsierramadre.com.

ATTACHMENTS:

- Attachment A: City Council Resolution No. 25-06
- Attachment B: League of California Cities' Summary of Existing Policy and Guiding Principles
- Attachment C: Clean Power Alliance's 2023 Legislative and Regulatory Policy Platform
- Attachment D: California Special District Association's Legislative Advocacy Policy

RESOLUTION NO. 25-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, CALIFORNIA, ESTABLISHING A LEGISLATIVE ADVOCACY POLICY AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO TAKE POLICY POSITIONS ON PENDING STATE OR FEDERAL LEGISLATION OR REGULATION

THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

SECTION 1. Purpose. The purpose of this legislative advocacy policy (“Policy”) is to guide the City Council Members and City staff in their advocacy efforts and engagement on policy matters of interest to the City, and to allow for a timely response to important legislative or regulatory issues.

SECTION 2. Policy Procedures. The City Manager or designee may take a policy position on pending state or federal legislation or regulation utilizing the following procedures:

- A. A policy position may be adopted if any of the following criteria is met:
 - i. The position is consistent with the adopted Advocacy Priorities;
 - ii. The position is consistent with that of organizations to which the City is a member; or
 - iii. The position is approved by the City Council.
- B. The City Manager will conduct a review of positions and analysis conducted by the League of California Cities and other local government associations when formulating positions.
- C. If the City Manager takes a policy position, the correspondence shall state whether the City will “support”, “support if amended”, “oppose”, or “oppose unless amended” any pending state or federal legislation or regulation, and shall include adequate justification for the recommended action.
- D. The City Manager may submit correspondence expressing concern or interest, without taking a formal policy position.
- E. When correspondence is sent to a state or federal legislative body, the appropriate federal or state legislators representing the City shall be included in the correspondence. The appropriate contacts at the League of California Cities or other local government association may also be included in the correspondence.
- F. All policy positions adopted by the City Manager or designee shall be communicated to the City Council at the next regularly scheduled City Council meeting either orally or in writing.

SECTION 3. Advocacy Priorities.

- A. Protect local revenues and expand economic development tools. Safeguard and modernize revenue streams for local priorities. Pursue new economic

- development opportunities that bolster local economies and cultivate a strong local workforce, including expanded workforce recruitment and retention tools.
- B. Strengthen climate change resiliency and disaster preparedness. Support city efforts to prepare, prevent, and adapt to natural disasters and the impacts of climate change, including wildfire, drought, sea level rise, and other extreme weather events. Increase transparency and access to insurance policies especially following natural disaster.
 - C. Strengthen and modernize critical infrastructure. Dedicate new resources and protect existing funding to maintain and improve essential infrastructure, including bridges, roads, broadband, and the state's water supply and energy grid.
 - D. Secure investments to prevent and reduce homelessness and increase the supply of affordable housing. Secure dedicated funding to bolster cities' long-term planning efforts to support unhoused residents and accelerate the construction of affordable housing. Strengthen state and regional partnerships to expand access to wraparound services and improve the housing element planning process. Ensure cities have the flexibility and decision-making authority to meet their community and state housing goals and reduce homelessness.

SECTION 4. CEQA. This Resolution is not a "Project" for purposes of the California Environmental Quality Act because under 14 CCR 15378(b)(1), a "Project does not include: ... Proposals for legislation to be enacted by the State Legislature" and under 14 CCR 15378(b)(4), a "Project does not include: ... Organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment."

SECTION 5. Severability. If any sections, subsections, subdivisions, paragraph, sentence, clause or phrase of this Resolution or any part hereof or exhibit hereto is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining portions of this Resolution or any part thereof or exhibit thereto. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that anyone or more sections, subsections, subdivisions, paragraph, sentences, clauses or phrases be declared invalid.

SECTION 6. Certification. Pursuant to Government Code Section 36932, the City Clerk shall certify the passage, approval, and adoption of this Resolution by the City Council.

SECTION 7. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED this 14th day of January, 2025.

Robert Parkhurst, Mayor

I HEREBY CERTIFY the foregoing Resolution was duly passed, approved, and adopted by the City Council of the City of Sierra Madre, California, at a meeting held on the 14th day of January 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Laura Aguilar, City Clerk



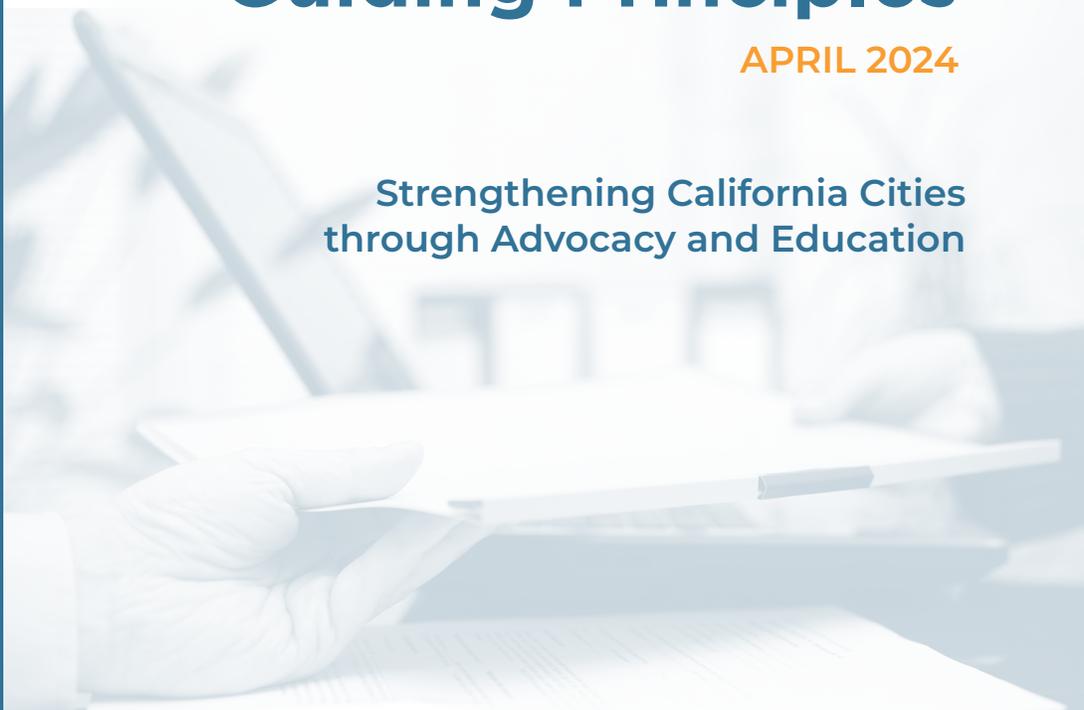
LEAGUE OF
**CALIFORNIA
CITIES**



Summary of Existing Policy and Guiding Principles

APRIL 2024

Strengthening California Cities
through Advocacy and Education





Mission Statement

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

Vision

To be recognized and respected as the leading advocate for the common interests of California's cities.

We Believe

- Local self-governance is the cornerstone of democracy.
- Our strength lies in the unity of our diverse communities of interest.
- In the involvement of all stakeholders in establishing goals and in solving problems.
- In conducting the business of government with transparency, openness, respect, and civility.
- The spirit of honest public service is what builds communities.
- Open decision-making that is of the highest ethical standards honors the public trust.
- Cities are vital to the strength of the California economy.

- The vitality of cities is dependent upon their fiscal stability and local autonomy.
- The active participation of all city officials increases Cal Cities' effectiveness.
- Partnerships and collaborations are essential elements of focused advocacy and lobbying.
- Ethical and well-informed city officials are essential for responsive, visionary leadership and effective and efficient city operations.

About Cal Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. Cal Cities strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents.

In addition to advocating on cities' behalf at the state capitol, Cal Cities provides its members with professional development programs and information resources, conducts educational conferences and research, and publishes a monthly magazine and weekly newsletter.

Introduction

We are pleased to present the 14th edition of Cal Cities ***Summary of Existing Policy and Guiding Principles***. In a process that continues today, the first version was prepared in 1997 by researching and summarizing policy guidelines and positions on past legislation adopted by Cal Cities, as well as past annual conference resolutions.

The ***Summary*** was developed with the assistance of the seven standing Cal Cities policy committees and the Cal Cities Board of Directors to ensure the content accurately reflects existing Cal Cities policy. The 2024 edition reflects policy changes adopted by Cal Cities through February 2024, following a review of Cal Cities' positions on recent legislation and annual conference resolutions. The ***Summary*** is posted on Cal Cities' website in its entirety, as well as on individual policy committee pages.

The ***Summary of Existing Policy and Guiding Principles*** is intended to be a living reference, updated biennially, to reflect changes to Cal Cities policy. Cal Cities uses it to review new legislation and determine how it relates to existing Cal Cities policy. The ***Summary*** can also be used to better understand Cal Cities policy and positions on state and federal legislation.

We encourage cities to adopt all or part of the ***Summary*** so that they can respond in a timely manner to new legislation introduced at the state and federal levels. This will permit cities to become more active in the legislative process and involved in issues impacting cities. Quick, thoughtful action on these issues helps your community, helps us, and Californians throughout the state.

We hope you will find the ***Summary*** useful in your city's involvement in the legislative process and Cal Cities. Please do not hesitate to relay any comments you may have about this reference guide to the Cal Cities Sacramento office. Your suggestions are always welcome.



Carolyn M. Coleman
Executive Director and CEO
League of California Cities

March 2024

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Community Services

SCOPE OF RESPONSIBILITY

The Committee on Community Services reviews issues related to childcare, parks and recreation, libraries, cultural arts and community and human services programs.



Summary of Existing Policy and Guiding Principles

Animals

Cal Cities supports legislation to prevent a person or animal shelter from selling, giving, or otherwise transferring living animals to research facilities or animal dealers.

Arts, Cultural Resources, Historic Preservation and Activities

Cal Cities supports continued state funding that recognizes the important role of local arts activities and historic preservation in community life and how these cultural activities affect the social health and economic vitality of cities.

Child Care

Cal Cities supports the creation of more affordable, innovative and quality parks and recreation and child care options for parents and concurrently encourages adherence to strict regulations and guidelines.

Cal Cities supports funding and resources to address the affordability and availability of early learning and care options.

Children

Cal Cities believes that the children of California must be recognized as our state's most valuable resource. Their development, education, and well-being are key to our state's future. Further, it is essential that each child have the support needed to become a productive citizen in the world of the 21st Century. This involves supporting diverse before-and after-school programs and creating stronger linkages between municipal services and school-based job training programs in order to produce more job placement opportunities.

Cal Cities promotes the development of a cooperative program with the goal to increase enrollment of California's children in the Healthy Families Program.

Cal Cities encourages cities to promote anti-bullying efforts across California as well as provide education and awareness to the general public about the imminent health and safety concerns for bullied children, especially those with special needs.

Cal Cities supports increasing opportunities for California's youth to participate in civic engagement activities.

Housing for Homeless

Housing and programs for homeless and other extremely low-income populations are necessary to ensure quality of life and economic viability for all Californians.

Homelessness is a statewide problem that disproportionately impacts specific communities. The state should make funding and other resources, including enriched services, and outreach and case managers, available to help assure that local governments have the capacity to address the needs of the homeless in their communities, including resources for regional collaborations.

Homeless housing is an issue that eludes a statewide, one-size-fits-all solution, and collaboration between local jurisdictions should be encouraged.

State and federal funding programs should be designed to reflect responsibilities imposed by state and federal law.

Behavioral Health

Cal Cities supports additional funding and resources to expand access to behavioral health services, including efforts to assist California's homeless population, especially those individuals experiencing mental health and substance use disorders. This includes, but is not limited to, supporting counties in expanding community-based care settings to provide for prevention, intervention, treatment, infrastructure, and recovery systems.

Substance Use

Cal Cities supports additional funding and resources to address the substance use crisis through appropriate prevention and intervention efforts, educational awareness campaigns, and increased access to life-saving overdose treatment aids such as naloxone.

Park Bond Funds

Cal Cities believes that any statewide park bond measure should include a component that provides per capita grants to cities and counties. Cal Cities opposes tying local eligibility for grant funds to non-park related issues, such as rent control or housing element status.

Public Parks/Recreational Facilities

While the State of California studies the use of crumb rubber in synthetic turf and playground surfaces, Cal Cities opposes legislation that requires cities to undertake specific actions before installation can occur.

Cal Cities supports requiring public pools to provide Automated External Defibrillator during pool operations.

Public Libraries

Cal Cities supports full funding of the Public Library Fund so that the State of California can fully fund its share of the program, understanding how libraries play an integral role in building and sustaining our communities. (Additional library-related policy is included in "Restructuring California's Public Library Services," the report of a joint task force co-sponsored by Cal Cities, California State Association of Counties, California Library Association and the California Association of Library Trustees and Commissioners.)

Cal Cities opposes legislation that requires public libraries to install and maintain computer software for use on computers in the library that prohibits access to obscene material to minors and other library patrons. Cal Cities believes that this issue is more appropriately addressed at the local level, in ways that meet local circumstances, and thus is an issue of local control.

Seniors

Cal Cities encourages cities to recognize seniors as a valuable state resource and to develop and improve intergenerational programs and activities. Cal Cities supports legislation that would provide funding for side-by-side day care facilities for California's youth, adults, and seniors.

Healthy Cities

Cal Cities encourages California cities to help parents make healthy family choices; create healthy schools; provide access to healthy and affordable foods; and adopt city design and planning principles that promote physical activity.

Cal Cities encourages cities to involve youth, especially middle and high school students, with city health-related programs.

Cal Cities encourages cities to address the needs of an aging population through local and statewide planning, education, and conference programming.

Cal Cities encourages cities to establish their own rules and regulations pertaining to community recreational activities.

Natural Disaster Preparation

Cal Cities supports additional funding for local agencies to recoup the costs associated with fire safety in the community and timely mutual aid reimbursement for disaster response services in other jurisdictions. Cal Cities also supports additional funding for local agencies to preposition "emergency response" personnel and equipment as well as coordinate notification systems with local and state agencies.

Cal Cities supports measures that provide resources for local governments to coordinate services to assist displaced residents and communities recover from wildfires, earthquakes, and other natural disasters.

Smoking and Tobacco Control

Cal Cities supports legislation that establishes a statewide smoking and tobacco control standard that includes electronic cigarettes and vapor products, as long as such legislation does not preempt the ability of cities and counties to enact local laws that are stronger than the statewide standard or to regulate in areas not covered in the statewide standard. Cal Cities opposes legislation that would restrict such local authority.

Cal Cities supports legislation that limits the ability of minors to obtain tobacco and tobacco products, including electronic cigarettes and vapor products.

Cal Cities supports and advocates that all 482 California cities be equitably included in the distribution of moneys that the state receives from the Tobacco Settlement Memorandum of Understanding; and believes that the moneys received by counties should benefit all cities within the county and that cities have input into the decision-making process.

Cal Cities supports legislation that requires tobacco retailers to obtain a state-issued license to sell tobacco products, as long as the legislation does not restrict or preempt the ability of cities to enact and enforce their own retail licensing programs and to enforce the state-wide licensing program. Cal Cities also supports legislation designed to restrict the sale of illegal, counterfeit tobacco products.

Note: *Cal Cities will review new legislation to determine how it relates to existing Cal Cities policies and guiding principles. In addition, because this document is updated every two years to include policies and guiding principles adopted by Cal Cities during the previous two years, there may be new, evolving policies under consideration or adopted by Cal Cities that are not reflected in the current version of this document. However, all policies adopted by Cal Cities Board of Directors or Cal Cities General Assembly become Cal Cities policy and are binding on Cal Cities, regardless of when they are adopted and whether they appear in the current version of "Summary of Existing Policies and Guiding Principles."*

Environmental Quality

SCOPE OF RESPONSIBILITY

The Committee on Environmental Quality reviews issues related to air, water and water quality, climate change, CEQA, integrated waste management, hazardous materials, coastal issues, and utilities.



Summary of Existing Policy and Guiding Principles

Air Quality

Cal Cities supports inclusion of city officials on the governing boards of air districts and opposes efforts to delete such city representation.

Cal Cities believes cities should have the authority to establish local air quality standards and programs that are stricter than state and federal standards. Cal Cities opposes efforts to restrict such authority.

Cal Cities opposes legislation redirecting the funds authorized by Health and Safety Code Section 44223, which are currently used by local governments for locally based air quality programs.

Cal Cities opposes air quality legislation that restricts the land use authority of cities.

Cal Cities supports the requirement that both public and private diesel garbage trucks be retrofitted to reduce the amount of particulate matter pollution emitted from the trucks. (See also Integrated Waste Management Section below.)

Climate Change

Cal Cities recognizes that climate change is both immediate and long term, with the potential for profound environmental, social, and economic impacts to the planet and to California.

Through the Global Warming Solutions Act of 2006 (AB 32 (Nuñez), Chapter 488, Statutes of 2006) California has embarked on a plan that requires the reduction of greenhouse gas emissions to 1990 levels by 2020. Although uncertainty remains about the pace, distribution, and magnitude of the effects of climate change, Cal Cities recognizes the need for immediate actions to mitigate the sources of greenhouse gas emissions and has adopted the following principles:

- **Action Plans for Mitigating Greenhouse Gas Emissions.** Encourage local governments to complete an inventory of greenhouse gas emissions, set appropriate reduction targets, and create greenhouse gas emission reduction action plans.
- **Smart Growth.** Consistent with Cal Cities Smart Growth policies, encourage the adoption of land use policies designed to reduce sprawl, preserve open space, and create healthy, vibrant, and sustainable communities.

- **Green Technology Investment Assistance.** Support tax credits, grants, loans, and other incentives to assist the public, businesses, and local agencies that invest in energy efficient equipment and technology, and fuel efficient, low-emission vehicles.
 - **Energy and Water Conservation and Efficiency.** Encourage energy efficiency, water efficiency, and sustainable building practices in new and existing public, residential, and commercial buildings and facilities. This may include using the U.S. Green Building Council's LEED program or similar systems.
 - **Green Building Guidelines.** Cal Cities encourages state agencies to provide leadership in developing voluntary, model statewide residential green building guidelines that will provide information to local jurisdictions on how to evaluate and use different green building strategies. Additionally, Cal Cities encourages cities to adopt voluntary residential green building guidelines as a reference guide, to evaluate available green building programs and adopt those best suited for their communities, and to explore incentives to encourage green building by private developers of residential construction projects.
 - **Increase the Use of Clean Alternative Energy.** Promote the use and purchase of clean alternative energy through the development of renewable energy resources, recovery of landfill methane for energy production and waste-to-energy technologies.
 - **Reduction of Vehicle Emissions in Public Agency Fleets.** Support the reduction of vehicle emissions through increased fuel efficiency, use of appropriate alternative fueled vehicles, and/or low emission vehicles in public agency fleets. Encourage the use of appropriate alternative fueled vehicles, and/or low emission vehicles in private fleets.
 - **Climate Change Impacts.** Encourage all levels of government to share information to prepare for climate change impacts.
 - **Coordinated Planning.** State policy should encourage and provide incentive for cities to coordinate and share planning information with neighboring cities, counties, and other governmental entities so that there are agreed upon regional blueprints and strategies for dealing with greenhouse gas emissions.
 - **Water Supply for New Development.** Encourage exchange of water supply information between state and local agencies, including information on the impacts of climate change on state and local water supplies.
 - **Recycled Content and Green Purchasing Policies.** Encourage the adoption and implementation of recycled content and green procurement policies, if fitness and quality are equal, including the adoption of an Environmental Management System and authorization of local agencies to consider criteria other than only cost in awarding contracts for services.
 - **Environmental Standards.** Cal Cities supports flexibility for state and local governments to enact environmental and other standards or mandates that are stronger than the federal standards. However, Cal Cities reserves the right to question or oppose stronger standards on the merits. Cal Cities also opposes legislation that prohibits state and local governments from enacting stricter standards.
- Cal Cities supports efforts to encourage regional climate adaptation planning to reduce climate risk, foster collaboration among local, regional, and state entities, and develop guidance for potential state, federal, or private investment in regional adaptation projects.

Cal Cities believes that statewide climate bonds should be comprehensive and include funding for capital infrastructure projects.

Hazardous Materials

Cal Cities supports the ability of local governments to enact local standards or regulations that are stronger than those enacted at the state and federal level. To this end, where the city fire department is the lead agency for regulating and enforcing hazardous materials laws, Cal Cities supports the provisions of existing law that permit a local fire department to adopt stronger local requirements, as long as it complies with specified procedures to enact such stronger local standards. Cal Cities opposes legislation or regulations that restrict such authority.

Cal Cities supports efforts to streamline and coordinate hazardous materials regulation among various levels of government, including city fire and county environmental health departments. Cal Cities supports the ability of city fire departments to be administering agencies for any of the major hazardous materials laws or to be the lead agency (the Certified Unified Program Agency) under the SB 1082 program and opposes legislation or regulations to restrict such authority.

Cal Cities opposes any efforts to restrict the ability of cities to issue building or other permits it is now authorized to issue relative to hazardous materials laws.

Cal Cities opposes any proposals that would preempt the ability of a city to deny a land use permit or restrict its ability to issue a conditional use permit for the siting of a hazardous waste facility.

Cal Cities opposes legislation that mandates that cities post information on the Internet regarding adoption, amendment, or repeal of hazardous

materials ordinances. However, Cal Cities does not object to legislation that makes such posting voluntary.

Cal Cities supports the following principles related to Brownfields Revitalization:

- Cal Cities supports state and federal legislation that would create additional fiscal resources and options to restore and develop urban and industrial brownfields contaminated by hazardous materials. Cal Cities also supports creative state and federal efforts to encourage revitalization and better use of abandoned urban and industrial brownfields, as long as local governments retain existing land use authority.
- Cities should have the ultimate say on whether a proposed brownfield remediation project is consistent with local land use policy. The proposed use of a project (i.e., parking garage, business park, residential development) should be consistent with a city's general plan and land use authority.
- The clean-up level of a project should be based on its proposed use (i.e., parking garage, as opposed to residential development).
- Mechanisms, such as restrictive covenants of deed restrictions, need to be in place to ensure that if a future use for a property is different than that which was proposed when the site was cleaned up, that the clean-up levels be re-evaluated and additional remediation be required before the new use can be approved.
- Local agencies do not have the desire or generally the expertise to do the technical evaluation for site assessment and remediation plans. Appropriate state agencies should have that responsibility.
- If a property owner plans to develop the site, then the owner should be required to do the necessary site assessment and clean up.

Solid Waste and Recycling

Cal Cities supports continued efforts by local agencies to meet the 25% and 50% recycling and diversion provisions of the Integrated Waste Management Act of 1989 (AB 939) and believes that decisions on how to achieve those requirements are best determined at the local level, rather than by state agencies. Cal Cities believes that those jurisdictions that have made a good faith effort to comply with the requirements of AB 939 should not be subject to enforcement penalties. Cal Cities opposes the repeal of AB 939, but supports continued efforts to streamline its provisions and to assist in compliance.

Cal Cities believes that green waste used as alternative daily cover (ADC) should be eligible for limited AB 939 credit, as long as the ADC meets performance and health and safety criteria established by the California Integrated Waste Management Board (CIWMB), now the California Department of Resources, Recovery & Recycling (Cal Recycle).

Cal Cities continues to support legislation to provide changes to AB 939 (the California Integrated Waste Management Act) that will:

- Place more emphasis on implementation of waste diversion programs and less strict mathematical accounting;
- Require Cal Recycle to evaluate the level of accuracy of the existing system the board uses to measure jurisdictions' achievement of the waste diversion requirements of state law and develop appropriate policies, in consultation with local jurisdictions, to account for any inaccuracies in the system;
- Encourage the development of non-burn transformation technologies by providing full diversion credit for the waste that jurisdictions send to non-burn transformation facilities;

- Require the board to expand its market development activities, including providing more funding for research and development of markets for recyclable materials; and
- Require Cal Recycle to staff its existing regional offices with personnel that can assist jurisdictions in carrying out the requirements of the act.

Cal Cities supports legislation and other efforts to increase the markets for recycled materials, including advance disposal fees, minimum content laws, and recycling market development zones. Cal Cities opposes legislation that requires local governments to adopt refuse fees based upon variable can rates.

Cal Cities supports efforts to strengthen curbside recycling programs and opposes efforts to weaken such programs. Cal Cities supports legislation to expand the container types included in the AB 2020-bottle bill program.

Cal Cities supports the right of cities under existing law to be designated as Local Enforcement Agencies for solid waste facility permitting, inspection and enforcement, and opposes legislation to restrict this authority or transfer it to state agencies.

Cal Cities opposes legislation that would preempt local land use authority over solid waste facilities, would restrict the ability of a city to issue a land use permit for a solid waste facility or would restrict the ability of a city to condition such facilities through the conditional use permit process.

Cal Cities does not oppose legislation that assesses fees on solid waste that is disposed of out of state, as long as the fees reflect the pro-rata portion of in-state costs.

Cal Cities opposes legislation that would authorize the Director of Cal Recycle to consider landfill capacity as a reason for denying concurrence of a solid waste facility permit and also opposes

legislation that would prohibit a public agency from being certified as a Local Enforcement Agency if the public agency is also an operator of a solid waste facility.

Cal Cities opposes legislation that would authorize the Director of Cal Recycle to consider environmental justice as a basis for concurring or denying a solid waste facility permit. Cal Cities has adopted the policy that issues of environmental justice are best addressed at the local level through the local land use and public hearing process and through existing federal and state policy.

While Cal Cities supports the retrofit of public and private diesel-fueled garbage trucks to reduce particulate matter air pollution (see Air Quality section), Cal Cities opposes funding such retrofits in a way that would either interfere with the existing franchise relationship between local governments and haulers or would impose a surcharge on landfills.

Cal Cities supports legislation and regulation that authorizes the land application of biosolids that meet specified statewide health and safety standards. Cal Cities supports legislation that permits enactment of stronger local ordinances only if they are based upon protecting public health and safety and good science. Cal Cities opposes legislation that preempts outright stronger local ordinances, regardless if they are based on protecting public health and safety and good science.

Electronic Waste

Cal Cities supports legislation implementing the concept of manufacturer responsibility for electronic waste (e-waste). This includes, but is not limited to, encouraging or providing incentives for e-waste recycling, requiring manufacturers of computer, cathode-ray tube (CRT), photovoltaic modules (solar panels), and other electronic products considered universal wastes, to operate

or fund comprehensive, extended producer responsibility programs. Such programs should require products to be sustainably designed and labeled, offer financial incentives to consumers to properly dispose e-wastes, encourage recycling, reuse and collection programs by manufacturers, incentives to consumers to redeem or recycle e-waste, and fund a convenient collection infrastructure.

Cal Cities supports statewide and manufacturer education programs to educate consumers about e-waste and recycling efforts.

Cal Cities supports an advance disposal fee on computer and other electronic products in order to fund such manufacturer responsibility programs and local collection and recycling programs.

Cal Cities supports national efforts to address the e-waste problem.

Household Hazardous Waste

Cal Cities opposes legislation that requires local jurisdictions to collect household hazardous waste in a specific collection manner, including mandatory curbside collection.

Extended Producer Responsibility (EPR)

Cal Cities supports legislation implementing producer responsibility. This includes, but is not limited to, mandating or providing incentives including funding for comprehensive producer responsibility programs for hazardous and universal wastes and products and packaging for which disposal or recycling is problematic for local governments.

Single-Use Plastics

Cal Cities supports reducing the amount of single-use plastic packaging and products that enter the waste stream through methods such as source reduction and increases to the recyclability and composability of these items. This includes reducing the waste generated from single-use plastics, such as plastic straws.

- **Single-Use Carryout Bags:** Cal Cities supports in concept legislation that charges a fee for all consumers for single-use carryout bags at the point of sale; however, Cal Cities does not have a position on the amount of the fee except that it should be set to modify consumer behavior.

Cities should be eligible for moneys generated from any fee placed upon single-use carryout bags, provided those dollars are used by the city to mitigate the effects of single-use carryout bags on the stormwater, solid waste diversion, visitor education and awareness, and water quality in the city. Any application for funding provided to cities by single-use carryout bag fees should be streamlined, simple, and not overly burdensome.

Cal Cities supports CEQA exemptions for single-use carryout bag bans or a programmatic EIR.

Cal Cities opposes any bill that would preempt local governments from individually banning or placing a fee on single-use carryout bags distributed within the city.

Energy and Utilities

Cal Cities supports the constitutional right of municipal utilities to operate outside the jurisdiction of the California Public Utilities Commission (PUC) and opposes any legislation that would erode the ability of municipal utilities to operate, or place them under PUC control.

Cal Cities supports maintaining the standard of inverse condemnation for investor-owned utilities that require utilities to pay damages. Cal Cities opposes reducing the inverse condemnation standard for incidents caused by a utility, whether retroactive or otherwise, and supports ensuring local governments can recover applicable damages.

Cal Cities supports the prohibition of passing through the costs of fines and penalties incurred by electrical and gas corporations to ratepayers.

Cal Cities opposes legislation that dictates the mix of generating sources (i.e., hydro, coal, biomass, wind, etc.) used by municipal utilities.

Cal Cities opposes any legislation that interferes with local utility rate-setting authority and opposes any legislation that restricts the ability of a city to transfer revenue from a utility (or other enterprise activity) to the city's general fund.

Cal Cities is neutral on legislation requiring municipal electric utilities to include a "renewable portfolio standard" (RPS) in their mix of sources of electricity, as long as the requirement is the same as that which applies to investor-owned utilities. Cal Cities opposes legislation that requires municipal electric utilities to meet an RPS that is stronger than that applied to investor-owned utilities.

The following principles will guide Cal Cities' position regarding exit fees to avoid cost shifting for newly formed municipal utilities or extensions of existing municipal utilities:

- A mechanism or venue other than the PUC should be used to determine and impose the exit fees in order to prevent PUC jurisdiction over municipal utilities. For example, exit fees might be best evaluated and incorporated by the courts as part of eminent domain and the condemnation proceeding used when a city wishes to take over the IOU's distribution system.
- Cal Cities does not object to fair exit fees to avoid cost-shifting for customers that were actually served by an investor-owned utility.
- Exit fees should consist of payments of a fair share of the DWR bond costs, a fair portion of the IOU under collections and a fair share of the remaining amount of the CTC (competition transition charge, left over from AB 1890).
- Exit fees should not be charged to newly annexed municipal utility territory that was never served by an IOU (so-called "greenfields").

- In addition, Cal Cities believes photovoltaic systems should be completely exempt from any type of exit fee.

Cal Cities supports efforts to reduce the number and frequency of utility-initiated power shutoffs, also called public safety power shutoffs, to maintain city electricity grid integrity and city operations.

Community Choice Aggregation

- **Local Energy Autonomy:** Cal Cities supports programs that increase local control over the purchase and development of renewable energy resources, as an effective means of increasing consumer access to renewable energy at stable, competitive rates, and decreasing statewide greenhouse gas emissions.

Cal Cities supports cities' exercise of the right to form or join existing Community Choice Aggregation (CCA) entities, as an effective method of increasing local control over power supply. Accordingly, Cal Cities supports legislation and regulatory policies that support CCA autonomy in policymaking and decision-making, and opposes legislation and regulatory policies that unfairly disadvantage CCAs or CCA customers, or reduce or undermine local decision-making autonomy by the CCA or its governing board.

Cal Cities supports continuing development of local renewable energy resources and supply, including the protection of local autonomy to administer energy efficiency and install and utilize integrated distributed energy resources.

- **Consumer Protection:** Cal Cities supports complete transparency of all energy procurement practices, stranded costs, and departing load charges. Cal Cities supports fair competition in statewide energy markets for CCAs and municipal or other publicly owned utilities. Cal Cities supports legislation and regulatory policies that protect CCA customers from improper cost allocation. Cal

Cities opposes legislation that conflicts with or diminishes CCA procurement autonomy.

- **Energy Efficiency:** Cal Cities supports effective leveraging of energy efficiency programs tailored to address local needs and concerns.

Microgrids

Cal Cities supports the use and deployment of microgrids, especially as a tool to aid energy resiliency and disaster preparedness.

Electric Industry Restructuring

Cal Cities supports the restructuring of the electricity services industry, provided it meets the following criteria:

- **Support the Concept.** Cal Cities of California Cities supports the concept of electric industry restructuring if it results in lower electricity rates that continue permanently into the future. Cal Cities does not support or oppose any specific form of restructuring and believes the program ultimately implemented must satisfactorily address the adopted criteria listed below. Any new industry restructure should be based on a thorough economic analysis of the full costs and potential benefits of the alternatives under consideration.
- **Equitable Benefits.** Any restructuring program should result in all ratepayers directly sharing in the benefits equitably.
- **Municipal Utilities.** Any restructuring program should maintain the concept of municipal utilities. No restructuring proposal should abridge the existing authority of municipal utilities to operate or abridge the ability of cities to form municipal utilities in the future.
- **Franchise Authority.** Cities should continue to have the authority to issue franchises and any program should be at least revenue neutral-relative to revenue currently received from franchises.

- **Aggregation.** Under any restructuring program agreed upon by the PUC or the Legislature, cities should have the opportunity to become aggregators for municipal operations or the community at large. As an aggregator, a city would be able to combine the electric loads of various users and negotiate the purchase of electricity for those users.
- **Stranded Investments.** The problem of stranded investments should be resolved in a way that keeps investors, ratepayers, and generators financially whole. Any policy to deal with stranded investments for large energy producers (i.e., nuclear power) should be applicable to all other producers (i.e., independent power producers).
- **Wheeling.** Any program should facilitate the wheeling of electricity between generators and users.
- **Alternative Sources.** Consistent with existing Cal Cities policy that supports the development of alternative energy sources, any restructuring program should incorporate support for alternative energy in order to enhance the mix of energy sources available in California, both for environmental and strategic energy security reasons.
- **Biomass.** The unique problems of the biomass industry, as they relate to California’s solid waste infrastructure, should be fairly resolved in any deregulation program.
- **Social and Environmental Impacts.** Consistent with existing Cal Cities policy, California should not abandon its energy programs that provide social and environmental benefits.

In addition to those policy guidelines, Cal Cities agrees that cities that are aggregators should be required to follow the same consumer protection standards as other aggregators, that participation in aggregation by an electricity user should be voluntary, and that cities should have

the opportunity to serve as aggregators for their municipal operations or for those residential or commercial customers who wish to participate in a city-sponsored aggregation program.

Finally, Cal Cities believes that any federal action in the area of electricity restructuring must not preempt legislation and actions in states that choose to restructure their utility industry if such federal action relates to state and local government home rule authority. This includes authority related to the regulation of rights-of-way, franchises, taxing utilities and services, or to aggregate.

In response to the energy crisis of 2001, Cal Cities adopted the following principles related to energy:

- **Land Use Control.** Local control over land use should be inviolate. Cal Cities will oppose legislation that restricts local land use control beyond that which is already in existing law.
- **Municipal Utilities.** The autonomy of municipal utilities should not be eroded. Cal Cities will oppose any legislation that harms municipal utilities.
- **Energy Prices and Rates.** Cal Cities is concerned about the impacts of escalating energy prices on the overall economic health of our state, including city budgets. Although at this time Cal Cities will not get involved in individual bills dealing with technical aspects of pricing, Cal Cities believes that any solution to address the short- and long-term energy price situation should meet several key criteria.
 - » Cal Cities believes energy prices should encourage conservation and reward those who reduce energy use (i.e., tiered rates).
 - » Cal Cities is concerned about the impacts of escalating energy prices on low-income residents and small businesses. Cal Cities supports energy pricing structures and other mechanisms to soften the impacts on this segment of our community.

- » In designing rates, the state should be aware of the operational constraints of some businesses and thus their potential inability to take advantage of conservation pricing. Thus, the state should provide other incentives to conserve to businesses that cannot take advantage of other options.
- **Conservation in City Facilities.** Support legislation that provides direct funding for conservation and demand reduction projects in city facilities.
 - » Work to obtain the greatest level of funding for local governments, and work with all authors and the Administration in crafting legislation that will be most effective and beneficial to local governments.
- **Siting Energy Facilities– Incentives to Local Governments.** Funding should be available to cities to streamline the siting process at the local level.
 - » Eligible projects to receive incentive payments would not only cover new electricity generating facilities, but also projects to expand existing generation facilities, to replace them with more efficient facilities, or to build renewable projects, including photovoltaics, fuel cells, or cogeneration.
 - » In order to stimulate the development of these facilities, it will be necessary to provide additional long-term community benefits that the local government can demonstrate to its citizens.
 - » Any city or county that approves siting of a privately developed generating facility should receive 100% of the property tax of that facility. To stimulate the development of projects such as cogeneration facilities, the standby charges for the facility should be waived.
- » The state should provide additional financial assistance to cities and counties for such projects, which could include the cost of transmission line extension.
- » Cal Cities will work to ensure that there are no negative impacts on municipal utilities from efforts to streamline energy facility siting.
- **Power Plant Siting – Other Issues.** Support legislation that increases the threshold at which a city is the lead permitting agency for an energy facility from 50 to 100 MW (or above). Oppose legislation that decreases this threshold.
 - » Take no position on proposals to streamline the facility approval process, except to suggest appropriate revisions to reflect technical comments from city experts on local government review and comment-related provisions.
 - » Explore exempting cities with municipal utilities completely from the Energy Commission review process for all power plants proposed within their jurisdiction, regardless of the size of the facility (i.e., the municipal utility city would have lead agency authority, regardless of the size of the facility).
- **Environmental Regulation of Power Plants.** Cal Cities should not get directly involved in legislative discussions and should not take a position on legislation to relax, suspend, or eliminate environmental regulation, with several exceptions.
 - » If environmental standards are relaxed, suspended, or eliminated, Cal Cities should seek legislation to ensure that cities do not bear the burden of meeting the shortfall in environmental protection. For example, suspended or reduced waste discharge requirements for a power plant may result in increased hot or salty cooling water discharged from a power plant into a bay

or stream. Publicly owned treatment works should not be required to meet a higher discharge level to offset the power plant discharge or fined as an indirect result of the increased water pollution that would result. Similar arguments can be made for air pollution burdens. There should be some sunset included for environmental waivers for re-powering of existing facilities and all new plants should be required to meet the BACT (best available control technology) standard.

- **Public Power Options.** Support all bills that enhance the public power options available to cities and counties.
 - » Condition support and/or sponsorship upon the correct language being written. Work with municipal utilities and others to ensure the provisions are drafted properly.
 - » Cal Cities should not support legislation that would give up the existing, limited authority of cities to regulate cable and telecommunications companies as a trade-off to make it easier to form a municipal electric utility.
- **Interruptible Rates.** Cal Cities should take no position on legislation dealing with changes to interruptible rates, but should watch the subject carefully.
 - » Cal Cities should comment on legislation, as appropriate, to express concern that resolution of the issue should seek equity in how it handles classes of ratepayers and communities. Legislation should take into consideration economic gains previously made by customers on interruptible rates and should provide assistance for those caught in extreme situations.

- **Rotating Outages – Exemptions.** Cal Cities should not get directly involved in bills dealing with which type of customers are exempt from rotating block outages and should not take a position on these bills. However, Cal Cities should work with police and fire chiefs to ensure that police and fire facilities are appropriately protected either legislatively or administratively, if proposals move ahead to expand the range of exempted facilities.
 - » Cal Cities should seek legislative or administrative resolution giving advance notification to those businesses, such as some agricultural businesses, that use hazardous materials that could pose a danger if the plant is not shut down properly.
 - » Cal Cities should seek grant or loan funding for essential services (i.e., police/fire, water/waste water) to purchase new or replace existing backup generators that are more energy-efficient and less polluting.
- **Wholesale Regional Price Caps – Federal Legislation.** Cal Cities should not take a position on federal legislation to give the Secretary of Energy authority to impose regional wholesale price caps on electricity. This is a mixed bag and Cal Cities should stay out of the issue.
- **Price Gouging by Electricity Suppliers.** Cal Cities should send a letter to the Governor and Attorney General supporting their ongoing efforts to determine whether wholesale market abuse occurred and asking that appropriate action be taken to remedy the problem if illegal activity occurred.

California Environmental Protection Act (CEQA)

Procedures and Notices

- **Fair Argument Test.** Cal Cities strongly opposes the elimination of the fair argument test as the threshold for determining whether to prepare an Environmental Impact Report (EIR). There are a number of other reforms that will reduce CEQA's complexity while preserving the fair argument test's role as a planning tool. These include funding for Master EIRs and eliminating attorneys fees for petitioners.
- **Master EIR Funding.** Cal Cities strongly supports the development of a funding source for Master EIRs. Both of the proposals contained in the Little Hoover Commission report would meet the needs of cities.
- **Exemption for Modified Project Renewals.** Cal Cities opposes exempting the renewal or reissuance of a permit, license, or other entitlement where there is a change in the project.
- **Centralized Responsible Agency Notification.** Cal Cities opposes shifting the responsibility to notify responsible agencies from the lead agency to the State Clearing House. Cal Cities opposes making identification of Responsible Agencies at the Notice of Preparation stage by other than the Lead Agency (e.g., the Office of Planning and Research) conclusive so that agencies not identified would be barred from later commenting on projects.
- **Responsible Agency Documentation.** Cal Cities supports requiring that Responsible Agency comments be supported by specific referenced documentation.
- **Substitution of Environmental Impact Statements.** Cal Cities opposes allowing an Environmental Impact Statement to be substituted for an Environmental Impact Report in any situation other than military base closures because the National Environmental Policy Act does not contain CEQA's duty to mitigate.
- **Duty to Respond to Comments.** Cal Cities opposes shielding lead agencies from responding to comments received more than 30 days after a Notice of Preparation (NOP) or received verbally.
- **Timelines for CEQA Contracts.** Cal Cities supports eliminating subdivision (b) of Public Resources Code Section 21151.5, which mandates the timeline for entering into CEQA contracts.
- **Arbitration of Disputes.** Cal Cities supports adding an arbitration option to the requirement that each county over 200,000 designate a "CEQA judge." Among the issues that will need further refinement are whether an alternative dispute resolution process should be a condition precedent to litigation, whether the alternative dispute resolution process would be binding on participants, and how to limit the alternative dispute resolution process to CEQA adequacy issues rather than community mitigation issues.
- **Good Faith Settlements.** Cal Cities supports discouraging lawsuits that have little merit by (1) eliminating the application of a multiplier analysis to the amount of attorneys fees awarded in a lawsuit that is subject to a settlement agreement; and (2) by precluding the adoption of measures or project conditions as part of a settlement agreement that do not mitigate a significant effect on the environment.
- **Recirculation Standards.** Cal Cities supports raising the threshold for recirculation of EIRs so that only new "significant unavoidable impacts" would necessitate recirculation.
- **Basis for Statements of Overriding Considerations.** Cal Cities supports clarifying that the basis for Statements of Overriding Considerations is information contained in the record.

- **Compliance with Local Public Notice Requirements.** Cal Cities supports legislation to require all projects proposed by state or local public agencies, including universities, community colleges, schools, counties, cities, and special districts, to comply with the identical local public notice requirements that would be applicable to projects sponsored by private developers in the jurisdiction where the project is located.
- **Tolling Agreements.** Cal Cities supports tolling agreements, but acknowledges and relies on existing published case law that already allows for the use of tolling agreements in CEQA cases.
- **Concurrent Preparation of Administrative Record.** Cal Cities opposes legislation that would require concurrent preparation of the administrative record and the electronic posting of administrative record unless (1) the full costs of concurrent preparation and electronic posting as determined by the lead agency are paid for by the applicant or other member of the public who requests these processes; and (2) a lead agency that is unable to comply with such a request, because of either lack of personnel or lack of technological capability is not required to provide these processes.
- **Court Remedies.** Cal Cities supports legislation that would clarify a court’s ability to fashion a remedy that is specific to the project and limited to only those aspects of the project held invalid under CEQA.

Definition of a Project

- **Effect on the Environment.** Cal Cities supports narrowing the definition of “project” to prevent CEQA lawsuits on non-environmental matters.
- **School Operations Exemption.** Cal Cities supports exempting any school closure or student transfers from CEQA.

- **Categorical Exemption for Nonindustrial Infill Projects.** Cal Cities supports expanding categorical exemptions to include development projects in urbanized areas that are consistent with general plans, zoning and cumulative impact projections analyzed in a Master EIR. Such projects should be limited infill and nonindustrial.

Cal Cities supports legislation that exempts public works projects, within the existing right-of-way, from CEQA if approved by the city in which the project takes place.

Significant Environmental Effect

- **Significance Thresholds.** Cal Cities opposes the creation of a new mandate requiring each city to develop boilerplate significance thresholds. Cal Cities also opposes a single statewide set of standards for determining significance at the local level. Instead, Cal Cities supports requiring that each EIR contain significance thresholds formally adopted by the lead agency for the project.
- **Safe Harbor.** Cal Cities supports the concept of “safe harbor”, which means that if a project complies with certain locally adopted standards, then a project could not be challenged in court based upon those impacts on the environment.
- **Aesthetics.** Cal Cities opposes any effort to limit a local agency’s ability to challenge the aesthetic impact of a project under CEQA.
- **Consideration of Socio-Economic Factors.** Cal Cities opposes adding social, economic, recreational or other factors to be considered when analyzing the significance of environmental impacts.
- **Indirect Effects.** Cal Cities opposes amending the definition of effects to eliminate the analysis of indirect and cumulative environmental effects.

- **Cumulative Effects.** Cal Cities supports the elimination of EIRs for projects with solely cumulatively significant impacts where the impact has been addressed by a comprehensive plan that identifies specific mitigation measures. Cal Cities opposes exempting projects that are subject to their own subsequent environmental review from consideration as a reasonably foreseeable future project when analyzing cumulative impacts.
- **Statement of Overriding Considerations.** Cal Cities supports transparency in CEQA decision-making but opposes a public comment period for the notice of draft Statement of Overriding Considerations.

Alternatives

- **Alternative Site Requirement.** Cal Cities supports eliminating the alternative site requirement for all private projects.
- **Level of Detail.** Cal Cities supports requiring that projects of statewide, regional or area-wide significance describe at least two feasible project alternatives with a level of detail equal to the proposed project.
- **No Project Alternative.** Cal Cities opposes the elimination of the “no project alternative.”
- **Environmental Impact Report (EIR).** Cal Cities opposes the elimination of the fair argument test as the threshold for determining whether to prepare an Environmental Impact Report (EIR). Cal Cities strongly supports the development of a funding source for Master EIRs. Cal Cities supports adding an arbitration option to the requirement that each county over 200,000 population designate a “CEQA judge.”

Streamlining

Cal Cities supports expanding the definition of “emergency” under CEQA to include projects that mitigate a high threat to life and property as a result of a catastrophic wildfire.

Coastal Issues

Cal Cities opposes legislation that would permit the state to impose conditions on Local Coastal Plans developed by cities and counties.

Cal Cities supports efforts to curb frivolous appeals to local coastal decisions.

Cal Cities supports prohibiting the expansion of offshore oil and natural gas production along the California coast.

Cal Cities supports the Federal Coastal Protection Act, which prohibits additional offshore development through the year 2002. This position was based, in part, on concern about the impacts to on-shore support facilities and services by offshore development activities.

Cal Cities opposes legislation that grants authority to the Coastal Commission that is inconsistent, duplicative and overlapping with the authority of other regulatory agencies, such as regional water quality control boards or other agencies, or that grants the Coastal Commission authority outside the coastal zone.

Cal Cities affirms its commitment to local control by requesting the Coastal Commission to defer to the elected officials of a city with respect to choices in the implementation of a Local Coastal Plan that complies with the requirements of state law and regulation.

Cal Cities supports additional resources and tools to help cities plan for and address sea level rise. This includes efforts to better coordinate with the California Coastal Commission and Ocean Protection Council to combat sea level rise.

Miscellaneous

- **Mitigation Monitoring Program.** Cal Cities supports efforts to ensure compliance with Mitigation Monitoring Programs but opposes any effort to require local agencies to report on compliance or add other procedures regarding

the implementation of Mitigation Monitoring Programs.

Cal Cities supports the right of cities to serve as lead agencies for the purposes of the Surface Mining and Reclamation Act (SMARA).

Consistent with the policy adopted by the National League of Cities, Cal Cities believes the appropriate venue for addressing the issue of “regulatory takings” is within the evolving judicial interpretations of the Fifth Amendment of the U.S. Constitution.

- Cal Cities opposes any federal or state regulation, statute, or constitutional amendment which would place restrictions on federal, state, and local government actions regulating private property or requiring additional compensation beyond the continually evolving judicial interpretation of the Fifth Amendment of the U.S. Constitution.
- Cal Cities will oppose any legislation that includes such a provision, regardless of what else is included in the legislation (i.e., legislation that designates a listing of an endangered species as a “regulatory taking”).

Cal Cities supports the ability of local governments to voluntarily develop and approve species habitat plans for their communities, in conjunction with willing property owners. Cal Cities opposes requiring local governments to amend their general plans to include species habitat plans

developed by others but not approved by the local government.

Cal Cities supports legislation that imposes “Sinclair”- type fees on products in order to fund the cost of prevention or mitigation of the pollution or environmental and health impacts of such products. Cal Cities opposes legislation that would restrict the imposition of such fees at the state or local levels.

Cal Cities supports partnering with the Legislature and the Governor to address the devastating environmental impacts of illegal marijuana grows on both private and public lands and the associated threats to public safety. Cal Cities supports the creation of responsive solutions with adequate funding support and effective State and federal government leadership to address this widespread problem.

Cal Cities supports the careful development of forest waste biomass utilization programs to align environmentally responsible forest management and climate adaptation efforts that do not create a net increase in emissions of greenhouse gases or toxic air contaminants.

Note: *Cal Cities will review new legislation to determine how it relates to existing Cal Cities policies and guiding principles. In addition, because this document is updated every two years to include policies and guiding principles adopted by Cal Cities during the previous two years, there may be new, evolving policies under consideration or adopted by Cal Cities that are not reflected in the current version of this document. However, all policies adopted by Cal Cities Board of Directors or Cal Cities General Assembly become Cal Cities policy and are binding on Cal Cities, regardless of when they are adopted and whether they appear in the current version of “Summary of Existing Policies and Guiding Principles.”*

LEAGUE OF CALIFORNIA CITIES

California Water Guidelines

FEBRUARY 2010

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NOTE: *The League of California Cities most recently updated and revised the California Water Guidelines in 2010. The effort began in 2008 with the formation of the Water Task Force, which was comprised of members from Cal Cities 16 Regional Divisions and all interested city officials. After months of meetings and conference calls, the Water Task Force submitted the California Water Guidelines revisions to the Board of Directors. Upon formal adoption by the Board, the California Water Guidelines were incorporated in the Environmental Quality Policy Committee's scope of responsibility. For additional information, please see the California Water Guidelines introduction on the following page.*

Introduction

The **California Water Guidelines** were first adopted by the League of California Cities (Cal Cities) in 1988. Cal Cities and the County Supervisors Association of California (CSAC) developed the guidelines. Together, at the time, the two organizations represented 58 counties and 449 cities.

Much has changed in the realm of water policy in the more than 20 years that have passed since the Guidelines were first adopted. The number of counties has remained at 58, but California has gained an additional 31 cities and the population of the state has increased to more than 38 million people, creating increased demands on water supply. There is growing recognition that there are better ways of managing the flow of water within California's many watersheds and through the Delta, to prevent harmful environmental impacts while still ensuring a reliable supply of water to its citizens. Climate change is seen as having an increasingly important impact on water supply and water quality. Water shortages place renewed emphasis on the importance of water reclamation, water recycling, and other means of nurturing and protecting an essential resource.

In 2003, Cal Cities Board created Cal Cities Water Quality Task Force to identify and evaluate wastewater and stormwater regulatory issues of concern to cities and to recommend steps that Cal Cities should take to address those concerns. The Task Force drafted new Cal Cities policy on water quality and the Cal Cities Board of Directors adopted their report on July 18, 2003.

In 2008, Cal Cities formed a new Water Task Force to consider updates and revisions to the Water Guidelines Cal Cities drafted and adopted 20 years earlier. Cal Cities 16 Regional Divisions designated voting members; but membership on the Task Force was open to all interested city officials, and meetings were open to all interested parties.

The Task Force first met in Sacramento in April 2009 and organized three working groups (Water Use, Water Supply, and Water Discharges). Members of the working groups held numerous meetings by conference call over the next two months. Subsequent meetings of the full Task Force were held in June and September 2009 before the revised Guidelines were submitted to Cal Cities policy committees in January 2010, for review and approval. The Guidelines were formally approved by the Cal Cities Board of Directors in February 2010.

The California Water Guidelines are designed to be used by policymakers at all levels of government in developing future water policy for the state of California. Cal Cities encourages city, county, and state officials, as well as representatives from other organizations, to review the guidelines as water policies and programs are developed.

I. CALIFORNIA WATER: GENERAL PRINCIPLES

1. Water needs are projected to increase significantly in the future. While water is a renewable resource, it is also a finite one.
2. Cal Cities supports the development of additional groundwater and surface water storage, including proposed surface storage projects now under study if they are determined to be feasible, including, but not limited to, environmentally, economically, and geographically relating to point of origin. Appropriate funding sources could include, but are not limited to, user fees, bonds, and federal funding.
3. Local, state, and federal agencies should prepare plans for short-term water emergencies as well as long-term cooperative water management plans and policies, such as the Integrated Regional Water Management Plan (IRWMP) process.

4. All water development projects must be economically, environmentally, and scientifically sound.
5. Critical California water issues cannot be solved without the cooperation of the state and federal governments. Communication and cooperation among policy groups with emphasis on finding statewide consensus is supported.
6. Adequate water quality requirements for wastewater discharge into surface water and groundwater to safeguard public health and protect beneficial uses should be supported. Beneficial water quality is fundamental to the health and welfare of California and all of its citizens.
7. The long-term viability of rivers and streams for instream uses such as fishery habitat, recreation and aesthetics must be protected.
8. Cal Cities encourages all cities to work with counties, water agencies, and special districts to facilitate water conservation, recycling, and reuse efforts.
9. Cal Cities supports state water policy that allows undertaking aggressive water conservation and water use efficiency while preserving, and not diminishing, public and constitutional water rights.
10. Cal Cities supports land use as an important strategy for water supply and water quality benefits.

II. WATER CONSERVATION

1. **Statewide Goal.** Cal Cities supports the development of a statewide goal to reduce water use by 20% by 2020 through the implementation of fair and equitable measures consistent with these principles.
2. **Statewide Effort.** Accomplishing water conservation and water use efficiency goals will require statewide action by

all water users, including residential, commercial, industrial, and agricultural water users, local and regional planning agencies, state and federal agencies, chambers of commerce, and business, commercial and industrial professional and trade associations.

3. **Comprehensive Solutions.** Water conservation and water use efficiency must be part of a comprehensive solution that includes local resource development and infrastructure improvements, including storage and conveyance, as part of a statewide system that promotes economic and environmental sustainability.
4. **Monitoring, Reporting, and Accountability.** Cal Cities supports the implementation of programs to assure prudent measurement and monitoring of water use to provide accountability and transparency toward the accomplishment of water conservation and water use efficiency goals.
5. **Protect Water Rights.** Implementation of water conservation and water use efficiency programs must be consistent with existing state law in that the act of conservation cannot be allowed to undermine the water rights of the entities implementing the water conservation or water use efficiency program or interfere with existing water conservation or water use efficiency projects.
6. **One Size Does Not Fit All.** Water conservation and water use efficiency programs must have the flexibility to adjust to widely varying local circumstances recognizing that one size does not fit all. Cal Cities encourages each city to develop its own ordinance outlining its conservation plan.

7. Urban Water Conservation and Water

Use Efficiency. In urban areas, Cal Cities advocates for the implementation of residential and commercial retrofit programs, innovative pricing strategies, water-efficient landscaping, including the implementation of urban Best Management Practices (BMPs).

Cal Cities encourages cities to consider the Ahwahnee Water Principles for Resource-Efficient Land Use when making future land use decisions. (<http://www.lgc.org/about/ahwahnee/h2o-principles/>)

8. Agricultural Water Use Efficiency. In agricultural areas, Cal Cities advocates for incentive-based programs.

III. WATER RECYCLING

1. Wherever feasible, water recycling should be practiced in urban, industrial, and agricultural sectors. This includes increasing the use of recycled water over 2002 levels by at least one million acre-feet/year (afy) by 2020 and by at least two million afy by 2030.
2. Potable water should include as much use of reclaimed water and water conservation by 2030 as possible.
3. Increased recycling, reuse, and other refinements in water management practices should be included in all water supply programs.

IV. WATER QUALITY

1. General

a) Cal Cities supports the development of objectives and standards to assure high-quality water throughout California. Surface and groundwater should be protected from contamination.

- b)** Cal Cities supports efforts to provide safe and affordable drinking water across the state. However, Cal Cities opposes imposing a tax on water as a funding mechanism.
- c)** Cal Cities supports the development of economic protocols and guidelines to assist local governments and water boards in determining reasonably achievable, cost-effective, and environmentally sound regulations.
- d)** Cal Cities supports the ability of cities to enact discharge and water quality requirements or standards that are stricter than state or federal standards and opposes efforts to restrict such authority.
- e)** When addressing contamination in a water body, water boards should place priority emphasis on clean-up strategies targeting sources of pollution, rather than in-stream or end-of-pipe treatment.
- f)** Cal Cities encourages water boards to address cross-media pollution of water including, but not limited to, the problems of atmospheric deposition of water pollutants.
- g)** Cal Cities encourages all state offices, departments, and boards to comply with state policy for water quality control, including compliance with the Basin Plans.
- h)** Cal Cities encourages Federal and State Governments to ensure proper funding to the U.S-Mexico Border Water Infrastructure Program to address issues related to cross-border pollution.

2. Water Board Reforms

- a) Cal Cities generally supports the concept of water board reform.
- b) Any water board reforms should recognize the inherent differences between cities and regions in California.
- c) Water board reform should recognize the symbiotic relationship between regional water quality control boards and local governments.
- d) Cal Cities supports the retention of designated local government representatives on the regional boards and the inclusion of a designated local government representative on the State Water Board.
- e) Cal Cities supports streamlining the board process, including delegating permit authority to the executive officers, with rights of appeal, and giving greater authority to the State Water Board over regional board policies and decisions.

3. Basin Plan Updates

- a) Cal Cities supports the option of local agencies developing funding for basin plan updates.
- b) Cal Cities supports comprehensive updates to the basin plans that recognize the unique and varied nature of stormwater. Basin plans need to recognize the unique and varied nature of stormwater, both wet weather and dry weather runoff.
- c) Basin plan updates should comply with the Porter-Cologne requirements to recognize economic impacts, local drainage conditions, and scientific consensus, including source control and atmospheric deposition strategies.

4. National Pollutant Discharge Elimination System (NPDES) Permits

- a) Cal Cities supports reform of the State's Water Board's administration of the federal NPDES program.
- b) Cal Cities encourages the water boards to issue permits that are reasonably achievable, based on the unique conditions of a city or region.
- c) Cal Cities supports regulations and legislation that promotes watershed management, that appropriately spreads the responsibility for clean water beyond the requirements that apply to point-source dischargers, municipal storm drain systems and publicly-owned treatment works.
- d) Cal Cities generally opposes legislation that requires the use of numeric limits in waste discharge permits, especially in stormwater permits, because of the difficulties in meeting them, problems with exceeding them, and the cost and potential enforcement impacts.
- e) Cal Cities supports the development of a standard definition of "maximum extent practicable."

5. Total Maximum Daily Load (TMDL)

- a) Cal Cities supports the development of reasonably achievable, environmentally sound, and cost-effective TMDL's based on monitoring and sound science and addressing local water conditions.
- b) Although Cal Cities is supportive of local agency development of TMDL funding, greater emphasis needs to be given to state and federal funding of the TMDL program, including providing increased funding to local government for implementation.

- c) Cal Cities supports the implementation of TMDLs through alternatives to the NPDES permits, consistent with the Clean Water Act and policy, such as Memorandums of Agreement between local governments and the water boards.

6. Water Quality Recommended Legislation/Policies

- a) **Ex-Parte Communication.** Cal Cities supports public access to decision-makers, including during the time that new proposed permits and permit terms are being proposed. Cal Cities also supports access to pending permittees outside of the administrative process.
- b) **Maximum Extent Practicable (MEP).** Cal Cities supports legislation to define MEP.
- c) **Safe Harbor.** Cal Cities supports legislation that provides immunity from fines or third-party litigation for a local government that is in compliance with the maximum extent practicable iterative best management practices
- d) **Mandatory Minimum Penalty (MMP).** Cal Cities supports legislation to modify the MMP provision of the existing law to make them fair and equitable for local governments. This would include eliminating the provisions relied upon to compound penalties for single violations and providing economic hardship exemption for small cities (50,000 in population or less) where there have been no significant adverse impacts on the public or the environment from the alleged violation.

- e) **Economic Analysis.** Cal Cities supports legislation to develop economic protocols and guidelines to assist local government and the water boards in determining reasonably achievable, cost-effective, and environmentally sound regulations, as outlined in Porter-Cologne Sections 13000 and 13241.

- f) **Basin Plans.** Cal Cities supports legislation allowing local agencies to participate in funding basin plan updates.
- g) **Water Softeners.** Cal Cities supports the right for cities to enact ordinances that restrict the use of water softeners.
- h) **Local Discharge Prohibitions.** Cal Cities supports legislation that would enable cities to adopt ordinances that limit or regulate industrial discharges into local sewers and storm drains, based on limits in municipal discharge permits.

7. General Water Quality Guidelines

- a) Protection and maintenance of objectives and standards to assure high-quality water throughout California is essential. Beneficial uses of surface and groundwater should be protected from contamination, even when treatment methods are available to meet drinking water standards.
- b) Local, state, and federal governments and the private sector should provide for the safe management of hazardous materials, including mining leachates, to avoid pollution and degradation of both surface water and groundwater.
- c) Adequate research funding to determine appropriate public health standards for water should be supported.

- d) Additional research and education in the application and use of herbicides and pesticides and alternatives to their usage as well as research to reduce industrial and household hazardous wastes should be supported.
- e) The importance of water quality of bays, estuaries, groundwater, and other bodies of water important to municipalities, including the problem of saltwater intrusion, should be recognized.

V. AREAS OF ORIGIN

1. Ultimate reasonable and beneficial water needs of all areas of origin should be assured. State law should continue to provide that only water surplus to the reasonable and beneficial needs of the areas of origin may be exported. Cal Cities supports preserving the principle of protecting the water rights of areas of origin.
2. Areas of origin protections should apply to all water sources, including groundwater.
3. Reasonable and beneficial water needs of the areas of origin should include instream needs or uses, including recreation and sediment flushing.
4. Areas of origin should be afforded financial assistance, such as the Davis-Grunsky type bonds, in developing new water facilities.
5. Projects that export water from areas of origin should not increase the cost of new local water development projects.
6. Those features of new projects that are required by state and/or federal agencies to enhance area of origin recreation, fish, wildlife, and water quality should be the financial responsibility of the state and/or federal government.

7. New policies and programs should not undermine or alter the water rights of the entities implementing the policies or programs.

VI. WATER STORAGE

1. Cal Cities believes that California needs to develop additional water storage and therefore believes that the construction and retention of economically feasible and environmentally sound flood control, storage and multi-use projects that will meet present and future needs should be supported.
2. The development of additional surface facilities and the use of groundwater basins to store surface water that is surplus to that needed to maintain State Water Resource Control Board (SWRCB) Bay-Delta estuary water quality standards should be supported.
3. Cal Cities encourages project developers to mitigate the negative impacts of water storage projects on fishery and wildlife resources, adjacent lands, water quality, and recreation.

VII. CONVEYANCE SYSTEMS

1. Statewide

- a) Conveyance facilities including, but not limited to, the Sacramento River, whether man-made or natural, should be constructed and/or operated to minimize seepage and erosion problems and, where practicable, to restore or maintain river functions and to protect previously existing riparian habitats. They should be constructed to mitigate these problems and other adverse impacts on adjacent lands.
- b) The owner or purveyor of the water conveyance system should be responsible for correcting adverse

impacts, i.e., erosion, seepage, and sediment problems upon waterways, either anthropogenic or natural.

- c) Environmentally-sound methods of erosion-control should be encouraged along river banks to protect adjacent lands from flood or other erosive flows provided any adverse impacts on fish and wildlife habitats are mitigated.
- d) Local distribution systems should be interconnected with regional systems, where feasible, to assist in maximizing the use of local ground and surface waters during droughts and emergencies.
- e) Solving the water quality, levee stability, and fishery problems in the Sacramento-San Joaquin Delta is a primary step in developing any plan to meet the state's water needs.
- f) Cal Cities acknowledges that the use of the Sacramento River as a conveyance system presents problems of erosion and seepage which must be addressed in the operation of existing projects and the design of future projects.

2. Delta

- a) Conveyance of water across the Delta should be through existing channels wherever possible. Delta transfer system improvements should be constructed and operated so as to minimize or, if possible, eliminate reverse flows in the lower San Joaquin River.
- b) Construction of Delta transfer facilities should not proceed until the Department of Fish and Game and the Department of Water Resources have entered into an agreement to implement measures to offset the

State Water Project's impacts on the Delta fisheries and other ecological concerns in the Bay-Delta estuary, which are shown to be adversely affected by the proposed transfer facilities.

- c) Implementation of an integrated program of rehabilitation and maintenance of Delta levees involving federal, state, local, and user interests for the purposes of protecting the islands, waterways and other features including, but not limited to, highways, railways, water conduits, natural gas storage, etc., should be supported. Costs and responsibilities should be fairly allocated among beneficiaries of such a program.
- d) Until an integrated Delta levee program is initiated, the Delta levee maintenance program, (by former California Sen. Howard Way), California Water Code Sections 12980-12991, should be funded and implemented.
- e) Any Delta governance and/or water management structure should include local government representation from the Delta region.
- f) When assessing conveyance projects, Cal Cities encourages cities to consider the guidelines outlined in other areas of this document.
- g) Protection, as well as enhancement where practicable, of Delta water quality, while providing adequate future supplies for all segments of the state, should be required.
- h) Standards balancing the protection of all beneficial uses of Bay-Delta waters, including water flowing into or exported from the Delta, must be adopted by the SWRCB and enforced

to protect the environmental health of the Bay-Delta system. Pollution from point and non-point sources into the Bay and Delta shall be controlled as stringently as practicable.

- i) Programs and facilities to assure safe drinking water for importing regions dependent on the Delta should be supported.
- j) The SWRCB should assure continued monitoring for contaminants in the Delta.

VIII. FLOOD MANAGEMENT

1. Cal Cities believes that our citizens have a reasonable expectation that their federal, state, and local governments will work to protect them from flooding.
2. Cal Cities believes that flood protection and management is a statewide issue, involving flood infrastructure issues related to levees, urban/suburban/rural creeks, streams and rivers, and alluvial fans.
3. Cal Cities believes that it is important to recognize that levee failures in the Sacramento-San Joaquin River Delta have water quality, water supply, and economic impacts that may have statewide effects beyond the local or regional levee break situation.
4. Flood control issues require cooperative planning, evaluation, and solutions that utilize a regional and statewide perspective, such as the state IRWMP process.
5. In assessing problems and proposing solutions, it is important to consider the differences between infill development and new, greenfield development.
6. The public safety and health of California citizens and the economic health of California communities and our state depend upon good flood protection. This includes the potentially devastating impacts of floods on homes and businesses.
7. Cal Cities supports efforts to improve communication, cooperation, and better-coordinated planning between different government agencies involved in flood management. Cal Cities believes that there must be a genuine partnership between state and local agencies in addressing flood control issues.
8. Cal Cities believes cities must ask the right questions and have the means to obtain accurate information prior to approving development in floodplains. This involves educating elected officials and staff about whether their city is located in a floodplain, the local flood control infrastructure, the agencies that are responsible for providing flood protection, the status of levees and other structures that provide flood protection, emergency response, and evacuation protocols, and how their city would be impacted by flooding.
9. Cal Cities believes that city officials should understand that a 100-year flood zone does not mean a low, once-in-100-years risk of flooding. The designation actually means that there is a 1% chance of flooding in any given year. This translates to a 26% chance of flooding over the life of a typical 30-year mortgage.
10. Cal Cities supports a 200-year flood standard for cities in the Sacramento-San Joaquin and Central Valleys.
11. Cal Cities generally endorses the recommendations of the state's Flood Control Task Force, especially those recommendations involved in updating

the CEQA Checklist and General Plan Guidelines and building codes.

12. The state, Army Corps of Engineers (ACOE), and Federal Emergency Management Agency (FEMA) should work collaboratively with state and local governments regarding flood issues.

IX. GROUNDWATER

1. The SWRCB, through the regulatory process of its regional boards, should ensure the highest possible quality and safety of groundwater by preventing contamination from point and non-point sources, especially for usable water.
2. Local drilling, sealing and abandonment ordinances for water supply and monitoring wells for the protection of groundwater and public health should be supported.
3. The principle that local entities within groundwater basins (i.e., cities, counties, special districts, and the regional water quality control boards) working cooperatively should be responsible for and involved in developing and implementing basin-wide groundwater, basin management plans should be supported. The plans should include, but not be limited to: a) protecting groundwater quality; b) identifying means to correct groundwater overdraft; c) implementing better irrigation techniques; d) increasing water reclamation and reuse; and e) refining water conservation and other management practices.
4. An active state and federal role in cleaning up contaminated groundwater basins should be supported.
5. State and federal involvement, if requested, in developing groundwater

management plans should include technical assistance for defining the characteristics of groundwater resources.

6. Financial assistance from state and federal governments should be made available to requesting local agencies to develop and implement their groundwater management plans.
7. Planned, joint use of surface and groundwater and the development of incentives for such conjunctive use for increased efficiency should be encouraged.
8. Early development of a cost-sharing formula among all beneficiaries to fund groundwater replenishment projects should be supported.
9. The importation of additional supplemental water, consistent with Section VI Conveyance Systems, as one means of eliminating groundwater overdraft in the critically overdrafted basins should be supported.

X. FISH AND WILDLIFE

1. Protection, maintenance, and restoration of fish and wildlife habitats, resources, and their beneficial uses, including recreational and commercial uses, should be supported. Where feasible, enhancement of fish and wildlife habitats should be provided.
2. Water projects shall mitigate adverse impacts on fish and wildlife resources. Mitigation measures shall be on-site, if feasible; otherwise, as close as practicable to the area of adverse impact. Where practicable, such projects should incorporate programs designed to eliminate unnecessary barriers or impediments to fish migration, stabilize areas of streambank erosion, increase

spawning and rearing habitat for fish, and maintain riparian vegetation for cover and temperature control.

3. Protection and restoration of documented fish habitats should be supported.

XI. DRAINAGE

1. Agricultural Drainage

a) Finding long-term, economically feasible, and environmentally sustainable solutions to agricultural drainage problems is essential and in the public interest. Solutions must be safe and environmentally acceptable in order to protect:

- » Viability of agricultural lands;
- » Rivers, estuaries, and groundwater from potential degradation from agricultural drainage; and
- » Water quality for public consumption. Drainage of agricultural lands must be part of current and future agricultural water project planning and implementation.

b) Both state and federal funding should be provided to investigate: a) further improvement in irrigation and drainage management 'practices and conservation; b) evaporation ponds; c) deep-well injection; and d) desalination and other treatment technologies. An equitable cost-sharing formula for implementing solutions to existing and future drainage problems shall include state and federal governments and irrigation project beneficiaries.

3. Other (Run-Off)

a) Finding safe and environmentally acceptable solutions to problems caused by run-off from non-point

sources is essential and in the public interest.

- b) Similarly, finding safe and environmentally acceptable solutions to other drainage and run-off problems, such as those caused by mining, dairying, and forest practices, is essential and in the public interest.
- c) Equitable cost-sharing among appropriate public and private bodies for implementing solutions to urban and other run-off problems should occur.

XII. RECREATION

1. Water development projects should minimize adverse impacts to existing recreational uses and provide new recreational opportunities where feasible.
2. The state and federal governments and the recreational users should bear the recreational development costs of water projects.
3. Operation and maintenance costs of recreational facilities developed in conjunction with water projects should be provided from on-site user fees and other applicable sources. Other costs incurred as a result of these recreational activities, such as law enforcement and emergency rescue, should receive appropriate assistance from state and federal sources.

XIII. NEW TECHNOLOGY

Development of new technology in water use, reuse, desalination, detoxification, and so forth is encouraged. This should be primarily funded by the federal and state governments. Public-private partnerships in this research also should be encouraged. A high priority should be given to the protection of public health. New technology should be evaluated based on sound science.

XIV. FINANCIAL CONSIDERATIONS

1. It is recognized that:
 - a) The development and operation of water supply, water conveyance, flood control and stormwater management, water storage, and wastewater treatment facilities is frequently beyond the capability of local areas to finance;
 - b) Since most facilities have widespread benefits, it has become traditional for federal, state, and local governments to share their costs; and
 - c) It is necessary that such sharing be continued and that different institutional arrangements including cost-sharing formulas among all beneficiaries, public-private partnerships, and user fees should be explored.
 - d) The requiring agency (whether it be state, federal, or otherwise) should pay for the features of projects or programs that are required by that agency.
 - e) Cal Cities supports legislation to provide funding for stormwater, water, and wastewater programs, including a constitutional amendment or legislation which would place stormwater fees in the category of water and wastewater fees for the purposes of Proposition 218 compliance.
 - f) Any agency that regulates water with regard to local governments needs to be involved in the appropriate city with regard to how the city will pay for the new regulatory burden imposed by the agency.

Appendix A

State Water Resources Control Board Water Quality Improvement Initiative (2008)

1. Water Quality Improvement Initiative Item #1 (WQI 1): Cal Cities supports applying the 10% rule “One Per Region Basis”
2. WQI 2: Cal Cities supports staggering the regional water board terms
3. WQI 3: Cal Cities has no recommendation on reducing the size of the regional water board from nine members to seven, with the exception that at least one person on the regional board should have local government experience.
4. WQI 4: Cal Cities supports delegating permitting authority to the regional water board executive officer and that the executive officer should take his or her direction from the State Water Resources Control Board (SWRCB).
5. WQI 5: Cal Cities is opposed to regional water board’s having full-time chairs.
6. WQI 6: Cal Cities is opposed to the creation of a statewide council of full-time regional water board chairs. (Note: Water Discharge Subcommittee members believe that it may be helpful to combine a number of regional boards into larger regional boards to address areas that are similar (e.g., Los Angeles and Orange County). A large regional board could bring more consistency to basin plan management. Any inconsistencies between the regional boards should be addressed by the state Board.)
7. WQI 7: Cal Cities supports the implementation of biennial priority setting based on the Strategic Plan, with six-month updates by the regional water boards.

8. WQI 8: Cal Cities is opposed to allowing the SWRCB to make the TMDL environmental process subject to NEPA instead of CEQA.
9. WQI 9: Cal Cities supports requiring a TMDL to be affirmatively approved by the State Water Board or upon petition.
10. WQI 10: Cal Cities supports requiring the regional water board to consider costs of TMDL compliance.
11. WQI 11: Cal Cities supports authorizing the SWRCB to make changes to TMDLs, rather than remanding these decisions back to the regional water boards (Note: Subcommittee members believe that this policy should be tied into WQI#9).
12. WQI 12: Cal Cities has no position on confirmation of regional water board conflict of interest rules with the Political Reform Act – (Note: the Subcommittee asked for a legal opinion. The question is: “What are the current conflict of interest rules pursuant to AB 1234?” Staff and members believe that this provision is similar to what already exists for other state boards [example: Waste Board].)
13. WQI 13: Cal Cities has no position on the establishment of civil penalties for fraudulent information with regard to reporting by permittees.
14. WQI 14: Cal Cities is generally opposed to any removal of notice and hearing requirements prior to the SWRCB referring a case to the State Attorney General for additional action.
15. WQI 15: Cal Cities has no recommendation on the additional authorization of district and city attorneys to pursue civil violations (for cities over 750,000 in population).
16. WQI 16: Cal Cities believes the state should limit the number of mandatory minimum penalties (MMP) to one violation, and the population limit to qualify under the MMP law as a small, disadvantaged community for a single missing report should move from 10,000 to 50,000 (in accordance with federal law).
17. WQI 17: Cal Cities has no recommendation on early payment of MMP violations.
18. WQI 18: Cal Cities supports the enhanced ability of the Regional Water Boards to administratively enforce state Underground Storage Tank (UST) Requirements.
19. WQI 19: Cal Cities supports enhanced oversight of UST testers.
20. WQI 20: Cal Cities supports moving the SWRCB Enforcement Report deadline to July 1.
21. WQI 21: Cal Cities supports the SWRCB developing and implementing performance measures
22. WQI 22: Cal Cities supports improved data management systems for the SWRCB.
23. WQI 23: Cal Cities generally has no recommendation on the standardization of NPDES permits and believes that this issue should be worked out with the individual regional water boards.
24. WQI 24: Cal Cities generally has no recommendation regarding the update of SWRCB Strategic Plan.
25. WQI 25: Cal Cities supports SWRCB conducted training of regional water boards, provided the SWRCB both conducts the training and sets consistent standards statewide.

Appendix B

GLOSSARY

- **Affordable:** A word used increasingly to express concern whether recipients of water will be able to meet the cost. Whether people view water as affordable will depend on many factors.
- **Agricultural Drainage:** Usually refers to installed drains to permit removal of water which accumulates within a plant root zone. May be essential to maintain a favorable salt balance for plant growth. May contain selenium, salinity, pesticides, herbicides, etc.
- **Area and County of Origin Protections:** Refers to legislative provisions for protecting water rights of these areas.
- **Area of Origin Law:** Applies to a watershed or area wherein water originates, or an area immediately adjacent thereto which can be conveniently supplied with water therefrom. Because this law was enacted as part of the Central Valley Project Act, it applies to the Sacramento River watershed. The Burns-Porter Act subsequently defined the Sacramento-San Joaquin Delta to be part of the watershed of the Sacramento River. Gives area of origin preferential rights regarding operation of federal Central Valley Project and to contract for State Water Project water and to certain rights to construct projects or make diversions, provided use is reasonable and beneficial. (California Water Code Sections 11128, 11460-11463).
- **County of Origin Law:** Prohibits State Water Resources Control Board from the assignment of rights which will deprive a county in which the water originates of such water necessary for the development of the county. (California Water Code Section 10505).
- **Delta Protection Act:** Establishes that an adequate supply of water in the Delta is necessary to the peace, health, safety, and welfare of the people of the state, except that delivery of such water is subject to County of Origin and Area of Origin laws. (California Water Code Sections 12200-12220).
- **California Wild and Scenic Rivers Act and Federal Wild and Scenic Rivers Act:** Establish certain rivers or sections of rivers to be preserved in their free-flowing condition. The California law (California Public Resources Code Sections 5093.50-5093.65) allows domestic water diversion for residents of counties through which the river flows, provided there is no adverse effect upon the free-flowing character of the river. California law finds that the free-flowing state of such rivers is a reasonable and beneficial use within the meaning of the state constitution.
- **Atmospheric Deposition:** The transfer of pollutants suspended in the air to the earth's surface. Pollutants move directly from the atmosphere into water bodies through precipitation, falling particles, or the absorption of gases into water. They also may be deposited over land and transported to water bodies via runoff. Atmospheric deposition is believed to be a significant source of various pollutants to many water bodies.
- **Basin Plan:** The Regional Water Quality Control Plan adopted by a regional water quality control board for that board's area of responsibility in California. (See Cal. Water Code Section 13240). The basin plan establishes water quality standards, uses, and other criteria for surface and ground waters.
- **Best Management Practices (BMPs):** Methods, measures, or practices designed and selected to reduce or eliminate the discharge of pollutants to surface waters from point and nonpoint source discharges, including urban runoff. BMPs include structural and

nonstructural controls, and operation and maintenance procedures, which can be applied before, during, and/or after pollution-producing activities.

- **California Toxics Rule (CTR):** A federal rule adopted by the U.S. EPA on May 19, 2000, which established numeric criteria for various priority pollutants for California. The rule can be found at 65 Federal Register 31682-31719, and was codified in the Code of Federal Regulations at 40 CFR 131.38.
- **Characteristics of Groundwater Resource:** Include quality, quantity, rate of renewal, and yield.
- **Clean Water Act (CWA):** A comprehensive water quality statute (33 USC 1241 et seq.). The CWA was first adopted by Congress in 1972 and later amended in 1987 to apply to stormwater/urban runoff. The CWA was designed to restore and maintain the chemical, physical, and biological integrity of the nation's waters to support "the protection and propagation of fish, shellfish, and wildlife and recreation in and on the water."
- **Coliform:** A group of related bacteria that are generally benign to humans. They are natural and common inhabitants of the soil and ambient waters (e.g., lakes, rivers, and estuaries), as well as the gastrointestinal tracts of animals.
- **Compensation:** Full replacement for unavoidable fish and wildlife resource losses in terms of habitat area and long-term renewability of the quality and quantity of such resources. In the interest of clarification, compensation does not mean monetary payment as a substitute for replacement of resources losses.'
- **Conjunctive Use of Surface and Groundwater:** Planned joint use of surface and groundwater. This usually involves maximizing the use of surface water in wet years (with minimum groundwater pumping) and using any surplus surface water to recharge groundwater, and in dry years augmenting surface supplies by drawing on the stored groundwater.
- **Conservation:** Fish and wildlife resource loss prevention, mitigation, and compensation.
- **Conservation (of Water):** Means efficient use of water. Also means reducing water losses or eliminating waste; storing water for water use; preserving water quality.
- **Contamination:** An impairment of the quality of the waters of the state by waste to a degree that creates a hazard to the public health through poisoning or through the spread of disease. (California Water Code Section 13050) (See "Pollution").
- **Contamination Sources:**
 - » **Point Discharge:** Source is identifiable, as from a pipe or drain ditch.
 - » **Non-Point Discharge:** Sources are more diffuse and not easily identified with well-defined outlets; includes runoff from agricultural or forested land, general urban runoff, except where collected in identifiable drains.
 - » **Cross-Media Pollution:** The contribution or "flux" of pollution from one environmental medium to another. (For instance, the transfer of pollutants from the atmosphere to water.)
- **Davis-Grunskv Bond:** This legislation established a bond fund to facilitate the financing of projects in counties with limited financial resources.
- **Demand/Need:** "Demand" usually refers to a statement of water requirements that may be projected on the basis of past water use practices. In contrast, "need" is intended to refer to water that is truly needed to satisfy a purpose if water is efficiently utilized.

- **Delta:** Refers to the Sacramento-San Joaquin Delta. 700,000 acres of islands, waterways, levees, and lands into which the natural runoff flows from the Sacramento, San Joaquin, Mokelumne, and Consumnes river systems before either being exported or entering the San Francisco Bay and then, the Pacific Ocean.
- **Desalination:** A process designed to treat brackish or seawater to make it useful for potable or non-potable use.
- **Enhancement:** Development or improvement of fish and wildlife resource values of the area affected by a project beyond that which would occur without the project.
- **Enterococcus:** A non-coliform bacteria group used as an indicator of the presence of fecal material in drinking and recreational waters. USEPA believes that enterococci have a better correlation with swimming-associated gastrointestinal illness in both marine and freshwaters than coliform organisms, and “die off” more slowly in saltwater.
- **Environmentally Safe:** Not a precise technical term but used to mean actions that have little or no adverse impact.
- **Economically Sound/Feasible:** Not a precise technical term, but one that refers to a balance of costs and benefits. Formerly emphasis was placed on calculating benefit-cost ratios. Uncertainties and possible abuses in such calculations have raised questions concerning the usefulness of such calculations. Problems include what types of benefits to involve, as well as what costs to involve. Many, including environmentally-related benefits and costs, cannot be adequately quantified.
- **Fish and Wildlife Issues:** See Compensation, Conservation, Enhancement, Fish and Wildlife resources, Instream uses, Loss prevention measures, Mitigation, Preservation, Protection, and Restoration.
- **Fish and Wildlife Resources:** Birds, mammals, fishes, amphibians, reptiles, invertebrate animals, endangered, threatened or rare native plants, their habitat area, and all types of aquatic and land vegetation and other factors of the environment upon which resources are dependent. (See Fish and Game Code Section 45 for the definition of fish).
- **Flood Irrigation:** Used to describe what is more appropriately called basin and border irrigation in which land prepared as basins or land bordered by small levees is irrigated with relatively large streams of water.
- **Groundwater Management:** The process of controlling the extraction of groundwater and/or planned recharge to manage the supply and/or quantity of groundwater. Objectives of groundwater management may include minimizing (or preventing) adverse effects such as groundwater overdraft or quality degradation. (Also see conjunctive use and water management practices).
- **Groundwater Overdraft:** Where, over a period of time, groundwater extraction exceeds natural or artificial recharge.
- **Indicator Bacteria:** Bacteria that are used to assess the microbiological quality of water because, although not typically disease-causing themselves, they may indicate the presence of several waterborne disease-causing organisms. The concentration of indicator bacteria is used as a measure of water safety for body contact and for consumption of water.
- **In-stream Uses:** Include fish, wildlife, recreation, aesthetics, hydropower production, dilution of contamination, waste discharge, and sediment transport.
- **Local Entities:** Includes cities, counties, water districts, joint powers, etc.
- **Loss Prevention Measures:** Designing and implementing measures to avoid immediate

and long-term impacts to fish and wildlife resources.’

- **Maximum Extent Practicable (MEP):** The vaguely defined standard set forth in the CWA to be included in Municipal NPDES Permits to be complied with by municipal dischargers in order to reduce the discharge of pollutants from their municipal separate storm sewer systems. CWA Section 1342 (p)(3)(B)(iii) requires that permits for discharges from municipal storm sewers “shall require controls to reduce the discharge of pollutants to the maximum extent practicable, including management practices, control techniques and systems, design and engineering methods, and such other provisions as the Administrator or the State determines appropriate for the control of such pollutants.”
- **Mitigation:** Measures to lessen or reduce adverse effects on fish and wildlife resources through the use of structural and non-structural loss prevention measures in project design and operations. (See CEQA Guidelines Section 15370)1 NEPA regulations have a functionally similar definition. NEPA definition includes restoration as a mitigation measure, however.
- **National Pollutant Discharge Elimination System (NPDES):** The program for issuing, modifying, revoking, and reissuing, terminating, monitoring, and enforcing wastewater and stormwater discharge permits, and imposing and enforcing pretreatment requirements under CWA.
- **Non-Point Source Discharge:** Pollution caused by rainfall or snowmelt moving over and through the ground. As the water moves, it picks up and conveys natural and human-made pollutants, depositing them into water bodies and groundwater. Atmospheric deposition and hydromodification are also nonpoint sources of pollution.
- **Numeric Limits:** Numeric or numerically expressed narrative restrictions on the quantity, discharge rate, concentration, or toxicity units of a pollutant or pollutants that may be discharged from an NPDES permitted location or outfall.
- **Pathogens:** Disease-causing bacteria, viruses, and protozoans that are transmitted to people when they consume contaminated water.
- **Pollution:** An alteration of the quality of the waters of the state by waste to a degree which unreasonably affects: (1) such waters for beneficial uses, or (2) facilities that serve such beneficial uses. Pollution may include contamination. (California Water Code Section 13050: Please see “Contamination”).
- **Porter-Cologne Water Quality Control Act (Porter-Cologne):** The California equivalent of the federal Clean Water Act. This legislation established that the State Water Resources Control Board (State Water Board) has the ultimate authority over state water rights, water quality policy, and the nine regional water quality control boards (regional water boards) which oversee water quality on a day-to-day basis in their geographic regions.
- **Preservation:** Maintenance and protection of fish and wildlife resources at levels that existed prior to the commencement of a (the current) project. Preservation is achieved through mitigation for avoidable resource losses and/or compensation for unavoidable resource losses and/or compensation for unavoidable resource losses. The term “preservation” is synonymous with “conservation” as used in the U.S. Fish and Wildlife Coordination Act. Preservation does not assume that restoration will occur, but it could.
- **Project Beneficiaries:** Those who gain value in some fashion from any of the following: water supply, flood control, power generation, recreation, salinity repulsion, wildlife.

- **Protection:** Department of Fish and Game appears to use this term when referring to legal enforcement by wardens. (See Preservation and Conservation).
- **Real Water Savings:** Simply means there is an “actual” savings of water that could be put to other use.
- **Reasonable and Beneficial:** Depends on the facts and circumstances of each case. What is a beneficial use at one time may, because of changed conditions, become a waste of water at a later time. (Tulare Irrigation District v. Lindsay-Strathmore Irrigation District). The courts have determined the law requires an evaluation of the ascertainable facts in view of the increasing need for water conservation within California.
- **Beneficial uses include:** storing water underground if thereafter to be applied to beneficial purposes; use of water for recreation and preservation and enhancement of fish and wildlife resources.
- **Reclaimed Water:** Wastewater that has been cleaned so that it can be used for most purposes except drinking.
- **Recycled Water:** Municipal and/or industrial wastewater that has been treated to a sufficiently high level that it can be reused usually for non-potable purposes such as irrigating landscape and refilling aquifers.
- **Restoration:** Means to return to “original” conditions. (Selection or “original” or base condition is often source of debate.)
- **Reverse Flows:** Where the direction of flow in a channel is reversed, as in the case of channels in South Delta which normally drain towards San Francisco Bay, but where pumping for export may cause flow reversal, drawing more saline water further into the Delta.
- **Sediment Transport:** Sediment of various particle sizes may be carried by moving water.

The size of particles transported by water increases as velocity rises.
- **Stormwater:** Water that accumulates on land as a result of storms and can include runoff from urban areas such as roads and roofs.
- **Surplus Water:** When used as a technical term in water contracts, this is the water that is available after entitlement water has been delivered. The amount of surplus water varies from year to year, generally according to amount of runoff. Surplus water ordinarily is less expensive to the user than entitlement water. Reference is also made to water which is surplus to reasonable and beneficial uses of area of origin and Bay/Delta.
- **System Expansion:** Extension of existing infrastructure exclusively to serve new customers in presently unserved areas and/or increase in water supply exclusively for the same purpose.
- **Total Maximum Daily Load (TMDL):** A calculation of the maximum amount of a pollutant that an impaired water body can receive and still meet applicable water quality standards. A TMDL is to include allocations for the maximum load a particular source of a pollutant may discharge to the subject water body. TMDLs are required pursuant to Section 1313(d) of the CWA for water bodies that have first been listed as being impaired for the particular pollutant or pollutants at issue.
- **Triennial Review:** A review of water quality standards in basin plans that is required at least once every three years by Section 1313(c) (1) of the CWA and periodically under Section 13240 of the Porter-Cologne Water Quality Control Act.
- **Ultimate:** Imprecise meaning. Depends on time frame.
- **Usable Groundwater:** Refers to groundwater that can be pumped within the cost and

technical constraints appropriate to the situation.

- **Water Banking:** Not a precise term. Generally refers to storing presently surplus water in groundwater basins or in surface storage facilities.
- **Water Management Practices:** Relate to the varied objectives of irrigation, municipal and industrial use. These objectives may not be compatible. In general, management practices are developed to maximize economic returns and/or to minimize (or prevent) adverse environmental impacts including water quality degradation. Conservation of supply, reuse, treatment for use and waste disposal, and the planned conjunction use of surface and groundwater are all aspects of water management. (Also see Conjunctive use and Groundwater management).
- **Water Quality Standards and Objectives:** The regional water quality boards set “objectives” in their basin planning process which are equivalent to what EPA calls “standards.” The “standards” include numerical narrative criteria and plans to implement these criteria.
- **Water Reclamation:** Usually refers to removing contaminants in water so that the water can be discharged into a receiving water without creating problems for fish, wildlife, and other aspects of environment. Also, refers to water which has been treated to remove contaminants as required to permit its reuse, particularly for irrigation of landscaped or agricultural areas.
- **Way Bill (Program):** Delta Levee Maintenance Program. Declares the Sacramento-San Joaquin Delta, characterized by islands and meandering waterways, as a unique resource of major statewide significance. Reasons are stated. Declares the system of levees is the

key to preserving the physical characteristics of the Delta. Finds there is an urgent need for a higher degree of levee maintenance and rehabilitation throughout the Delta and ‘that the state has an interest in providing technical and financial assistance. Establishes that local agencies maintaining non-project (private) levees shall be eligible for reimbursement from the General Fund. Reimbursement shall be at 50% of cost. (California Water Code Sections 12980-12991).

- **303(d) List of Impaired Waterbodies:** The State is required to prepare a list of water bodies that are polluted, under Section 303(d) of the CWA. Inclusion of a water body on the 303(d) list generally leads to the development of a total maximum daily load (TMDL) for the water body.

Prepared by Robert M. Hagan, *Extension Water Specialist*, Marcia Kreith, *Program Representative, University of California Cooperative Extension, July 1987* and Ken Farfsing, *City Manager, City of Signal Hill, October 2009*.

Governance, Transparency, and Labor Relations

SCOPE OF RESPONSIBILITY

The Committee on Governance, Transparency and Labor Relations (GTLR) reviews state legislation as it relates to transparency, technology (open data), healthcare, elections, and political reform. Additionally, the committee oversees pension and workers compensation reform as well as other labor (employer/employee) related issues.



Summary of Existing Policy and Guiding Principles

Labor Relations

Cal Cities supports legislation that specifically exempts local public agencies from the requirement to negotiate with any labor or special interest group about matters submitted to the voters of that jurisdiction as initiatives or Charter amendments.

Cal Cities supports efforts to promote, initiate and improve both public and private sector labor-management relations.

Cal Cities opposes any system of compulsory and binding interest arbitration, including state mandates and the imposition of binding arbitration through the initiative process. No arbitrator board or other private person should have any control, direct or indirect, over local budgets, revenues, or appropriations.

Cal Cities opposes any legislative action that requires the continuation of the terms of any Memorandum of Understanding (MOU) between a public agency and an employee organization until a successor MOU is agreed upon.

Cal Cities opposes any extension of the State Public Employment Relations Board jurisdiction over local public agency labor relations disputes and charges of unfair labor practices, and also opposes any interference or intervention in local collective bargaining by all labor-management relations councils or boards.

Cal Cities opposes state-mandated legislation related to employer/employee relations that are not mutually agreed upon by the local public agency and its employee organizations, except as provided by local law.

Public Sector Pensions, Compensation and Other Post-Employment Benefits (OPEBs)

Pension Sustainability Principles

Public compensation systems programs should be sustainable, fair to taxpayers and employees, and provide long-term financial stability.

Cal Cities believes that solutions towards realizing pension system sustainability should be the result of inclusive stakeholder collaboration at both the local and state level (retirees, employees, employers, CalPERS).

Cal Cities supports legal or legislative remedies that facilitate options to restore sustainability to CalPERS benefit plans. As appropriate to each city, such actions could include one or more of the following:

- A single benefit level for every employee.
- Converting all currently deemed “Classic” employees to the same provisions (benefits and employee contributions) currently in place for “PEPRA” employees for all future years of service.
- Temporary modifications to retiree Cost of Living Adjustments (COLA) that are automatically added to a retiree’s pension benefit payment regardless of compensation level or CPI.

Cal Cities supports expanded flexibility for cities regarding their contract agreements with CalPERS, which could include additional mechanisms for exiting CalPERS and renegotiating UAL amortization terms.

Cal Cities supports a change in state law or judicial precedent to allow employers to negotiate plan changes with classic CalPERS members.

Cal Cities supports legislative solutions to address increasing costs associated with Industrial Disability Retirement (IDR).

General Pension Principles

Cal Cities supports balanced measures that ensure sustainable retirement and health care benefits are offered to public agency employees while at the same time ensuring that public agencies have solid retirement benefits to attract and retain highly talented employees. Cal Cities supports locally negotiated retirement programs that are fiscally responsible, transparent, sustainable, affordable, and equitable for employees and for taxpayers in the long-term.

Cal Cities supports reasonable measures to ensure that retirement benefits are properly funded allowing flexibility to local agencies to

negotiate equitable cost-sharing with employees and smoothing the employers’ costs during challenging economic times. Cal Cities supports the long-term sustainability of retiree health benefits by including their costs in employer/employee costs sharing formulas.

Cal Cities recognizes and supports the value of a dependable, sustainable, employer-provided defined benefit plan for career employees; supplemented with other employee-only funded retirement options including personal savings such as a 457 Plan. Cal Cities supports further exploration of defined contribution options as part of future pension reform discussions.

Cal Cities supports pension portability across all public agencies to sustain a competent cadre of California public servants.

Cal Cities supports calculating benefits only on core components; special pays such as temporary upgrade of out of class pay should be eliminated from final compensation calculations.

Cal Cities supports meeting any retirement needs for part-time employees with alternatives to a defined benefit plan.

Cal Cities supports employee benefits (including, but not limited to, retirement and disability) and desires to ensure that income derived from such sources are non-duplicative.

Cal Cities opposes preemption of charter city authority over public pension systems.

Cal Cities supports reducing public retirement benefit fraud and increasing transparency of other post-employment benefits.

Cal Cities supports full participation in the PERS Coalition (PERS/PAC) and its purpose of monitoring legislation, policies, and action necessary to maintain or further the interests of contracting agencies.

Cal Cities believes that cities with retirement programs must retain the ability to opt out of Social Security.

Cal Cities believes that the employee benefit structure within local government should be developed locally through the local government collective bargaining process and that process should be strictly honored by the state Legislature and the Governor.

CalPERS (California Public Employees' Retirement System)

CalPERS Divestments Policy

Divestment in industries that may run contrary to environmental or other broad policy goals as an investment strategy can present challenging conflicts for CalPERS in balancing current affairs against its fiduciary duty to maximize retirement investments. Cal Cities supports CalPERS' priority to its members as stated in the State Constitution Article 16, Section 17, "[a] retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

Cal Cities supports responsible investment strategies that balance the short- and long-term ability of CalPERS to meet its financial commitments to its members.

Any divestment policy must be well-vetted and must include the opportunity to identify alternative revenue sources consistent with the intended impact of the divestment and CalPERS' fiduciary responsibilities outlined above.

Cal Cities supports CalPERS proxy access efforts to affect change from within businesses CalPERS has invested in to ensure they are well managed for sustained, responsible, long-term success.

Cal Cities supports an exemption for retired CalPERS employees, allowing them to work for CalPERS agency under contract or appointment by the local agency.

Cal Cities supports agencies having the maximum amount of flexibility when employing and compensating part-time, seasonal, and temporary employees (i.e. lifeguards, seasonal maintenance workers, recreation leaders, summer camp

leaders, and other temporary hires, etc.) to include eliminating the mandate that CalPERS retirement benefits must be provided when the part-time, seasonal, or temporary employee works 1,000 hours in a fiscal year given the costs associated with the CalPERS retirement plan.

Further, Cal Cities supports providing CalPERS with information regarding enrolled members while eliminating the requirement to provide information regarding employees who are not members of CalPERS. Cal Cities also encourages agencies to support long-term part-time/seasonal employees by providing proportional retirement benefits via appropriate mechanisms.

Cal Cities supports having CalPERS provide a broader range of formula choices classes with maximum local control and flexibility in negotiating all options.

Cal Cities supports having CalPERS provide a broader range of health plan choices with a variety of benefit options for all types of member classes with maximum local control and flexibility in negotiating all benefit options with active employees and for retirees.

Cal Cities supports legislation that allows agencies to offer a variety of different health care plans to retired employees that provides adequate, affordable coverage.

Cal Cities supports legislation permitting cities to establish their contributions toward retiree health premiums through the labor relations negotiating process, including: (a) multi-tiered contribution levels; (b) vesting eligibility other than PERS retirement eligibility; (c) prorated contribution based on age and/or length of service; and (d) different contributions for active and retired employees.

When discussing pension policy, the total cost of the pension benefit should be considered. In cost-share arrangements, Cal Cities supports shared employee/employer costs based on the total cost of the pension benefit.

Cal Cities supports providing local governments with maximum flexibility and options. Local agencies must be able to decide on issues such as minimum retirement ages, pension caps, cost-sharing, formulas, and other options to meet local needs and promote ease of administration.

Cal Cities supports giving government agencies through the collective bargaining process the option to extend retirement ages for miscellaneous employees up to social security retirement ages.

Cal Cities supports eliminating the requirement that any negotiated changes in pension benefits under the Public Employees' Retirement Law (PERL) are voted on twice by the affected employees.

Cal Cities supports a State Constitutional Amendment to allow employers to negotiate plan changes with classic CalPERS members.

Cal Cities supports restructuring the CalPERS Board of Administration to substantially increase in independent public members (preferably with financial expertise) to ensure greater representation of taxpayer interests with regard to public pension decisions.

Cal Cities supports setting uniform standards and definitions for disability benefits and evaluating the level of benefit that is considered as tax exempt. The tax-exempt portion should either be eliminated or allowed on a proportional basis to the severity of the disability.

If the above reforms prove unfeasible or ineffective, Cal Cities supports considering a standard public employee pension system where one benefit level is offered to every employee as a further option to restore sustainability to CalPERS.

Cal Cities supports developing a program with the state to ensure that pension programs offered by localities are fully transparent and that professional actuarial evaluations of unfunded components of other post-retirement benefits (OPEBs) and pension plans are completed.

Compensation Principles

Employee compensation should be based on each individual agency's overall philosophy on employee compensation as well as the agency's ability to pay and provide services to their community. Cal Cities recognizes that sound compensation practices are based on the complexity of the job and the community, as well as the job requirements and the knowledge, skills, and abilities needed to meet those requirements.

Cal Cities believes that employee compensation should be based on job requirements, complexity of both the makeup of the city organization and community, the leadership needed, labor market conditions, ethical considerations of what is just and fair, and the organization's ability to pay.

Public compensation systems programs should be sustainable, fair to taxpayers and employees, and provide long-term financial stability.

Transparency of compensation and other benefits ensures the public is informed about the fiscal realities local agencies face as they relate to fiscal obligations.

Cal Cities opposes legislation that would require employers to pay more than the regular pay for work on family holidays.

Workers' Compensation

Cal Cities supports legislation and policy that controls escalating workers compensation costs to public agencies and taxpayers.

Cal Cities opposes legislation that would permit an employee to use more than one legal process in regard to disability claims (i.e., ADA, workers' compensation, DFEH), or any other erosion of the "exclusive remedy" principle as it relates to disability claims covered under workers' compensation.

Cal Cities supports reforming the workers compensation process to incentivize employees returning to work creating a penalty for those

that do not return to available modified duty or alternate positions.

Other Employer and Employee Related Issues

Cal Cities supports efforts to conform the California Family Care Leave Laws to the federal Family and Medical Leave Act (FMLA) laws.

Cal Cities supports the special protection of elected officials, county public defenders, public figures, and public employees acting in their official capacity against threats of death or serious bodily injury.

Cal Cities opposes legislation making it a misdemeanor to disclose peace officer personnel records and citizen complaint records, as well as prohibiting the use of documents or information obtained in violation of this procedure in any administrative proceeding against a peace officer, and any measure that makes it more difficult to discipline the misconduct of police officers.

Cal Cities supports maintaining the confidentiality of personnel matters and protecting public safety personnel discipline records from public disclosure.

Cal Cities opposes the mandated inclusion of governmental entities for Occupational Safety and Health Agency (OSHA) violations without appropriate compensation for the mandates.

Cal Cities supports legislation to protect the authority of city employers to request that an applicant disclose information or use for hiring decisions information concerning a felony conviction.

Cal Cities supports the establishment of a state program similar to that of the federal AmeriCorps program that would allow cities and other local agencies to host service members.

Cal Cities opposes legislation that would allow employment applicants to bring action against the agency for taking into consideration their status as a current or former public employee.

Cal Cities supports controlling the overall costs of healthcare through community-wide actions.

Cal Cities opposes requiring public agencies to continue employer contributions for health care coverage for employees who, during the duration of a strike, fall below the minimum hours worked to qualify for employee health care coverage.

Cal Cities opposes legislation that would interfere with a city's ability to maintain a safe workplace.

Cal Cities is committed to ensuring employees have access to, and are educated in, sexual harassment prevention training and supports the State of California's production of uniform training materials to be used to educate employees on the prevention of sexual harassment in the workplace. As employees move from agency to agency or between public and private employers, it is important that they have a uniform training standard related to sexual harassment prevention.

Transparency

Public trust and confidence in government are essential to the vitality of a democratic system and are the reason ethics laws hold public officials to high standards.

Laws alone cannot foresee or prevent all actions that might diminish the public's trust in governmental institutions. Transparency laws impose the minimum standards of conduct; to preserve public trust, public officials should aspire to conduct that exceeds minimum standards.

State revisions to laws governing local agency transparency and ethics should address material and documented inadequacies in those laws and have a reasonable relationship to resolving those problems.

In order to encourage and facilitate compliance with new transparency and ethics requirements, state laws should be internally consistent, avoid redundancy and be mindful of the practical challenges associated with implementation.

State officials and agencies should aspire to conform to the same level of transparency and ethical behavior as is imposed on local officials and agencies.

Open Meeting Law (Ralph M. Brown Act) & Open Access to Public Records (California Public Records Act)

Cal Cities supports legislation that recognizes the need to conduct the public's business in public. To this end, Cal Cities supported and was a co-sponsor of the original Ralph M. Brown Act and supports legislation that conforms to the intent of the Act. Cal Cities also supports the regulation of the state and other public agencies to ensure conformance to the principles of the open meetings provision in the Ralph M. Brown Act.

Cal Cities opposes legislation claiming to enhance open and public meetings that in practice unnecessarily complicates the ability of a local governing body to properly communicate with the public and that discourages communications among governing body members through unproductive restrictions and inappropriate activities.

Cal Cities opposes legislation that would impose further unnecessary restrictions on the action that a governing body can take in closed sessions.

Cal Cities supports legislation that recognizes the realities of other constraints under which a local governing body must operate that necessitates judicious use of closed sessions, including:

- The privacy rights granted to individuals under the U.S. and California constitutions.
- The personnel issues that have a potential impact on an individual's career and potential earning capacity and that raise serious liability questions for a local jurisdiction.
- The protection of the taxpayer's interests over property and other acquisitions by a public agency.

- The proper maintenance of the same attorney-client privilege enjoyed by the private sector.

Cal Cities supports legislation that includes less-than-a-quorum advisory committees within the definition of "legislative body" as defined in the Ralph M. Brown Act, if the committee is composed solely of members of the legislative body whose subject matter jurisdiction has cumulatively lasted two years or less.

Cal Cities supports alternative methods of meeting public notice requirements and enhancing them through the use of cost-effective, innovative, and technology-friendly methods of communication.

Political Reform Act of 1974 (PRA)

Cal Cities supports legislation and regulations that establish sound practices and principles related to political campaigns. Regulations and legislation that restrict or preempt local authority will be opposed.

Cal Cities should continue to explore opportunities to improve and streamline the Political Reform Act and its implementation through regulations.

Cal Cities supports an increase in the fee for the reproduction of statements required under the Political Reform Act from ten cents (\$0.10) per page to twenty-five cents (\$0.25) per page.

Cal Cities opposes legislation that would prohibit the use of public resources to commence an action to enjoin the operation of any law or constitutional amendment that was proposed by initiative petition and approved by the voters.

Cal Cities supports legislation providing the FPPC with authority to issue opinions to guide local officials in understanding conflict of interest laws, including Government Code Section 1090.

Governance and Ethics

Cal Cities supports legislation that strengthens the ethics laws related to the Board of Administration (Board) for the California Public Employees' Retirement System (CalPERS) including banning

the ability of former Board members to do business with CalPERS.

Cal Cities believes that a statute of limitations for bribery should not begin until the act is discovered. Cal Cities also believes that in cases of conspiracy to commit a felony, the statute of limitations should be the same as the statute of limitations for the underlying crime.

Elections

Cal Cities supports legislation that reduces any unnecessary and costly procedures for conducting a municipal election. Cal Cities opposes legislation that mandates costly and unnecessary procedures related to the election process.

Cal Cities opposes state-mandated consolidated elections as they lead to increased costs and move local elections further down on the ballot even though local outcomes have a direct impact on voters themselves.

Cal Cities supports providing city councils more flexibility to fill city council vacancies including extending the appointment period to fill a vacancy.

Cal Cities supports mail ballot elections.

Cal Cities supports the requirement that the intent and text of a local ballot measure is to be filed with the city clerk and published in a newspaper of general circulation with a filing fee. With regard to any land use measure, Cal Cities supports allowing the city council to refer it to the planning agency for a report on the measure's effects.

Cal Cities supports legislation that facilitates newly sworn citizen's voter registration.

Cal Cities supports permitting elections officials to administer voter information electronically so long as such a process remained voluntary to voters.

Cal Cities opposes any legislation or regulation that would prohibit legal action from being filed by any person(s) challenging the validity of the initiative petition or ordinance after the date of the election.

Cal Cities supports legislation that puts before voters the question of whether general law cities should have the ability to create public campaign financing programs.

California Voting Rights Act (CVRA)

Cal Cities supports a process that would allow a city presented with an allegation of a violation of the California Voter Rights Act (CVRA) to address the allegation before any person may file a lawsuit related to the alleged violation.

Cal Cities supports authorizing cities to convert from an at-large to a by-district election system using an ordinance process, thus avoiding possible California Voting Rights (CVRA) lawsuits and costs associated with gaining voter approval at the ballot.

Cal Cities supports modifying the California Voting Rights Act (CVRA) to provide cities more flexibility to remedy a potential CVRA lawsuit by converting to a rank-choice voting (RCV) method.

Recall Elections

Cal Cities supports legislation that maintains the integrity of the recall process.

Cal Cities supports legislation that reduces the amount of recall abuse while improving, streamlining, and ensuring that the public has full knowledge of the issues.

Elected Officials

Cal Cities recognizes that elected and appointed officials receive threats and have become the target of violence at their homes. The unauthorized publication of home addresses or telephone numbers in newspapers or similar periodicals, like publications on the Internet, is a threat to the security of public officials in their homes. Cal Cities supports legislation to extend or provide protection to elected and appointed officials from the unauthorized publication of their home addresses or telephone numbers in newspapers or similar periodicals.

Cal Cities supports requiring both elected local and state officials to maintain their place of residence in the jurisdiction they were elected to represent.

Candidates running for elected office with young children often face the practical reality of paying for increased childcare to campaign and network when running for office. Cal Cities supports increasing diversity of elected officials at all levels and supports the use of campaign funds to pay for childcare expenses resulting from a candidate or officeholder engaging in campaign activities or performing official duties. Cal Cities also supports legislation to increase flexibility and remove limitations on how campaign funds may be used for security expenses.

Legal Issues

Attorney-Client Privilege

Cal Cities recognizes the special role of public agency attorneys in protecting the public interest, while at the same time maintaining appropriate and critical attorney-client confidentiality. The basis for this position is the belief that it is the public agency that is the public agency attorney's client, not an individual public official. Thus, Cal Cities supports legislation that permits public agency attorneys to breach attorney-client confidentiality to disclose only very serious wrongdoings where internal corrective measures have failed or are futile; the disclosure is made to narrowly circumscribe regulatory agencies and the public agency attorney follows specific procedures.

Government Liability and Tort Reform

Cal Cities supports legislation that limits the exposure of local governments to lawsuits related to liability, including, but not limited to, such areas as unimproved natural conditions, design immunity, hazardous recreational activities, and injuries due to wild animals in public places. Cal Cities opposes legislation that would unduly expose cities to increased liability and cost.

Cal Cities supports modifications to the joint liability laws that require the responsible parties

in a civil action to pay only their fair share of judgment based on their relative responsibility.

Private Sector Liability

Cal Cities will work closely with private sector representatives to evaluate the potential for Cal Cities' support of civil justice reform measures designed to improve the business climate in California. These measures should be evaluated on a case-by-case basis through Cal Cities' policy process.

Cal Cities supports legislation that enables cities to better prosecute unfair competition cases (Business and Professions Code 17200) in order to protect consumers and their residents, and that removes the 750,000 population and District Attorney approval for city attorney action in this area. Cal Cities opposes legislation that restricts cities from pursuing unfair competition cases beyond the restrictions in current law (2003).

Interest on Judgments

Cal Cities supports ensuring that pre-and post-judgment interest rates are fair to all parties, including taxpayers, recognizing the impact on public budgets.

Data and Privacy Protection

Cal Cities encourages cities to do everything in their power to protect the privacy of employees and constituents. However, Cal Cities opposes mandates that would require, in the event of a security data breach, cities to provide identity theft prevention and mitigation services at no cost to the impacted persons.

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Housing, Community and Economic Development

SCOPE OF RESPONSIBILITY

The principle behind the policies reviewed by the Committee on Housing, Community and Economic Development (HCED) is to foster local control of community planning decisions as they relate to land use and economic development.

The issues within the purview of the HCED

Committee include general plans and zoning, housing affordability, rent control, subdivision map act, residential care facilities, other land use regulation, development fees including school fee adequacy, annexation and incorporation policy, development agreements, building standards including seismic safety standards, economic development policy including redevelopment and enterprise zones, military base closure and reuse, mobile home regulation, and sign regulation.



Summary of Existing Policy and Guiding Principles

Planning And Zoning

General Plans

Cal Cities supports the use of the general plan as a guide to meeting community planning needs. A city's general plan should guide the individual city's land use planning and strategic decision-making. A city's general plan should not be subject to mandatory review by regional or state agencies. General plan requirements should be flexible and provide guidance to local communities without requiring inappropriate levels of detail or mandating new topics or elements. Cal Cities supports guidance by expert state agencies in a consultation format but opposes granting mandatory review, certification, or other approval authority to another level of government.

Water Supply and Land Use Planning

Cal Cities supports having the best information available on the reliability of water supplies when land use decisions are made by local agencies, while protecting and retaining local land use decision-making authority.

Zoning

Cal Cities believes local zoning is a primary function of cities and is an essential component of home rule. The process of adoption, implementation, and enforcement of zoning ordinances should be open and fair to the public and enhance the responsiveness of local decision-makers. State policy should leave local siting and use decisions to the city and not interfere with local prerogative beyond providing a constitutionally valid procedure for adopting local regulations. State agency siting of facilities, including campuses and office buildings, should be subject to local notice and hearing requirements in order to meet concerns of the

local community. Cal Cities opposes legislation that seeks to limit local authority over parking requirements.

Housing Element

Housing issues should be addressed in the general plan as other planning issues are. The housing element should be prepared for the benefit of local governments and should have equal status with the other elements of the general plan.

The projections of regional and local growth and the allocations of housing units should account for state and local planning factors and should be subject to a formal hearing and appeal process to ensure that they are realistic. Cities should be allowed to work together to allocate housing units among themselves within a subregion. Appeals should be heard by politically accountable officials at the state and regional levels. Allocated housing units are not a production requirement as cities do not construct housing.

Cities should focus their efforts on facilitating the production of below market-rate housing units. Local government efforts should be subject to realistic performance standards, not to arbitrary state agency review of the housing element. Local government housing efforts should be rewarded by incentives. These incentives should include streamlining by not being subject to the Department of Housing and Community Development review, priority ranking for discretionary funds, and new discretionary funds available for general fund purposes.

Cal Cities supports and encourages legislation that implements comprehensive reforms to the housing element process that:

- Address conflicts between local growth projections and state regional housing need numbers;
- Resolve the problems associated with the distribution of RHNA units within a council of governments;
- Achieve improvements to the housing element review process;
- Develop a neutral dispute resolution process and fair enforcement alternatives to deal with disputes over questions of compliance;
- Require state laws and policies which affect housing and land use to be internally consistent;
- Establish additional legal protections to local agencies that approve affordable housing and that establish local pro-active affordable housing policies; and
- Authorize communities which achieve quantifiable affordable housing production levels to self-certify their housing elements without being subject to state review.

Housing Finance

Cal Cities supports legislation and state and federal programs that assist in providing financing for affordable housing, including the development of fiscal tools and incentives to assist local governments in their efforts to encourage housing and finance the infrastructure to support housing, as well as establishing an ongoing state commitment for funding affordable housing.

Cal Cities supports the re-establishment of federal tax incentives which were in effect prior to 1986 which encouraged private development and ownership of rental housing.

Cal Cities supports property tax assessment policies that match local affordable housing policies.

Economic Development

Job Creation, Retention and Expansion

Cal Cities supports legislation that will provide tangible and productive tools and incentives to support job creation and retention in housing-rich, jobs-poor communities, such as the awarding of direct grants to fund the development of

infrastructure that results in the creation and retention of jobs; the elimination of matching dollar requirements for economic development and infrastructure state grants; the provision of grant funding for infrastructure planning and design and the creation of economic development strategies; and, allowing cities the maximum flexibility in the use of state funds toward local priorities that support job creation. Cal Cities also encourages the state to adopt policies and programs that establish a comprehensive solution to the infrastructure and jobs/housing needs of all communities within the state.

Tax Increment Tools

Cal Cities supports the enactment and expansion of tax increment financing authority for economic development, infrastructure, and community revitalization, including recently enacted Enhanced Infrastructure Financing District Law (EIFD), Community Revitalization and Investment Authorities (CRIA), and Annexation Development Plans.

Cal Cities supports the enactment and expansion of state tax incentives that assist city economic development and community revitalization efforts.

Eminent Domain

Cal Cities supports enactment of fair eminent domain reforms that protect homeowners and opposes proposals that would cripple the ability of state and local agencies to manage development.

Tenant Protections

Cal Cities supports prohibiting landlords from discriminating against tenants who use housing assistance vouchers issued under Section 8 of the United States Housing Act of 1937 and other public assistance towards their rental payments.

Cal Cities also supports requiring landlords that seek to increase monthly rent greater than 10% to provide tenants 90-day notice before the increase takes effect.

Rent Control

Cal Cities opposes legislation that restricts the ability of cities to enact rent control ordinances for mobile homes and stick-built housing that are tailored to meet local conditions and circumstances.

Cal Cities opposes legislation that would require a city to adopt a mobile home rent control ordinance.

Subdivision Map Act

Cal Cities supports maximizing local control over subdivisions and public improvement financing. Discretion over the conditions and length of subdivision and parcel maps should be retained by cities.

Residential Care Facilities

Cal Cities supports permitting cities to exercise review and land use regulation of group home facilities and residential care facilities in residential neighborhoods including the application of zoning, building, and safety standards. State and county licensing agencies should be required to confer with the city's planning agency in determining whether to grant a license to a community care facility. Cal Cities recognizes that better review and regulation of residential care facilities will protect both the community surrounding a facility and the residents within a facility from a poorly managed facility or the absence of state oversight.

Cal Cities supports state legislation to require a minimum distance of 300 feet between all new and existing residential care facilities. Cal Cities supports notification of cities about conditional release participants residing in group homes.

Development Fees

Cal Cities supports providing local discretion in the assessment, collection, and usage of development fees. The state should provide infrastructure funding to help local communities

meet California's growth demands and to increase housing affordability. Cal Cities opposes limiting the ability of cities to levy fees to provide for infrastructure or services.

Cal Cities recognizes that school facilities are a component of a community's infrastructure and must be maintained to foster positive outcomes for youth and economic development. Cal Cities supports maintaining city discretion over the extent to which legislative authority should be exercised to fully mitigate impacts from development to the adequacy of school facilities. Consistent with maintaining discretion, cities should maintain the ability to condition and deny projects that the city determines inadequately mitigate impacts to community schools.

Cal Cities opposes the elimination of any development fee or tax including excise taxes. Tax shifts and initiative measures have severely limited cities' abilities to provide for community needs. The state must ensure that cities have adequate revenues for local infrastructure and services.

Annexation and Incorporation

Cal Cities supports strengthening city control over urban boundaries. Sphere of Influence law should be modified to ban county development and to allow cities to annex logical growth. The Revenue and Taxation Code should not allow counties to block annexations in exchange for unreasonable property tax sharing agreements. In addition, cities should have expanded authority over adjacent lands outside of their sphere of influence regardless of jurisdictional lines so long as the land is not within another city's sphere. Cities should not be required to incur costs for planning to meet infrastructure needs of unincorporated areas or leveraged to annex areas which would result in unfunded costs.

Cal Cities supports facilitating the incorporation of cities that have met procedural requirements and voter approval. Cal Cities opposes efforts by the

Legislature to disincorporate a city for any reason, unless requested by the affected city.

Development Agreements

Cal Cities recognizes voluntary development agreements as one tool for providing flexibility in development approvals.

Building Standards

Cal Cities supports flexibility in the adoption and implementation of health and safety standards contained in the building codes. Statutes should maximize local control over standards applying to local conditions. Cal Cities opposes new standards imposed by statute rather than regulation.

Cal Cities opposes attempts to have multiple state agencies develop specific or

subject-related building standards. New building standards should be proposed through the California Standards Commission.

Cal Cities supports authorizing cities to adopt independent occupancy standards to prevent overcrowding and associated health and safety hazards, including fire-related fatalities.

Housing for Homeless

Housing and programs for homeless and other extremely low-income populations are necessary to ensure quality of life and economic viability for all Californians.

Homelessness is a statewide problem that disproportionately impacts specific communities. The state should make funding and other resources, including enriched services and outreach and case managers, available to help assure that local governments have the capacity to address the needs of the homeless in their communities, including resources for regional collaborations.

Homeless housing is an issue that eludes a statewide, one-size-fits-all solution, and

collaboration between local jurisdictions should be encouraged.

State and federal funding programs should be designed to reflect responsibilities imposed by state and federal law.

Military Base Closure and Reuse

Base Closures and Reuse

Cal Cities supports local decision-making over military base closure and reuse. The affected cities independently or sub-regionally should work together toward efficient reuse planning.

Economic Reuse

Cal Cities supports incentives for broad economic reuse of closed military facilities. Cities should work on a regional and interstate basis to maintain economic productivity. Economic reuse includes both reuse of military facilities and the retooling of related industries to continue to provide jobs for residents of California's cities.

Mobile Home Regulation

Cal Cities supports initiatives that maintain cities as the enforcement authority for mobile home regulation.

Cal Cities supports the preservation of existing mobile home parks as an important source of affordable housing.

Sign Regulation

Cal Cities supports the authority of cities to regulate billboards and other signage. Cal Cities opposes mandatory local abatement programs.

Principles for Smart Growth

Well-Planned New Growth

Recognize and preserve open space, watersheds, environmental habitats, and agricultural lands, while accommodating new growth in compact forms, in a manner that:

- De-emphasizes automobile dependency;
- Integrates the new growth into existing communities;
- Creates a diversity of affordable housing near employment centers; and
- Provides job opportunities for people of all ages and income levels.

Maximize Existing Infrastructure

Accommodate additional growth by first focusing on the use and reuse of existing urbanized lands supplied with infrastructure, with an emphasis on reinvesting in the maintenance and rehabilitation of existing infrastructure.

Support Vibrant City Centers

Give preference to the redevelopment and reuse of city centers and existing transportation corridors by supporting and encouraging:

- Mixed-use development;
- Housing opportunities for all income levels;
- Safe, reliable, and efficient multi-modal transportation systems; and
- Retaining existing businesses and promoting new business opportunities that produce quality local jobs.

Coordinated Planning for Regional Impacts

Coordinate planning with neighboring cities, counties, and other governmental entities so that there are agreed upon regional strategies and policies for dealing with the regional impacts of growth on transportation, housing, schools, air, water, wastewater, solid waste, natural resources, agricultural lands, and open space.

Support High-Quality Education and School Facilities

Develop and maintain high-quality public education and neighborhood-accessible school facilities as a critical determinant in:

- Making communities attractive to families;
- Maintaining a desirable and livable community;
- Promoting life-long learning opportunities;
- Enhancing economic development; and
- Providing a work-force qualified to meet the full range of job skills required in the future economy.

Build Strong Communities

Support and embrace the development of strong families and socially and ethnically diverse communities, by:

- Working to provide a balance of jobs and housing within the community;
- Avoiding the displacement of existing residents;
- Reducing commute times;
- Promoting community involvement;
- Enhancing public safety; and
- Providing and supporting educational, mentoring, and recreational opportunities.

Emphasize Joint Use of Facilities

Emphasize the joint use of existing compatible public facilities operated by cities, schools, counties, and state agencies, and take advantage of opportunities to form partnerships with private businesses and nonprofit agencies to maximize the community benefit of existing public and private facilities.

Support Entrepreneurial/Creative Efforts

Support local economic development efforts and endeavors to create new products, services, and businesses that will expand the wealth and job opportunities for all social and economic levels.

Encourage Full Community Participation

Foster an open and inclusive community dialogue and promote alliances and partnerships to meet community needs.

Establish a Secure Local Revenue Base

Support the establishment of a secure, balanced, and discretionary local revenue base necessary to provide the full range of needed services and quality land use decisions.

Residential Insurance Policy

Cal Cities believes homeowners should be insured for the value of rebuilding a home to current building standards. Cal Cities supports measures to increase transparency in insurance policies so that homeowners can make informed decisions.

Cal Cities believes residents who have experienced a wildfire or other natural disaster are entitled to fair residential property insurance practices that provide flexibility to rebuild, including that insured property owners should not lose insurance coverage during the rebuilding effort.

Cal Cities also believes residential property insurance policies should not be canceled based on weather-related claims or immediately following a disaster.

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Public Safety

SCOPE OF RESPONSIBILITY

The Committee on Public Safety reviews federal and state legislation and issues related to law enforcement, fire and life safety policies, emergency communications, emergency services, disaster preparedness, Indian gaming, and nuisance abatement.



Summary of Existing Policy and Guiding Principles

Fire Services

Cal Cities supports the fire service mission of saving lives and protecting property through fire prevention, disaster preparedness, hazardous-materials mitigation, specialized rescue, etc., as well as cities' authority and discretion to provide all emergency services to their communities.

Cal Cities supports and strives to ensure local control of emergency medical services by authorizing cities and fire districts to prescribe and monitor the manner and scope of pre-hospital emergency medical services, including transport through ambulance services, all provided within local boundaries for the purpose of improving the level of pre-hospital emergency medical service.

Cal Cities supports legislation to provide a framework for a solution to long-standing conflict between cities, counties, the fire service, and LEMSA's, particularly by local advisory committees to review and approve the EMS plan and to serve as an appeals body. Conflicts over EMS governance may be resolved if stakeholders are able to participate in EMS system design and evaluation and if complainants are given a fair and open hearing.

Cal Cities supports stored pressure dry chemical fire extinguishers to be serviced and recharged every six years or after each use, whichever occurs first. Additionally, Cal Cities supports requiring a licensed technician to perform the annual external maintenance examination of stored pressure dry chemical fire extinguishers.

Cal Cities opposes legislation, regulations, and standards that impose minimum staffing and response time standards for city fire and EMS services since such determinations should reflect the conditions and priorities of individual cities.

Cal Cities supports Emergency 911 systems to ensure cities and counties are represented on decisions affecting emergency response.

Cal Cities supports additional funding for local agencies to recoup the costs associated with fire safety in the community and timely mutual aid reimbursement for disaster response services in other jurisdictions.

Cal Cities supports incentives for homeowners who undertake measures to "harden their homes."

Emergency Services and Preparedness

Cal Cities supports the 2-1-1 California telephone service as a non-emergency, human and community services and disaster information resource.

Cal Cities supports “Good Samaritan” protections that include both medical and non-medical care when applicable to volunteer emergency, law enforcement, and disaster recovery personnel. Cal Cities also supports providing “Good Samaritan” protections to businesses that voluntarily place automated external defibrillators (AEDs) on their premises to reduce barriers to AED accessibility.

Emergency Communications Interoperability: Cal Cities supports activities to develop and implement statewide-integrated public safety communication systems that facilitate interoperability and other shared uses of public safety spectrum with local, state, and federal law enforcement, fire, emergency medical, and other public safety agencies.

Cal Cities supports a single, efficient, performance-based state department to be responsible for overseeing and coordinating emergency preparedness, response, recovery, and homeland security activities.

Cal Cities supports efforts to secure additional funding for local agencies to provide training opportunities for appropriate first responder personnel to improve their ability to respond to oil spills, fires, and other hazardous materials accidents.

Cal Cities supports legislation and additional state and federal regulation crafted to ensure that first responders can perform their duties during emergency response operations without interference from unmanned aerial systems, or drones.

Cal Cities supports the authorization of cities to approve and develop Community Paramedicine or Triage to Alternate Destination programs for their jurisdictions.

Cal Cities opposes policies that limit cities' ability to privately contract for emergency medical services.

Law Enforcement

Cal Cities supports the promotion of public safety through:

- Stiffer penalties for violent offenders, and
- Protecting state Citizens' Option for Public Safety (COPS) and federal Community Oriented Police Services (COPS) funding and advocating for additional funding for local agencies to recoup the costs of crime and increase community safety.

Cal Cities opposes booking fees and continues to seek their repeal, while encouraging localities to pursue resolution of the issues with their respective counties.

Cal Cities supports a local government's ability to double the fine for traffic violations in school zones in an attempt to reduce the speed of drivers and protect our youth.

Cal Cities supports reimbursement by the federal government to local agencies, specifically cities, for the costs associated with incarcerating deportable criminals, including the direct costs associated with processing and booking at the time of arrest.

Cal Cities supports policies that promote a victim's right to seek restitution, create restrictions on the early release of state inmates from incarceration for the purpose of alleviating overcrowding, and limit parole hearing opportunities for state inmates serving a life sentence or paroled inmates with a violation.

Cal Cities supports parolee search and seizure terms, which aids local law enforcement's ability to manage paroled offenders.

Cal Cities supports increased penalties for metal theft and recognizes that statewide regulation is needed to discourage “jurisdiction shopping.” Cal Cities also supports increased record-keeping and reporting requirements for junk dealers, including the collection of thumbprints from sellers.

Cal Cities supports accountability on the part of law enforcement agencies concerning police surveillance technology and policies, as well as related oversight by local governing bodies, but also strongly supports limits on disclosure of the full capabilities of such technology to the general public where such disclosure would compromise the effectiveness of the technology's law enforcement applications.

Cal Cities supports policies that require state government entities to notify local law enforcement about known individuals that are prohibited from owning or possessing a firearm.

Cal Cities supports policies that authorize law enforcement officers to administer opioid antagonist medications.

Cal Cities opposes policies that restrict law enforcement agencies from utilizing surveillance technology that would otherwise enhance their ability to prevent criminal activity.

In addition to the mental health screening provided by local hiring entities, Cal Cities supports resources and education to support the mental health needs of local public safety personnel.

Cal Cities recognizes the need to establish a peace officer decertification process through POST.

Cal Cities supports the use of local, state, and federal collaborative prevention and intervention methods to reduce youth and gang violence.

Mental Health/Substance Use Disorder

Cal Cities supports the promulgation of policies and the use of resources to increase collaboration between first responders and health agencies for incidents involving people living with mental illness or experiencing substance use disorders.

Cal Cities supports additional funding and resources to address the substance use crisis through appropriate prevention and intervention efforts, educational awareness campaigns, and

increased access to life-saving overdose treatment aids such as naloxone.

Cal Cities supports resources for increased training and education for first responders to serve people living with mental illness or experiencing substance use disorders, as well as increased multidisciplinary collaboration.

Cal Cities supports transparency relating to sustained findings of officer misconduct.

Cal Cities supports transparency and oversight relating to criminal investigations of officer misconduct.

Cal Cities supports the completion and disclosure of findings relating to officer misconduct despite their voluntary separation from the employing agency.

Police Use of Force

Cal Cities supports transparency on the part of law enforcement agencies regarding agencies' policies on the use of force.

Cal Cities supports the establishment of minimum state standards on use of force that must be included in all California law enforcement agencies' use of force policies.

Cal Cities supports basic training requirements and guidelines for agencies and law enforcement officers on use of force, including, but not limited to training on the legal standards for use of force, one's duty to intercede, implicit and explicit bias and alternatives to the use of deadly force.

Cal Cities opposes modifications to the legal standard on use of force; to the extent, such proposed changes elevate the safety risk to law enforcement officers. Specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood.

Cal Cities opposes the limitation of law enforcement discretion to utilize less-lethal tools for dispersing unruly or unlawful crowds.

Drones

Cal Cities supports policies that allow cities to impose reasonable time, place, and manner restrictions on the operation of drones in their jurisdictions.

Cal Cities supports policies that authorize local law enforcement to enforce state and local drone laws.

Cal Cities supports policies that promote the availability of information on state and local drone laws so that operators are aware of and accountable to local rules.

Cal Cities supports local agencies' ability to enact and enforce rules of general applicability, such as trespass, nuisance, or noise, in a manner that addresses unsafe drone operations.

Cal Cities supports the promotion of transparency to the public, and as technology permits, encourages local agencies to pursue the development and use of real-time drone tracking systems to ensure residents can look up the details of drones operating in a given area.

Cal Cities opposes state legislation or regulations that outright bans drones.

Cal Cities supports the establishment of governmental immunity for local jurisdictions that designate drone recreational areas, which notify the public that drones may be flying overhead, and that persons enter these designated areas at their own risk.

Fireworks

Cal Cities supports increased resources for local enforcement of illegal fireworks and aggressive interdiction efforts in collaboration with state agencies.

Wildland Urban Interface

Cal Cities supports activities to cooperate, coordinate, and communicate in the development of better land use policies and wildland fuel management programs to decrease impacts to

public health and safety resulting from wildland urban interface fires.

Nuisance Abatement

Cal Cities supports enhanced local control over public nuisances including, but not limited to:

- Adult entertainment facilities;
- Problem alcohol establishments; and
- Properties where illegal drugs are sold.

Indian Gaming

Cal Cities supports the following principles that are intended to balance tribal self-reliance with the local government mandate to protect public health and safety.

- Require an Indian Tribe that plans to construct or expand a casino or other related businesses to seek review and approval of the local jurisdiction for such improvements consistent with state law and local ordinances including the California Environmental Quality Act, with the Tribal government acting as the lead agency and with judicial review in the California courts.
- Require mitigation of off-reservation impacts consistent with environmental protection laws that are at least as stringent as those of the surrounding local community and CEQA.
- Require written agreements between tribes and affected local agencies to ensure tribes are subject to local authority related to the infrastructure needs and services outlined above.
- Require adequate compensation from the tribes to the local agency providing the government services that are required by the tribal casino or related businesses.
- Ensure compensation to local agencies from the Special Distribution Fund for off-reservation mitigation coupled with other sources to ensure adequate compensation.

- Require a judicially enforceable agreement between tribes and local jurisdictions on all of these issues before a new compact or an extended compact may become effective.
- Establish appropriate criteria and guidelines to address future compact negotiations.
- The Governor should establish and follow appropriate criteria to guide discretion of the Governor and the Legislature when considering whether to consent to tribal gaming on lands acquired in trust after October 17, 1988 and governed by the Indian Gaming Regulatory Act (25 U.S.C. § 2719).

Gaming

Cal Cities supports measures expanding local control over local gaming operations, including, but not limited to, management of the hours of operation and number of tables in an establishment, as an effective tool to enhance related local revenue streams. Cal Cities opposes as a restriction on those same revenue streams measures that would further restrict such local control, including, but not limited to, the extension of existing statewide gaming moratoriums.

Alcohol

Cal Cities supports policies that limit the ability of minors to engage in alcohol consumption, and limit youth access to alcoholic beverages, so long as related state-mandated programs or services provide for full reimbursement to all local agencies.

Cal Cities supports local policies that hold social hosts responsible for underage drinking that occurs on property under their possession, control, or authority.

Cal Cities supports additional penalties for repeat driving under the influence (DUI) offenders that include, but are not limited to, permanent revocation of an individual's driver's license.

Cal Cities supports legislation and other regulations intended to improve local

governments' enforcement capability against alcohol licensees that are in violation of state law and local ordinances.

Cal Cities supports the ability of bars and restaurants to operate expanded outdoor premises with local and state approval.

Cal Cities supports the sale of alcoholic beverages for off-sale consumption if the beverages are in manufacturer prepackaged containers with local and state approval.

Cannabis Regulation

Cal Cities regards as a vital interest the maintenance of local control over medical and adult-use cannabis businesses and supports measures that enhance and protect maximum local regulatory, land use, and enforcement authority in relation to such businesses.

Reaffirming that local control is paramount, Cal Cities holds that cities must retain the authority to regulate all medical and adult-use cannabis businesses if the regulation relates to location, operation, or establishment to best suit the needs of the community.

Cal Cities affirms that revenue or other financial benefits from creating a statewide tax structure on medical cannabis should be considered only after the public safety and health ramifications are fully evaluated and addressed.

While the value of cannabis as a physical or mental health treatment option is uncertain, Cal Cities recognizes the need for proactive steps to mitigate the proliferation of unlawful medical cannabis businesses and other access points acting outside state or local regulation.

Cal Cities supports cannabis regulation only to the degree that any such regulatory structure preserves and upholds local control and the police power of local governments pursuant to Article XI, Section 7 of the California Constitution.

Cal Cities opposes policies that prohibit local law enforcement from cooperating with federal authorities on investigations into matters involving violations or other criminal activity by cannabis licensees, including, but not limited to, money laundering, sales to minors and diversion.

Graffiti

Cal Cities endorses the “Tag You Lose” anti-graffiti campaign and encourages other cities to implement this program into their existing anti-graffiti programs.

Cal Cities supports increased authority and resources devoted to cities for abatement of graffiti and other acts of public vandalism.

Sex Offender Management

Cal Cities supports policies that will assist local law enforcement with the comprehensive and collaborative management of sex offenders, including tools for tracking the location of sex offenders within local jurisdictions, so long as state-mandated programs provide for full reimbursement to all local agencies.

Corrections

Cal Cities supports constitutional protections for state-funded corrections realignment programs, so long as it includes funding for local police department needs. Cal Cities also supports increasing city representation and participation in the Community Corrections Partnerships, which are charged with developing local corrections plans.

Firearms

Cal Cities recognizes that mental illness and firearms form a dangerous combination that threatens public safety. Consequently, Cal Cities supports policies that restrict persons with mental health disorders from possessing or owning a firearm. Cal Cities supports policies that ultimately allow such persons to petition for retrieval of their firearms.

Cal Cities supports local law enforcement agencies retaining the discretion to issue a concealed carry weapon permit, and thereby opposes policies that mandate the issuance of such permits.

Cal Cities supports the honoring of Gun Violence Restraining Orders (GVROs) that are issued by other states.

Miscellaneous

Cal Cities opposes reductions to city authority to regulate needle and syringe accessibility and exchange programs.

Cal Cities asks any company manufacturing or marketing or planning to manufacture or market colored-tread tires in California to voluntarily abandon such a product line and thereby prevent the public safety, environmental and social problems these tires can potentially cause.

Cal Cities warns those individuals who advocate or perpetrate hate, not to test the cities’ resolve to oppose them as each city is encouraged to vigorously pursue a course of investigation, apprehension, prosecution, conviction, and incarceration of all those who participate in hate crimes.

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Taxation

SCOPE OF RESPONSIBILITY

The Committee on Revenue and Taxation reviews issues related to finance administration, taxation reform, revenue needs, and revenue sources at the federal, state, and local levels.



Summary of Existing Policy and Guiding Principles

Cities and Cal Cities

Preamble

Inherent in these recommendations is the underlying principle that meaningful fiscal reform should allow each level of government to adequately finance its service responsibilities, with each being accountable to taxpayers for its own programs.

Efficiency

Cities and Cal Cities should continue to emphasize efficiency and effectiveness, encouraging, and assisting cities to achieve the best possible use of city resources.

Authority and Accountability

Cities must locally achieve political authority and accountability for revenues raised and services provided. For accountability, revenues should be logically linked to traditional and emerging responsibilities. Cities must effectively communicate the good news about city programs and operations, as well as information concerning financial conditions and city responsibilities.

Alliances

Cities should seek alliances with counties, schools, other cities, employee organizations, other local agencies, business, and professional organizations, and nonprofit organizations to support cooperation, sound financial policies, and joint action.

Initiative

Cities and Cal Cities are prepared to use the statewide initiative process, if necessary, to secure fiscal independence and a sound intergovernmental financial structure. Initiative efforts should, to the extent feasible, incorporate and, in no case violate, the principles developed by the Fiscal Reform Task Force as follows:

- Cities require a greater share of the property tax and other reliable, discretionary revenues in order to finance local services to property.
- Cities require constitutional protection of their revenue sources in order to provide insurance against diversion by the state of these revenues in the future for non-municipal purposes.
- Major reforms in the unfunded mandate reimbursement process should be enacted to make it more workable and meaningful.

Legislature or the Voters

Local Authority and Accountability

To preserve local authority and accountability for cities, state policies must:

- Ensure the integrity of existing city revenue sources for all cities, including the city share and situs allocation, where applicable, of property tax, sales tax, vehicle license fees, etc.
 - Ensure the integrity of city revenue sources by providing fraud deterrence and enforcement tools that improve the collection of public funds.
 - Protect the authority of local governments to collect revenues from telecommunications providers and ensure that any future changes are revenue neutral for local governments.
 - Oppose any state or federal legislation that would pre-empt or threaten local taxation authority including, but not limited to, Utility User's Taxes.
 - Allow every level of government to enjoy budgetary independence from programs and costs imposed by other levels of government.
 - Authorize a simple majority of the voters in a city or county to establish local priorities, including the right to increase taxes or issue general obligation bonds.
 - Offer incentives to reward cities achieving program goals, rather than withhold or reduce revenues to accomplish targets.
- A prudent reserve fund.
 - Official records kept of all Assembly and Senate official meetings.
 - A balanced deficit reduction approach, which could include temporary revenue increases dedicated solely to retiring short-term debt, spending cuts, short-term borrowing and multi-year spending limitations.
 - Long-term restructuring measures, including increased local government property tax shares to create balanced growth and separate budget detail of all state expenditures at the local level.

State Mandates

The state must provide full and prompt reimbursement to all local agencies for all state-mandated programs and/or infractions and losses associated with local revenue shifts.

Local agencies must be authorized to petition the Commission on State Mandates immediately after legislation is chaptered for determination of eligibility for reimbursement and reserve the right to directly pursue court intervention without an administrative appeals process.

Reforms are needed in the mandate approval and reimbursement process.

The state should be prohibited from deferring mandate payments.

Unless specifically requested by a city, no new duties, responsibilities, or obligations should be assigned to a city or cities under state realignment.

Additional Revenue

Additional revenue is required in the state/local revenue structure. There is not enough money generated by the current system or allocated to the local level by the current system to meet the requirements of a growing population and deteriorating services and facilities.

When disasters or emergencies occur statewide or in various areas of the state, state government has

State Legislative and Budget Reforms.

To stabilize state funding and programs and reverse the trend of the state's reliance on local revenues to solve the state's fiscal crises, the state should implement fiscal and legislative reforms which may include for consideration the following:

- A two-year spending plan with the first session focused on expenditures over the period.
- Oversight hearings that review programs for savings, duplication, or gaps in services.
- Limits on the number of bills that legislators may introduce.

traditionally stepped in to assist with recovery efforts through various means, including the passage of legislation to provide income and property tax relief to affected individuals and businesses, and reimbursing local governments for their losses. Cal Cities supports disaster recovery legislation that includes mitigation for losses experienced by local governments. Cal Cities supports this aid being allocated to cities through a process that objectively accounts for the impacts that a disaster or emergency has had on a city's residents, infrastructure, economy, and revenues. In the event that aid is provided solely on a per-capita basis, Cal Cities support that it be done equally per resident.

Cal Cities also supports establishing a federal debt guarantee program that supports state catastrophe insurance programs for post-event debt that they incur as a result of paying for insured losses caused by major natural catastrophes.

Cal Cities supports legislation that would make adjustments to the vehicle license fee-property tax swap of 2004 to ensure that the formula appropriately accounts for city incorporations and annexations of inhabited territory.

Cal Cities supports legislation that would bolster existing local efforts to enforce local ordinances and revenue collection associated with short-term rentals. Legislation must protect local transient occupancy tax collection authority, tax rates, and enforcement authority associated with short-term rentals.

Reduce Competition

Revenue from new regional or state taxes or from increased sales tax rates should be distributed in a way that reduces competition for situs-based revenue. (Revenue from the existing sales tax rate and base, including future growth from increased sales or the opening of new retail centers, should continue to be returned to the point of sale.)

The existing situs-based sales tax under the Bradley Burns 1% baseline should be preserved and protected.

The equitable allocation of remote revenues from e-commerce recognizes both sides of the transaction and their contribution to sales tax generation. Allocation of the Bradley Burns 1% local sales tax revenue from in-state online purchases should proportionately benefit those communities that provide the infrastructure and incentives that facilitate the transaction and delivery of those goods and those communities that are the destinations for the goods. The regional impacts to infrastructure, land use, environmental quality, and public health stemming from e-commerce as well as the financial dependence of communities on the resulting revenues must be recognized. Changes to consumer behavior, which consists of more online shopping, must also be considered as to the fiscal sustainability of all cities.

City officials should account for these factors in the evolving marketplace and continuously strive for prospective fair and equitable revenue sharing based on data, as available. City officials should also employ their best judgement to support policies that benefit the sustainability of all cities.

Restrictions should be implemented and enforced to prohibit the enactment of agreements designed to circumvent the principle of situs-based sales and redirect or divert sales tax revenues from other communities when the physical location of the affected businesses does not change.

Sales tax rebate agreements involving online retailers can be inappropriate because they may have the effect of encouraging revenue to be shifted away from numerous communities and concentrated to the benefit of one.

Prospectively, sales tax rebate agreements shall be no longer than 20 years, and shall not rebate more than 50% of the sales tax generated by the private business. Existing sales tax rebate agreements shall not have the ability to be renewed in perpetuity (i.e., term extensions that would be a loophole to avoid new requirements are prohibited). Additionally, the California

Department of Tax and Fee Administration shall exclude from the county pool calculations of the local Bradley Burns 1% sales and use tax the sales tax gained from a sales tax sharing agreement that is rebated to a private business.

There shall be a statewide database and dashboard of all Economic Development Subsidy Reports (such as sales tax rebate agreements) on a website.

Funding for Counties

Counties require additional funding if they are to fulfill their state-mandated and traditional roles.

As legal agents of the state, county expenditures in that capacity should be funded by the state. Their local programs should be financed locally.

The concept of "self-help" for counties should be expanded. An example might be that counties could receive certain state funding if they raise a specified level of revenue locally.

To alleviate competition among cities and counties, funding for counties should be accompanied by agreements on new development in undeveloped areas within the cities' sphere of influence.

Regional Revenues

Local government issues, programs, and services do not always recognize local government jurisdictional boundaries. In cases where regional issues, programs, and services are identified, multi-jurisdictional revenues should then be identified and implemented. As an example, the sales tax has been considered and used by many countywide areas to address multi-jurisdictional transportation issues.

Support regional cooperation on common interests and goals by providing access to share incremental growth in ERAF property tax.

Revenue Modernization

Property Tax

Cal Cities supports legislation which would clarify and improve the definition of "change of

ownership" for property tax reassessment purposes to include when more than 90% of direct or indirect ownership interests in a legal entity are cumulatively transferred in one or more transactions. Such changes would reduce the use of complicated strategies employed to evade reassessment of property upon changes of ownership.

Sales Tax

- **Sales and Use Tax Base:** Cal Cities supports modernization to the sales tax through measures that would either broaden the tax base on goods, which includes reviewing existing exemptions on certain goods and expanding to digital forms of goods that are otherwise taxed, and expanding the sales tax base to services, such as those commonly taxed in other states. Specific proposals in these areas should be carefully reviewed so that the impacts of any changes are fully understood.
- **Sales Tax Sourcing Rules:** Support as Cal Cities policy that point of sale (situs) is where the customer receives the product. Specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood.

Cal Cities supports as policy allowing more direct reporting of use taxes related to construction projects to the jurisdiction where the construction activity is located by reducing existing regulatory threshold from \$5 million to \$1,000,000.

Additionally, contractors should be required, rather than optionally permitted, to submit appropriate documentation for direct allocation of sales and use tax revenue to the location of the construction jobsite.

Cal Cities supports as policy requiring retailers to report the local use tax for transactions of \$100,000 or more to the participating jurisdiction where the first functional use is made.

- County Pool Use Tax Allocations:** Support Cal Cities working with the state California Department of Tax and Fee Administration to update the county pool allocation process to ensure that more revenues are allocated to the jurisdiction where the purchase or first use of a product occurs (usually where the product is delivered). Use Tax collections from online sales, including from the South Dakota v Wayfair Decision, should be shifted out of county pools, and allocated to the destination jurisdiction whose Bradley Burns tax applies and not throughout the entire county.
- State Sales Tax Exemptions:** Cal Cities opposes state legislation that proposes to grant exemptions for specific products that fail to protect those portions of the sales tax that are dedicated to local government.
- Data Collection:** Cal Cities supports efforts to modernize statewide sales tax data collection to improve understanding of out-of-state and in-state remote sales.

Federal Streamlined Sales and Use Tax Agreement (SSUTA)

There are more questions than answers for California cities about potential state participation in the SSUTA. The SSUTA offers many more risks for California cities than benefits. Thus, Cal Cities should:

- Continue to monitor developments of the SSUTA and related federal legislations, but not support any additional efforts that would lead to California joining the agreement. This position can always be revisited at a future point if events change.
- Strongly oppose any federal effort that attempts to force California to conform to the Agreement, or amendments to federal legislation that would directly undermine California's utility user tax structure.
- Work with the California Department of Tax and Fee Administration and other parties on

alternative efforts to increase the collection of use taxes within California. Share Cal Cities analysis of the SSUTA with interested parties, exchange information on use tax collection issues with municipal Leagues in other states, including those states with tax structures similar to California.

Federal Legislation Requiring Use Tax Collection

Cal Cities supports federal legislation that would require the collection of use tax from internet or "remote sales" that meets the following conditions:

- Is limited to the collection of sales and use taxes.
- Does not require states to participate in the SSUTA.
- Requires remote sellers to collect the full destination rate (combination of state and local rate at location the product will be delivered).
- Exempts intrastate (non-remote sales within California) from the destination rule.
- Provides sufficient flexibility to accommodate California's tax structure. (There are instances where the state, for policy reasons, has opted not to collect the state's share of sales taxes on an item, but the local rates on those items are still collected).

State regulatory actions and possible legislation may be needed to address issues raised by the collection of new revenue from remote sales. Implementation by the California Department of Tax and Fee Administration would likely require appropriate software for remote sellers to implement the new system.

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Transportation, Communications, and Public Works

SCOPE OF RESPONSIBILITY

The Committee on Transportation, Communications, and Public Works reviews both state and federal legislation as it relates to issues of transportation funding, construction, public works, telecommunications, and other related areas.



Summary of Existing Policy and Guiding Principles

Transportation

Cal Cities supports constitutional protections for transportation funding to be dedicated for transportation purposes only and opposes any efforts to reduce or eliminate transportation funding for local government.

Cal Cities supports protecting the additional funding for local transportation and other critical unmet infrastructure needs. One of Cal Cities' priorities is to protect the consistent and continuous appropriation of new monies from various sources directly to cities and counties for the preservation, maintenance, and rehabilitation of the local street and road system. New and additional revenues should continue to meet the following policies:

- System Preservation and Maintenance.** Given the substantial needs for all modes of transportation, a significant portion of new revenues should continue to focus on system preservation. Once the system has been brought to a state of good repair, revenues for

maintenance of the system would be reduced to a level that enables sufficient recurring maintenance.

- Commitment to Efficiency.** Priority should continue to be used to improve current systems. Recipients of revenues should incorporate operational improvements and new technology in projects.
- All Users Based System.** New revenues should continue to be borne by all users of the system from the traditional personal vehicle that relies solely on gasoline, hybrid, or electric technology, to commercial vehicles moving goods in the state, and even transit, bicyclists, and pedestrians who also benefit from the use of an integrated transportation network.
- Alternative Funding Mechanisms.** Given that new technologies continue to improve the efficiency of many types of transportation methods, transportation stakeholders must be open to new alternative funding mechanisms. Further, the goal of reducing greenhouse gases is also expected to affect vehicle miles traveled, thus further reduce gasoline consumption and revenue from the

existing gas tax. The existing user-based tax is an unsustainable revenue source. Collectively, we must have the political will to consider alternate transportation revenue streams that will provide reliable and sustainable revenues for local transportation projects.

- **Unified Statewide Solution.** For statewide revenues, all transportation stakeholders must stand united in the protection of new revenues. Any new statewide revenues should address the needs of the entire statewide transportation network, focused in areas where there is defensible and documented need.
- **Equity.** New revenues should continue to be distributed in an equitable manner, benefiting both the north and south and urban, suburban, and rural areas as well as being equally split between state and local projects.
- **Flexibility.** Needs vary from region to region and city to city. Local governments should continue to have needed flexibility for new revenues and revenue authority to provide the appropriate level programs and activities that constituents rely on.
- **Accountability.** All tax dollars must be spent properly, and recipients of new revenues must be held accountable to the taxpayers, whether at the state or local level.
- **Education.** Through the City and County Pavement Improvement Center (CCPIC), educational opportunities to provide additional research and development, guidance, specifications, tools, and training in pavement management and engineering must be made available to local governments to help ensure local streets and roads last longer, cost less, and are more sustainable.

Cal Cities supports a permanent shift of the sales tax on gasoline for transportation purposes and an allocation formula equivalent to 40/40/20 split of 40% to cities and counties, 40% to State Transportation Improvement Program (“STIP”), and 20% to transit.

Cal Cities supports enhanced autonomy for local transportation decision-making and pursues transportation policy changes that move more dollars and decisions to local policy leaders. Cal Cities supports policies to ensure transportation investments are being used for transportation purposes. Cal Cities will seek the maximum share of available funding for local transportation programs. Cal Cities supports implementation of federal transportation funding re-authorization legislation in a manner that supports these principles.

Cal Cities supports the preservation and expansion of transportation grant funding opportunities to help incorporate new transportation technologies and practices into local transportation networks, such as active transportation grant funding and transportation innovation grant funding.

Cal Cities opposes any state actions that would result in a reduction of revenues for local governments from the Highway Users Tax Account and/or the Road Maintenance and Rehabilitation Program. Cal Cities supports a requirement for the state to consult with Cal Cities of any transportation policy changes to help ensure such strategies include funding equal to or greater than what cities already receive to maintain, operate, and rehabilitate their existing streets and roads network.

Cal Cities supports the ongoing study of the Road Charge and any other alternative to the gas tax to sustainably fund transportation infrastructure.

Cal Cities supports efforts that streamline funding processes between the state, federal, and local governments that help reduce the amount of time and resources it takes to fund and complete transportation projects, such as NEPA delegation and the Match-Exchange Program.

Cal Cities opposes conditioning a city’s share of transportation funding on housing-related goals, such as planning and production, instead favoring

comprehensive housing solutions for housing problems.

Cal Cities supports bicycle and pedestrian access with maximum local flexibility to prioritize this transportation need, as long as funding is available directly for it and other transportation priorities do not negatively affect transportation funding. Cal Cities opposes any mandatory set-asides or prioritization for bicycle and pedestrian access on the state or local system using state or local maintenance and/or rehabilitation funding.

Cal Cities opposes requiring a city or parking processing agency to automatically cancel notices of parking violations, prior to a request from a vehicle owner, if the violation does not substantially match the corresponding information on the vehicle registration.

Cal Cities opposes efforts that limit the ability for cities to remove or immobilize vehicles that chronically ignore moving and/or parking violations and/or are operating unlawfully on public roads.

Cal Cities supports the visionary effort of the High-Speed Rail project and supports the involvement of local officials in the project planning and implementation. However, Cal Cities opposes efforts to exempt the High-Speed Rail project from the California Environmental Quality Act (CEQA) and any other effort that would eliminate an opportunity for local input. Cal Cities also supports efforts to reaffirm voter support of the project, including voter reconsideration for the bond.

Cal Cities supports the development of best practices and funding to support all modes of goods movement including ports, roadways, storage/distribution centers, rail, and air. A focus should be kept on job creation and retention, economic development, and safety with cities actively engaged in their region for appropriate goods movement decision.

Cal Cities supports efforts to improve the California Public Utilities Commission's (CPUC) ability to respond to and investigate significant

transportation accidents in a transparent and timely manner to improve rail shipment, railroad, aviation, marine, highway, safe autonomous vehicle activities, and pipeline safety.

Cal Cities supports efforts to expand the Caltrans Business Logo Program, including the accurate deployment of Electric Vehicle Charging Station ("EVCS") charging signage.

Cal Cities opposes policies that undermine local decision making in the permitting process of refueling zero emission vehicles, including EVCS in the public right of way.

Cal Cities supports having a balanced regulatory framework over both the taxi, autonomous vehicle and transportation network companies ("TNC") industries and encourages the CPUC to include biometric identification data from TNC drivers and to have TNC companies conduct vehicle safety inspections and a policy where both industries where they are regulated by the state's CPUC, while giving cities the ability to regulate both industries when any given city finds that state regulation is insufficient for their community.

Cal Cities supports the Full Funding Grant Agreement (FFGA) process for the Federal Transit Administration's (FTA) Capital Investment Grant (CIG) program.

Public Works

Cal Cities supports retaining maximum flexibility for timely and cost-effective completion of public works projects. Cal Cities supports innovative strategies, including public-private partnerships at the state and local levels to enhance public works funding.

Cal Cities supports efforts to divert products that contribute to decreased capacity and increased maintenance costs at wastewater treatment facilities.

Cal Cities encourages the state to adopt maximum response time for all necessary state reports, including Project Study Reports, to allow for a

timely and cost-effective completion of public works projects. Cal Cities supports the certification of private firms to complete reports when state staff is unavailable.

Cal Cities supports expedited permitting when the work is necessary to ensure the integrity of gas pipelines, provided that local permitting and plan review requirements are met.

Cal Cities opposes efforts to alter the way that Caltrans prioritizes its litter cleanup and abatement program to just the segments of highway that receive the highest number of complaints.

Cal Cities supports improving the state's seismic readiness and resiliency, including tax credits for retrofitting seismically vulnerable buildings and the state conducting its own survey of buildings that are potentially vulnerable in seismic-prone regions of the state. Cal Cities opposes any efforts to impose such a mandate on local governments.

Cal Cities supports the inclusion of wildfire mitigation as an eligible project to receive the California Public Utilities Commission's Rule 20 funds and efforts to expand funding for Rule 20.

Micromobility

Cal Cities supports efforts that promote safety and reassert local authority when regulating emerging transportation technologies, such as e-scooters and e-bicycles, and opposes efforts to limit this authority and the city's access to meaningful data from companies operating within their jurisdiction.

Vehicles

Cal Cities supports requiring at least one person for any autonomous heavy-duty vehicle or autonomous transit vehicles during the early stages of autonomous vehicle deployment.

Cal Cities opposes all efforts that allow vehicles and vehicle operators on the road that will jeopardize the integrity of the public infrastructure

or the health and safety of the motoring public. Cal Cities supports all efforts to retain maximum control of the local street and road system. Cal Cities supports traffic safety enhancements such as motorcycle helmets, child restraints, seat belts, and speed limit laws.

Cal Cities opposes any efforts to increase truck size or weight. The size and weight of trucks are important because they affect the stability and control of the truck, the way it interacts with other traffic, and the impact it has when colliding with other vehicles. Truck safety is particularly important because these vehicles share city streets and county roads with users — such as, motorists, pedestrians, cyclists, motorcyclists, and bus riders.

Cal Cities encourages cities to promote safe driving across California and the education of the general public about the dangers of texting while driving.

Cal Cities supports a requirement that all state rulemaking bodies consider the following factors for any proposed rule impacting vehicles: the weight added to any vehicle; the effect any added weight would have on pavement wear; and the resulting costs to state and local governments.

Cal Cities supports efforts to protect consumers from unscrupulous tow trucker companies and operators.

Cal Cities holds that increasing vehicle fines do not improve safety around school zones and encourages other efforts, such as increased police presence and additional crossing guards, as better solutions to safety issues in school zones.

Cal Cities supports legislation that authorizes the testing or conducting of pilot projects for autonomous vehicles in a safe manner.

Cal Cities supports policies that require local decision making in the authorization and oversight of autonomous vehicle operations.

Cal Cities supports policies that allow cities and ticketing authorities to ticket/cite autonomous vehicles.

Cal Cities support policies that promote safer environments for the operation of autonomous vehicles and allow first responders and local law enforcement the ability to interrupt and redirect wayward autonomous vehicles.

Contracts

Cal Cities supports maintaining maximum local flexibility in the area of contracting and contract negotiations. Cal Cities supports changes to law that allow cities options to use design-build and progressive design build delivery methods and contracting and other innovative delivery methods to bring efficiency to public contracting. Cal Cities also supports contracting out with private entities to increase project delivery efficiency and affordability.

Cal Cities opposes efforts to shift additional legal costs and liability away from design professionals and contractors to local governments.

Telecommunications

Cal Cities supports a state tax levied on direct broadcast satellite television service providers if the proceeds are distributed to support local public safety programs consistent with a geographic distribution methodology that reflects households using this service and provided that the tax is repealed should the revenues be diverted by the state for another purpose.

Traditional franchising at the local level has served the valuable purpose of tailoring service to unique local conditions and needs and assuring responsiveness of providers to consumers. The continued involvement of local government in any new state or federal regulatory scheme by way of locally negotiated agreements is an essential component of telecommunications regulations; best serves the needs of consumers and is consistent with the goal of providing consumers greater choice in telecommunications options.

Any new state or federal standards must conform to the following principles:

Net Neutrality

- Access to fast, reliable, and high-quality internet is essential for the success of our collective communities.
- Reliable communications and data networks for essential services, such as police and fire, are necessary, especially during times of emergency.
- Communications and data networks are increasingly important for the relationship between local government and its residents and businesses.
- Net neutrality prevents internet service providers from blocking, throttling, degrading, or providing for paid prioritization of lawful content, applications, or services.
- Free and open internet can spur innovation and help close the digital divide in California.
- Revenue Protection
- Protect the authority of local governments to collect revenues from telecommunications providers and ensure that any future changes are revenue neutral for local governments.
- Regulatory fees and/or taxes should apply equitably to all telecommunications service providers.
- A guarantee that all existing and any new fees/taxes remain with local governments to support local public services and mitigate impacts on local rights-of-way.
- Oppose any state or federal legislation that would pre-empt or threaten local taxation authority

Rights-of-Way

- To protect the public's investment, the control of public rights-of-way must remain local.
- Local government must retain full control over the time, place, and manner for the use of the public right-of-way in providing utilities, broadband and telecommunications services,

including the appearance and aesthetics of equipment placed within it.

Access

- All local community residents should be provided access to all available broadband and telecommunications services. Cal Cities supports funding and resources to provide access to high-speed broadband infrastructure, including municipal broadband, for all California communities, to close the digital divide, especially in unserved and underserved communities.
- Telecommunications providers should be required to specify a reasonable timeframe for deployment of telecommunications services that includes a clear plan for the sequencing of the build-out of these facilities within the entire franchise area.

Public Education and Government (PEG) Support

- The resources required of new entrants should be used to meet PEG support requirements in a balanced manner in partnership with incumbent providers.
- For cities currently without PEG support revenues, a minimum percentage of required support needs to be determined.

Institutional or Fiber Network (INET)

- The authority for interested communities to establish INET services and support for educational and local government facilities should remain at the local level.

Public Safety Services

- The authority for E-911 and 911 services should remain with local government, including any compensation for the use of the right-of-way. All E-911 and 911 calls made by voice over internet protocol shall be routed to local public safety answering points (PSAPs); i.e., local dispatch centers.

- All video providers must provide local emergency notification service.

Customer Service Protection

- State consumer protection laws should continue to apply as a minimum standard and should be enforced at the local level. Local governments should retain the authority to assess penalties to improve customer service.

Wireless Infrastructure

- Existing telecommunications providers and new entrants shall adhere to local city policies on public utility undergrounding.
- Cal Cities supports the authority of cities to zone and plan for the deployment of broadband and telecommunications infrastructure. Cal Cities supports the ability of cities to maintain and manage the public right-of-way and receive compensation for its use. Cal Cities supports the innovation and economic development potential of the “information superhighway” and the many possible benefits in the areas of telecommuting and productivity it promises. Cal Cities will work with the CPUC, the various telephone companies, and federal regulatory agencies to improve telephone area code planning in California.
- Cal Cities supports model agreements between cities and wireless communications providers for the deployment of wireless infrastructure, including small cells and macro cell towers, within their jurisdiction.
- Cal Cities supports a requirement of telecommunications providers to notify the California Office of Emergency Services (CalOES) of 911 service or emergency warning outages to help ensure the most efficient deployment of emergency services in affected areas.

Plain Old Telephone System (POTS):

Cal Cities believes the following principles in order to ensure minimum standards are met before service withdrawals of plain old telephone systems are made:

- Require that reliable communications systems are in place prior to any technology transition to ensure vital government services and public safety operations are available to communicate with citizens during emergencies.
- Telecommunications service should be technology-neutral to include similar regulatory protections and obligations, such as maintenance of infrastructure, access to facilities, and provision of basic voice and broadband service.
- Ensure a transparent process for the phase-out of POTS, avoiding self-certification and arbitrary timelines for CPUC review of withdrawal requests.
- Require carriers to assist local governments in a proposed service withdrawal area to determine which public services are dependent on them.
- Require the CPUC to consult with state and local agencies to verify alternative communications services that meet or exceed POTS quality, accessibility, reliability, and affordability and determine adequate transition times, especially to ensure functionality of the 911 system.
- For wireless technology alternatives, local governments must have guaranteed priority access to the 911 system.
- Ensure state enforcement and accountability over any proposed service withdrawals.
- Require that the transition to an alternative service is cost-neutral for consumers, with additional costs borne by the carriers, including ancillary costs such as software and equipment, for instance.
- Require the CPUC to notify and work with cities and other local governments of proposed service withdrawals to ensure appropriate transitions.
- Carrier cost savings from any such transition should be shared with customers, including local governments through a state-developed and administered financial assistance program.
- Require that “Lifeline” rates for customers with special needs are cost and technology-neutral, in the short- and long-term.
- Require that telecommunications companies that withdraw plain old telephone service within any given area continue to maintain the infrastructure and if no longer in use, be responsible and pay for the removal of the infrastructure.

Cal Cities opposes a deregulated framework for Voice over Internet Protocol (VoIP) technology given that VoIP is often a “communication of last resort,” as the state’s populace rapidly moves away from plain old telephone service and onto VoIP or wireless communications.

Air Pollution

Cal Cities will monitor developments and the ramifications of efforts to regulate air quality and related congestion strategies as it is related to state and local transportation networks.

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2024 Legislative and Regulatory Policy Platform

Overview and Purpose

The Clean Power Alliance (CPA) Legislative and Regulatory Policy Platform (Platform) serves as a guide to the CPA Board of Directors and CPA staff in their advocacy efforts and engagement on policy matters of interest to CPA. The Platform allows both members of the CPA Board of Directors and CPA staff to pursue actions at the regional, state and federal legislative and regulatory levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, its member agencies, and its customers.

The Platform provides direction to CPA staff on positions that should be taken on regulatory matters and legislative bill proposals. The Platform also provides guidance to the Chief Executive Officer on positions that should be taken on legislative and regulatory matters that come before the California Community Choice Association (CalCCA) Board of Directors.

CPA staff report to the Board monthly on all positions taken on legislative bills. For bills that fall outside the scope of this platform; bills that are likely to attract high-profile supporters and detractors, including bills that would modify the California Environmental Quality Act (CEQA); bills that would raise taxes; or bills that would knowingly put CPA at odds with positions that its member agencies have taken, CPA staff will seek approval of a proposed position to the Legislative & Regulatory Committee and Board of Directors before taking a position.

Policy Principles

The Legislative and Regulatory Policy Platform is centered around five basic principles:

1. Protecting CPA's local control and competitive position, especially as it relates to rates, finances, power procurement and expansion of its service territory.
2. Pursuing power resource planning and procurement that promotes the growth in renewable energy capacity at the local level and reduce fossil fuel dependency, with the goal of combating climate change.
3. Developing and administering customer programs that encourage clean energy adoption by CPA customers.
4. Ensuring fair access to data, particularly as it relates to energy usage, billing, and information needed to develop and administer customer programs.
5. Supporting CPA's ability to set electric rates and offer programmatic services that are affordable and inclusive for all.

These principles are incorporated throughout the below platform.

Policy Platform

1. Affordability and Local Control
 - a. Fair rates and cost allocation: CPA will pursue administrative and legislative initiatives that will ensure that non-bypassable charges for CPA customers, including any income-graduated fixed charges, are assessed fairly compared to unbundled customers and that CPA's customers are not unnecessarily burdened by non-bypassable charges compared to unbundled customers.
 - b. Finances: CPA will pursue administrative and legislative initiatives to ensure that CPA is eligible to apply and receive funding made available to the electricity sector for decarbonization, reliability, and affordability purposes, and that CPA's financial health are not disparately impacted by new regulations.
 - c. CCA Expansion: CPA will pursue administrative and legislative initiatives to protect CPA's ability to expand its service to new member agencies.
 - d. Local Control: CPA will pursue administrative and legislative initiatives to protect CPA Board's authority over CPA's procurement, rate-setting, governance, and customer program development activities.

2. Power Resources Planning and Procurement
 - a. Resource Adequacy and Reliability: CPA will pursue administrative and legislative initiatives that will enable CPA to secure capacity resources to meet its reliability obligations, such as initiatives that evaluate the supply of capacity resources available to load serving entities (LSEs), determine the appropriate market mechanisms for LSEs to procure capacity resources, and develop a durable policy framework that encourages all LSEs to construct their fair share of new capacity resources to maintain grid reliability while pursuing decarbonization efforts.
 - b. Carbon-Free Resources: CPA will pursue administrative and legislative initiatives that will maximize CPA's ability to procure carbon-free resources to meet or exceed the needs of CPA's three product offerings and its long-term carbon-free procurement goal as required by SB 100 and other statutory or regulatory obligations.
 - c. Renewable Resources: CPA will pursue administrative and legislative initiatives that will maximize CPA's ability to procure eligible Renewable Portfolio Standard (RPS) resources to meet the needs of CPA's three product offerings and its long-term RPS procurement goal as required by SB 100 and other statutory or regulatory obligations.
 - d. Integrated Resource Plan: CPA will pursue administrative and legislative initiatives that will maximize CPA's ability to plan and procure resources to meet various environmental and reliability goals set by state laws and by its Board of Directors, while offering affordable products and programs to serve its customers, including disadvantaged communities.
 - e. Transmission: CPA will pursue administrative and legislative initiatives that will expedite new transmission infrastructure needed to meet California's climate goals, as well as initiatives that will provide CPA adequate access to transmission capacity to maximize its procurement of RPS-eligible or carbon-free resources that meet various statutory and regulatory requirements.
 - f. Research & Development: CPA will pursue administrative and legislative initiatives that support the research and development of new energy resources that can be procured to meet the reliability and decarbonization goals set by the State and its Board of Directors.

- g. Grid Reliability: CPA will pursue administrative and legislative initiatives that support the expansion of a regional grid that improves reliability; accelerates decarbonization; improves transmission planning; reduces costs for ratepayer and load serving entities; maintains California's ability to set, meet and implement its own climate goals; and protects clean energy jobs within the State.

3. Customer Programs

- a. Demand Response, Demand Flexibility and Energy Efficiency: CPA will pursue administrative and legislative initiatives that will enable CPA to pursue demand response programs and opportunities for its customers.
- b. Zero-emission vehicles: CPA will pursue administrative and legislative initiatives to promote electrification of the transportation sector in response to state and federal goals aimed at increasing the usage of zero emission vehicles.
- c. Building decarbonization: CPA will pursue administrative and legislative initiatives that support the ability of CPA to promote statewide building decarbonization, primarily through electrification.
- d. Local Grid Management and Resiliency: CPA will pursue administrative and legislative initiatives that supports the ability of CPA and its member agencies to offer local grid management and resiliency solutions to increase local reliability and adaptability that could protect against power outages and extreme heat.
- e. Distributed Energy Resources: CPA will pursue administrative and legislative initiatives that support the ability of CPA to offer and utilize distributed energy resources as part of its reliability, resiliency and community engagement strategies.
- f. Research and Development: CPA will pursue administrative and legislative initiatives that support the ability of CPA to explore new opportunities related to behind the meter clean energy resources.

4. Data Access

- a. Timely and Accurate Access to Customer Data: CPA will pursue administrative and legislative initiatives that will enable CPA to obtain timely and accurate access to its customers' data to improve billing accuracy and inform the development and implementation of customer programs.
- b. Fair Fees for Data Management Services: CPA will pursue administrative and legislative initiatives to ensure that the fees due to Southern California Edison for data access and management are fairly assessed based on data needs and potential technological improvements.

5. Diversity, Equity, Inclusion

- a. Customer Protection: CPA will pursue administrative and legislative initiatives that support the protection of all ratepayers, particularly environmental and social justice communities in CPA's service territory.
- b. Supplier Diversity: CPA will pursue administrative and legislative initiatives that supports supplier diversity in CPA's contracting activities and through women-owned, minority-owned, disabled-veteran-owned, and lesbian, gay, bisexual, and/or transgender owned business enterprises.
- c. Workforce Development: CPA will pursue administrative and legislative initiatives that support workforce development with a focus on new stable, well-paying local jobs, and participation in a just transition to a low-carbon economy.

- d. Energy Equity: CPA will pursue administrative and legislative initiatives that supports increased access to clean energy technologies, clean energy and contracting jobs, and clean energy opportunities for environmental and social justice communities in CPA's service territory.
- e. Access to the Electrical Grid: CPA will pursue administrative and legislative initiatives that support reducing timelines in interconnection and service extensions for new construction, critical services, renewable energy, building decarbonization, and other projects in CPA's service territory.



POLICY TITLE: Legislative Advocacy Policy
POLICY NUMBER: 1055

1055 **Purpose**

The purpose of the policy is to guide [DISTRICT] officials and staff in considering legislative or regulatory proposals that are likely to have an impact on [DISTRICT], and to allow for a timely response to important legislative issues. Although the expenditure of public funds for the purpose of supporting or opposing a ballot measure or candidate is prohibited,¹ the expenditure of public funds is allowed to advocate for or against proposed legislation or regulatory actions which will affect the public agency expending the funds.²

The purpose for identifying Legislative Advocacy Procedures is to provide clear direction to [DISTRICT] staff with regard to monitoring and acting upon bills during state and federal legislative sessions. Adherence to Legislative Advocacy Procedures will ensure that legislative inquiries and responses will be administered consistently with "one voice" as to the identified Advocacy Priorities adopted by the Board of Directors. The Legislative Advocacy Procedures and Advocacy Priorities will provide the [DISTRICT] General Manager, or other designee, discretion to advocate in [DISTRICT] best interests in a manner consistent with the goals and priorities adopted by the Board of Directors. This policy is intended to be manageable, consistent, and tailored to the specific needs and culture of [DISTRICT].

1055.1 **Policy Goals**

- Advocate the [DISTRICT] legislative interests at the State, County, and Federal levels.
- Inform and provide information to the Board of Directors and district staff on the legislative process and key issues and legislation that could have a potential impact on the district.
- Serve as an active participant with other local governments, the California Special Districts Association, and local government associations on legislative and regulatory issues that are important to the district and the region.
- Seek grant and funding assistance for [DISTRICT] projects, services, and programs to enhance services for the community.

1055.2 **Policy Principles**

The Board of Directors recognizes the need to protect [DISTRICT] interests and local control, and to identify various avenues to implement its strategic and long-term goals. It is the policy of [DISTRICT] to proactively monitor and advocate for legislation as directed by the Advocacy Priorities and by the specific direction of the Board of Directors.

¹ Cal. Gov. Code § 54964.

² Cal. Gov. Code § 53060.5; *Stanson v. Mott* (1976) 17 Cal. 3d 206.





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This policy provides [DISTRICT] General Manager, or other designee, the flexibility to adopt positions on legislation in a timely manner, while allowing the Board of Directors to set Advocacy Priorities to provide policy guidance. The Board of Directors shall establish various Advocacy Priorities and, so long as the position fits within the Advocacy Priorities, staff is authorized to take a position without board approval.

Whenever an applicable Advocacy Priority does not exist pertaining to legislation affecting the [DISTRICT], the matter shall be brought before the Board of Directors at a regularly scheduled board meeting for formal direction from the Board of Directors. [The Board of Directors may choose to establish a standing committee of two Directors, known as the "Legislative Advocacy Committee", with the authority to adopt a position when consideration by the full Board of Directors is not feasible within the time-constraints of the legislative process.]

Generally, the [DISTRICT] will not address matters that are not pertinent to the district's local government services, such as social issues or international relations issues.

1055.3 Legislative Advocacy Procedures

It is the policy of [DISTRICT] to proactively monitor and advocate for legislation as directed by the Advocacy Priorities and by the specific direction of the Board of Directors. This process involves interaction with local, state, and federal government entities both in regard to specific items of legislation and to promote positive intergovernmental relationships. Accordingly, involvement and participation in regional, state, and national organizations is encouraged and supported by the [DISTRICT].

Monitoring legislation is a shared function of the Board of Directors and General Manager or designated staff. The Legislative Advocacy Procedures are the process by which staff will track and respond to legislative issues in a timely and consistent manner. The General Manager, or other designee, will act on legislation utilizing the following procedures:

1. The General Manager or other designee shall review requests that the [DISTRICT] take a position on legislative issues to determine if the legislation aligns with the district's current approved Advocacy Priorities.
2. The General Manager or other designee will conduct a review of positions and analysis completed by the California Special Districts Association and other local government associations when formulating positions.
3. If the matter aligns with the approved priorities, [DISTRICT] response shall be supplied in the form of a letter to the legislative body reviewing the bill or measure. Advocacy methods utilized on behalf of the district, including but not limited to letters, phone calls, emails, and prepared forms, will be



communicated through the General Manager or designee. The General Manager or designee shall advise staff to administer the form of advocacy, typically via letters signed by the General Manager, or designee, on behalf of the Board of Directors.

4. All draft legislative position letters initiated by the General Manager or designee shall state whether the district is requesting “support”, “support if amended”, “oppose”, or “oppose unless amended” action on the issue, and shall include adequate justification for the recommended action. If possible, the letter should include examples of how a bill would specifically affect the district, e.g. “the funding the district will lose due to this bill could pay for X capital improvements.”
 - a. Support – legislation in this area advances the district’s goals and priorities.
 - b. Oppose – legislation in this area could potentially harm, negatively impact or undo positive momentum for the district, or does not advance the district’s goals and priorities.
5. The General Manager may also provide a letter of concern or interest regarding a legislative issue without taking a formal position on a piece of legislation. Letters of concern or interest are to be administered through the General Manager or designee.
6. When a letter is sent to a state or federal legislative body, the appropriate federal or state legislators representing the [DISTRICT] shall be included as a copy or “cc” on the letter. The appropriate contacts at the California Special Districts Association and other local government associations, if applicable, shall be included as a cc on legislative letters.
7. A position may be adopted by the General Manager or designee if any of the following criteria is met:
 - a. The position is consistent with the adopted Advocacy Priorities;
 - b. The position is consistent with that of organizations to which the district is a member, such as the California Special Districts Association; or
 - c. The position is approved by the Board of Directors [or the Legislative Advocacy Committee].
8. All legislative positions adopted via a process outside of a regularly scheduled Board Meeting shall be communicated to the Board of Directors at the next regularly scheduled Board Meeting. When appropriate, the General Manager or other designee will submit a report (either written or verbal) summarizing activity on legislative measures to the Board of Directors.

1055.4 Advocacy Priorities

Revenue, Finances, and Taxation

Ensure adequate funding for special districts’ safe and reliable core local service delivery. Protect special districts’ resources from the shift or diversion of revenues without the consent of the affected districts. Promote



the financial independence of special districts and afford them access to revenue opportunities equal to that of other types of local agencies. Protect and preserve special districts' property tax allocations and local flexibility with revenue and diversify local revenue sources.

Support opportunities that allow the district to compete for its fair share of regional, state, and federal funding, and that maintain funding streams. Opportunities may include competitive grant and funding programs. Opportunities may also include dedicated funding streams at the regional, state, or federal levels that allow the district to maximize local revenues, offset and leverage capital expenditures, and maintain district goals and standards.

Governance and Accountability

Enhance special districts' ability to govern as independent, local government bodies in an open and accessible manner. Encourage best practices that avoid burdensome, costly, redundant or one-size-fits all approaches. Protect meaningful public participation in local agency formations, dissolutions, and reorganizations, and ensure local services meet the unique needs, priorities, and preferences of each community.

Oppose additional public meeting and records requirements that unnecessarily increase the burden on public resources without effectively fostering public engagement and enhancing accountability of government agencies.

Promote local-level solutions, decision-making, and management concerning service delivery and governance structures while upholding voter control and maintaining LAFCO authority over local government jurisdictional reorganizations and/or consolidations.

Human Resources and Personnel

Promote policies related to hiring, management, and benefits and retirement that afford flexibility, contain costs, and enhance the ability to recruit and retain highly qualified, career-minded employees to public service. As public agency employers, support policies that foster productive relationships between management and employees.

Maintain special districts' ability to exercise local flexibility by minimizing state mandated contract requirements. Oppose any measure that would hinder the ability of special districts to maximize local resources and efficiencies through the use of contracted services.

Infrastructure, Innovation, and Investment

Encourage prudent planning for investment and maintenance of innovative long-term infrastructure. Support the contracting flexibility and fiscal tools and incentives needed to help special districts meet California's changing



demands. Promote the efficient, effective, and sustainable delivery of core local services.

Prevent restrictive one-size-fits-all public works requirements that increase costs to taxpayers and reduce local flexibility.