I. CALL TO ORDER / FLAG SALUTE / ROLL CALL

<table>
<thead>
<tr>
<th>Council</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Member Brown</td>
<td>City Manager Regan Candelario</td>
</tr>
<tr>
<td>Council Member Gardner</td>
<td>City Attorney David Tranberg</td>
</tr>
<tr>
<td>Council Member Douglas Strehl</td>
<td>City Clerk/Human Resources Manager Linda McGill</td>
</tr>
<tr>
<td>Mayor Pro Tem Tami Trent</td>
<td>Police Chief Bill Dobberstein</td>
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<td>Mayor Sue Long</td>
<td>Director of Community Development Liz Shorey</td>
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<td></td>
<td>Deputy Director of Public Works Merritt Perry</td>
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<td></td>
<td>Deputy Director of Public Works Kevin Carter</td>
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<tr>
<td></td>
<td>Conference Center Manager Joanna Miranda</td>
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<td></td>
<td>General Services Superintendent Mike Johnson</td>
</tr>
</tbody>
</table>

II. NEW EMPLOYEE

- Dalton Palmer, Community Services Officer – Introduced by Police Chief Dobberstein
- Christina Moore, Fortuna Transit Bus Driver – Introduced by Deputy Director of Public Works Carter

III. PRESENTATION

- Fortuna Fire Protection District Update – Fire Chief Lon Winburn
- Fortuna Police Department Update – Police Chief Bill Dobberstein

IV. ORAL COMMENTS FROM THE PUBLIC

Members of the Public may be heard at this time on any item within the subject matter jurisdiction of the City that is not on the Public Meeting Agenda. It is the practice of this Council to hold public comment for every item of business on the agenda at the time that item is heard. If a speaker cannot stay for a particular item of business, they may be heard during this time. Comments concerning the Consent Calendar may also be heard at this time. Speakers addressing the Council will be limited to 3 minutes per speaker. Be advised that, by law, the City Council can only deliberate or take action on items that are included on the agenda.

V. CONSENT CALENDAR

These matters are routine in nature and are usually approved by a single vote. Any member of the Council may pull a particular item for further discussion.

1. City Council Minutes – July 5, 2016 (Regular Meeting)
10. Authorize Police Chief Dobberstein to Submit Response Letters to the 2015-2016 Humboldt County Grand Jury report: “To Hold or Not to Hold” and “Jails and Enforcement Facilities”
11. Approve Purchase of Aeration Basin Recirculation Pumps for the Waste Water Treatment Facility
VI. BUSINESS
A. Second Reading and Adoption of the Amended Ordinance 2016-726; Adding Chapter 3.13 to Title 3 of the Fortuna Municipal Code To Levy A Local, City Of Fortuna Transactions And Use (Sales) Tax To Be Administered By The State Board Of Equalization
B. Approval of the Humboldt County Transportation Ballot Measure Expenditure Plan and Oppose the Placement of a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot to the Humboldt County Board of Supervisors; Resolution 2016-33
C. Public Hearing; Become a Member and Approve Financing for Open Door Community Health Centers with the California Municipal Finance Authority (“CMFA”); Resolution 2016-34
D. Adoption of the Traffic Impact Fee Nexus Study with a Preferred Alternative Traffic Impact Fee, and Direct Staff to Return with a Final Ordinance for First Reading at the August 1, 2016 City Council Meeting and Second Reading and Adoption of Final Traffic Impact Fee Resolution at a Subsequent Meeting.

VII. CITY MANAGER REPORT, PENDING LEGISLATION AND CALENDAR OF EVENTS

VIII. FUTURE AGENDA ITEMS
At this time, members of the Council may consider or request items to be placed on a future agenda through a consensus of the majority.

IX. CITY COUNCIL REPORTS AND COMMENTS
- Council Member Tiara Brown: Parks & Recreation Commission, Redwood Coast Energy Authority
- Council Member Linda Gardner: Historical Commission
- Council Member Doug Strehl: Humboldt County Association of Governments
- Mayor Pro Tem Tami Trent: Humboldt Transit Authority, Fortuna Business Improvement District, League of California Cities Employer Relations Policy Committee, Indian Gaming Committee
- Mayor Sue Long: Redwood Region Economic Development Commission, Fortuna Oversight Board, Local Agency Formation Commission, League of California Cities Legislative Committee

X. ORAL COMMENTS FROM THE PUBLIC
Members of the Public may be heard on any item on the Closed Session Agenda. Speakers addressing the Council will be limited to 3 minutes per speaker. Be advised, by law the City Council cannot deliberate or take action on issues presented during Oral Comments that are not shown on the Agenda.

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION, Significant Exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of section 54956.9: 1 Case

XI. REPORT OUT AND ADJOURN
Pursuant to Government Code Section 54957.5, any non-confidential documents or writings that the City distributes, less than 72 hours before a regular meeting, to all or a majority of the legislative body's members must be made available to members of the public at the same time as the distribution. Documents and information related to the agenda topics are available for review at City Hall, 621 11th Street, between the hours of 8:00 AM to 5:00 PM. Members of the public are invited to come to the meeting and comment. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at 725-7600. Notification prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Linda McGill, CMC
City Clerk
I. CALL TO ORDER:
Mayor Long called the Public Session to order at 6:00 PM

FLAG SALUTE:
Mayor Long led the salute to the flag.

ROLL CALL

<table>
<thead>
<tr>
<th>Council</th>
<th>Staff</th>
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<tbody>
<tr>
<td>Council Member Brown</td>
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<tr>
<td>Mayor Sue Long</td>
<td>General Services Superintendent Mike Johnson</td>
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<td>Deputy Director of Public Works Kevin Carter</td>
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<td></td>
<td>Chief Plant Operator Doug Culbert</td>
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</table>

II. PROCLAMATION

- “Parks Make Life Better!” Month July 2016
- Recognition of Pat Kennedy

III. NEW EMPLOYEE

- Christina Moore, Transit Bus Driver- (Will be presented at a future meeting)
- Youjay Baird, Utility Worker II – Presented by Chief Plant Operator Doug Culbert

IV. ORAL COMMENTS FROM THE PUBLIC

Sylvia Jutila spoke about an annual summer camp and the “Day of Compassion” that the attendees participate in. Volunteers are welcome to help with projects around the City. Dan Brownell spoke about his neighborhood on Rohnerville Rd and the drug activity that is occurring there. He asked what could be done as a citizen to address this issue. Doug Culbert spoke about a planned water outage for water services south of Drake Hill Rd on 8am to 2pm on July 13, 2016 to replace a large meter to better regulate the water pressure. There being no further comment Mayor Long closed this public comment section.

V. CONSENT CALENDAR

1. City Council Minutes – June 20, 2016 (Regular Meeting), June 23, 2016 (Special Meeting) MO-2016-118

CITY COUNCIL ACTION: Approve Consent Calendar Items

Mayor Pro Tem Trent moved, seconded by Council Member Brown. Voice Vote.

AYES: Council Member Brown, Gardner, Strehl, Mayor Pro Tem Trent, Mayor Long
NOES: None
ABSENT: None
ABSTAIN: None
Motion Carried 5-0
VI. BUSINESS

A. REMOVAL OF WATER CONSERVATION STAGE 2 REQUIREMENTS RESOLUTION 2016-33

STAFF RECOMMENDATION:
Adopt Resolution 2016-33 downgrading the Stage 2 water emergency to Stage 1 voluntary conservation.

STAFF REPORT:
The City Council received a written and oral report from Chief Plant Operator/Utility Superintendent Culbert

PUBLIC Hearing:
There being no further comment Mayor Long closed this public hearing section.

CITY COUNCIL ACTION:
Council Member Brown moved, seconded by Council Member Gardner to adopt Resolution 2016-33, A Resolution Of The City Council Of The City Of Fortuna Downgrading The Stage 2 Water Emergency To Grade 1 Voluntary Water Conservation; and read by title only. Roll call vote.

AYES: Council Member Brown, Gardner, Strehl, Mayor Pro Tem Trent, Mayor Long
NOES: None
ABSENT: None
ABSTAIN: None
Motion Carried 5-0 by Resolution 2016-33

B. PUBLIC HEARING TO AUTHORIZE THE PUBLIC WORKS DEPARTMENT TO ABATE WEEDS ON RESIDENTIAL PROPERTY AND HEAR ANY OBJECTIONS PERTAINING TO THIS ACTION.

STAFF RECOMMENDATION:
Authorize abatement of weeds on residential property

STAFF REPORT:
The City Council received a written and oral report from General Services Superintendent Johnson

PUBLIC COMMENT:
There being no comment Mayor Long closed this public comment section.

CITY COUNCIL ACTION:
Council Member Brown moved, seconded by Council Member Gardner to authorize the Public Works Director to abate weeds on the following property: APN 202-121-066 ; voice vote

AYES: Council Member Brown, Gardner, Strehl, Mayor Pro Tem Trent, Mayor Long
NOES: None
ABSENT: None
ABSTAIN: None
Motion Carried 5-0 by MO-2016-120
C. PUBLIC HEARING: INTRODUCTION AND FIRST READING OF AMENDED ORDINANCE 2016-726 ADDING CHAPTER 3.13 TO TITLE 3 OF THE FORTUNA MUNICIPAL CODE TO LEVY A LOCAL, CITY OF FORTUNA TRANSACTIONS AND USE (SALES) TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

STAFF RECOMMENDATION:
City Staff have worked with City Council on multiple cost savings measures in an effort to protect and maintain the services relied on by our community, and to stabilize our City General Fund budget. These efforts have greatly helped the City avoid severe financial hardship. However, without new additional general fund revenue, cuts will likely be needed to maintain the City’s economic health, property values, and public safety needs, including maintaining 911 emergency response times and tools that keep our children away from gangs and drugs. Because of these fiscal realities, City Staff recommends approval of the attached ordinance in order to formally move forward with placing the proposed local funding measure before the voters on November 8, 2016.

Staff recommends that the City Council:
1. Re-Introduce and Hold the First Reading of the amended Ordinance 2016-726 adding Chapter 3.13 to Title 3 of the Fortuna Municipal Code levying a Local City of Fortuna Transactions and Use (Sales) Tax to be administered by the State Board of Equalization (BOE), subject to voter approval at the November 8, 2016 election.

STAFF REPORT:
The City Council received a written and oral report from City Manage Candelario

PUBLIC Hearing:
There being no further comment Mayor Long closed this public hearing section.

CITY COUNCIL ACTION:
Council Member Brown moved, seconded by Council Member Gardner to hold the first reading of Amended Ordinance 2016-726, An Ordinance Of The City Of Fortuna To Levy A Local, City Of Fortuna Transactions And Use (Sales) Tax To Be Administered By The State Board Of Equalization Adding Chapter 3.13 To Title 3 Of The Fortuna Municipal Code; and read by title only. Roll call vote.

AYES: Council Member Brown, Gardner, Strehl, Mayor Pro Tem Trent, Mayor Long
NOES: None
ABSENT: None
ABSTAIN: None
Motion Carried 5-0 by First Reading of Amended Ordinance 2016-726

D. AUTHORIZATION TO AWARD CONTRACT FOR CITY HALL PARKING LOT ARCHITECTURAL BARRIER REMOVAL PROJECT

STAFF RECOMMENDATION:
Authorize the City Manager to enter into a construction contract with DCI Builders Inc., the lowest, responsible bidder for the Fortuna City Hall Parking Lot Architectural Barrier Removal Project in the amount of $199,253 (One Hundred Ninety Nine Thousand, Two Hundred Fifty Three Dollars).

STAFF REPORT:
The City Council received a written and oral report from Deputy Public Works Director Carter
PUBLIC COMMENT:
There being no comment Mayor Long closed this public comment section.

CITY COUNCIL ACTION:
Mayor Pro Tem Trent moved, seconded by Council Member Brown to award the contract to DCI Builders Inc. in the amount of $199,253, and authorize City Manager to execute the contract and other related documents. Voice vote.

AYES: Council Member Brown, Gardner, Strehl, Mayor Pro Tem Trent, Mayor Long
NOES: None
ABSENT: None
ABSTAIN: None
Motion Carried 5-0 by MO-2016-121

E. COUNCIL WORKSHOP SCHEDULE

STAFF REPORT:
The City Council received an oral report from City Manager Candelario

PUBLIC COMMENT:
There being no comment Mayor Long closed this public comment section.

CITY COUNCIL ACTION:
Council discussed options for future meeting/workshop dates and decided on the following:

- Possible Joint Planning Commission/City Council meeting on July 26
- August 4, 2016 special Meeting 8:30 to 11am
- September 22, 2016 special meeting 8:30 to 11am
- October 13, 2016 Special meeting Special Meeting
- November 17, 2016 Special Meeting
- None in December

VII. CITY MANAGER REPORT, PENDING LEGISLATION AND CALENDAR OF EVENTS

VIII. FUTURE AGENDA ITEMS
None

IX. CITY COUNCIL REPORTS AND COMMENTS

- Council Member Tiara Brown: Parks & Recreation Commission, Redwood Coast Energy Authority
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- Mayor Sue Long: Redwood Region Economic Development Commission, Fortuna Oversight Board, Local Agency Formation Commission, League of California Cities Legislative Committee
X. **ORAL COMMENTS FROM THE PUBLIC**
There being no comment Mayor Long closed this public comment section.

XI. **ADJOURN TO CLOSED SESSION**
Council Member Brown moved, seconded by Council Member Gardner to adjourn to Closed Session at 7:11PM. Voice Vote. Motion Carried 5-0

1. **CONFERENCE WITH LABOR NEGOTIATORS**, City Negotiator: City Manager Regan Candelario, Employee Organizations: Fortuna Police Employees Association and the Unrepresented/Management group in accordance with Section 54957.6 of the Government Code.

2. **PUBLIC EMPLOYEE DISCIPLINE**- in accordance with Section 54957 of the Government Code.

XII. **REPORT OUT AND ADJOURN**

1. No reportable action
2. No reportable action

Mayor Pro Tem Trent moved, seconded by Council Member Brown to adjourn at 8:20PM. Voice Vote. Motion Carried 5-0

Respectfully submitted by
Linda McGill, CMC
City Clerk
DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: Linda McGill, City Clerk/Human Resources Manager

THRU: Regan M. Candelario, City Manager

SUBJECT: Administration Department Monthly Report for June 2016

STAFF RECOMMENDATION: Receive report as an informational item.

EXECUTIVE SUMMARY: The Administration Department monthly report encompasses the following divisions:

CITY ATTORNEY
The City Attorney billing for the month of June was for a total of 27.25 hours. Project support for these months include various potential litigation issues, Agenda and Staff Report review, personnel issues, Contract review, ongoing City project discussions, claim review, and various email, telephone calls and staff reports. The amended budget status for the City Attorney for Fiscal Year 15/16 is 20% remaining.

CITY CLERK DIVISION
The City Clerk’s Office prepares the Council meeting agenda, publishes, posts, and mails legal notices, completes arrangements to ensure an effective meeting, administers conflict of interest filing requirements pursuant to State law, and administers contracts and agreements. Additionally, the Office maintains the City’s municipal code and the City seal, conducts bid openings for City projects, provides Notary services for City-related business matters, and is the central repository of the official records of the City and makes such information available pursuant to the Public Records Act. The Office also maintains and indexes the original minutes, Ordinances, Resolutions, deeds, easements, liens, bonds, contracts, and other vital records.

City Council Meetings

<table>
<thead>
<tr>
<th>Council Meeting Date</th>
<th>Agenda Items Processed</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 6, 2016</td>
<td>15</td>
</tr>
<tr>
<td>June 13, 2016 Special Meeting</td>
<td>1</td>
</tr>
<tr>
<td>June 20, 2016</td>
<td>11</td>
</tr>
<tr>
<td>June 23, 2016 Special Meeting</td>
<td>1</td>
</tr>
<tr>
<td>Totals</td>
<td>28</td>
</tr>
</tbody>
</table>

City Clerk’s Office Key Duties

<table>
<thead>
<tr>
<th>City Clerk’s Office Key Duties</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Records Act Requests</td>
<td>3</td>
</tr>
<tr>
<td>General Information Requests</td>
<td>25 – 30 per day, average</td>
</tr>
<tr>
<td>Ordinances</td>
<td>1</td>
</tr>
<tr>
<td>Resolutions</td>
<td>7</td>
</tr>
<tr>
<td>Minutes Prepared</td>
<td>4</td>
</tr>
<tr>
<td>Notary Services Provided</td>
<td>5</td>
</tr>
<tr>
<td>Claims for Damages Filed</td>
<td>0</td>
</tr>
<tr>
<td>FPPC Filings:</td>
<td>0</td>
</tr>
<tr>
<td>Legal Publications</td>
<td>1</td>
</tr>
<tr>
<td>Notices Posted (Public Hearing, Agenda, Ordinance, etc.)</td>
<td>5</td>
</tr>
</tbody>
</table>
RISK MANAGEMENT / HUMAN RESOURCES DIVISION

**Risk Management**
There are 5 open liability claims as of June 30, 2016. There was one claim opened in June and nine were closed.

Citywide employee safety training is ongoing with monthly trainings sent to City Hall and Police employees and weekly trainings held for Public Works staff.

**Human Resources**
There was one recruitment opened during the month of June: Utility Worker II. The recruitment for Transit Bus Driver, Street Maintenance Worker I and Park Maintenance Worker I came to a close the second week in June and conditional job offers have been made. Christina Moore is now working as the part time Transit Bus Driver and the three selected applicants for Streets/Parks Worker are in the process of background checks and physicals; we hope to have them join our crew by July 14, 2016.

There are 14 open Workers Compensation claims as of June 30, 2016.

Staff continues to work on updating the administrative policy manual and individual personnel policies, job descriptions, personnel processes and an update of the personnel rules and regulations as time permits.

Through our REMIF Humboldt Employment Relations Consortium (ERC) with Liebert Cassidy Whitmore (LCW), there are 8 half day trainings scheduled throughout the year pertaining to various matters related to employment relations.

INFORMATION TECHNOLOGY DIVISION

**City of Fortuna Facebook Page Statistics**
The City Facebook page now has 1,001 likes.

**City Website Statistics (www.friendlyfortuna.com)**
There were 8,234 unique visitors to the City website in June with 17,565 page views. Employment Opportunities, Police Department, and Online Bill payments had the most visitors for the month.

**Computer/Network**
Nylex spent a total of 43.5 hours for the month of June working on various issues throughout the City network. The average time Nylex spends working for the City of Fortuna is 30 to 40 hours a month. Nylex is working with staff to develop a replacement schedule and complete inventory of computers citywide.

RECOMMENDED COUNCIL ACTION:
Receive monthly Administration Division Report. Consent Agenda Vote.
DATE:      July 18, 2016

TO:        Honorable Mayor and Council Members

FROM:      Liz Shorey, Deputy Director of Community Development

THRU:      Regan M. Candelario, City Manager

SUBJECT:   Community Development Department Monthly Report for June 2016

STAFF RECOMMENDATION:  
Receive report as an informational item.

BACKGROUND:  
Attached is the Monthly Community Development Department Report for June 2016. The following attached tables provide detailed descriptions of the monthly activities of the Department.

ACTIVITIES & ACCOMPLISHMENTS
List of activities and recent accomplishments of the Department.

GENERAL PLAN IMPLEMENTATION
List of the current status and progress made in the implementation of the Fortuna General Plan 2030 programs.

DEVELOPMENT APPLICATION ACTIVITY
Status of development projects that have been submitted and either approved or in process, including those activities considered by the Planning Commission and the Zoning Administrator.

SUBDIVISION STATUS REPORT
Subdivisions that have been approved but not yet finalized, and status of improvement plan and/or final map review process.

BUILDING PERMIT ACTIVITIES
The Building Department’s report for the month’s permits and valuation is attached. A total of 36 permits were issued in June, including three single family residences, a new commercial structure, a new garage, four residential remodels, four commercial remodels, and 19 permits for mechanical, electrical, plumbing, and roofing.

RECOMMENDED COUNCIL ACTION:  
Receive monthly Community Development Department Report.
ONGOING ACTIVITIES & ACCOMPLISHMENTS

• It is expected that the enforcement action against Redwood Inn (formerly National 9) will be lifted soon. The owner has undertaken extensive remodeling, and improvements are nearly complete. After a final inspection by the Building and Planning divisions for compliance with the building permit, conditional use permit, and design review permit, a notice of compliance will be issued. The Building Division has spent countless hours guiding the owner to this point of completion.

• Open Door’s site improvement plans have been reviewed and returned with comments. Building plans have not yet been submitted.

• Greens Pharmacy has submitted building plans for construction of a new building at 11th and Main streets. Staff has reviewed the plans and responded with comments/corrections.

• Redwood Memorial Hospital has submitted building plans for remodel of an existing medical office on Renner Drive to create 2,809 square feet of exam rooms for use by hospital staff.

• A total of 36 permits were issued in June, including three single family residences, a new commercial structure, a new garage, four residential remodels, four commercial remodels, and 19 permits for mechanical, electrical, plumbing, and roofing (see full building division report, attached). Value of improvements is $1,414,856.

• The Strongs Creek Valley area annexation of 39 parcels and 330 acres was considered by the City Council on June 6, 2016, at which time the Council adopted a prezoning ordinance and a resolution to submit an annexation application to LAFCo. The application is being finalized for submittal to LAFCo with the anticipation of an August or September LAFCo hearing. Staff will be presenting

• Code compliance: Staff is monitoring 49 code compliance cases, and actively enforcing 16 cases. Several enforcement hearings are being scheduled.

• The State Housing and Community Development Department is investigating the health and safety conditions at Fortuna Trailer Park, which is under their jurisdiction, and will likely issue a compliance order in the next month or so.

• City staff is continuing to support several businesses interested in new commercial development within the City by providing site information, permit process information, and scheduling.

• Other ongoing tasks completed this month:
  o Held several pre-application meetings to provide early guidance to project proponents.
  o Met with City departments for review and input on various ongoing City projects.
  o Reviewed building permit application site plans for zoning compliance.
  o Reviewed and issued business licenses.
  o Responded by phone and at the counter to numerous requests for information needed for property purchases, building permits, permitted and allowable activities, business feasibility, permit inquiries, and related inquiries.
GENERAL PLAN IMPLEMENTATION
The following program activities are underway.

- **Design Review** The Planning Commission is scheduling special study sessions on alternate Tuesdays to complete the design review guidelines; a meeting was held on July 6th. The Commission will be participating in a Council workshop on July 26th at 5:30 p.m.

- **Traffic Impact Fee** is scheduled for Council consideration on July 18th.

- The **housing element** has been updated, with a draft review copy sent to the State Housing and Community Development Department (HCD). The update is a significant work effort by City staff. Continuing tasks will be to respond to HCD’s review, public input, revision, public hearings, and adoption by the Council.

- **Riverwalk Commercial Rezone** will be prioritized following efforts on the housing element, design review guidelines, and traffic impact fee.

- **Marijuana Ordinance** needs to be considered by the public, Commission, and Council, as the current prohibition was adopted as an emergency response to State restrictions. Staff will be bringing this forward as time and other responsibilities allow.

- **Quimby Fee** At the request of the Parks and Recreation Commission, Planning staff is assisting the Parks Department on a proposed Quimby Act parks acquisition fee (development impact fee), which would implement General Plan policies. The City Manager has not prioritized this task.

Given the understaffing of Community Development based on budget constraints, Staff is working with the City Manager to identify support from outside resources to facilitate the many projects and tasks that are expected in 2016. Staff’s immediate priority continues to be current development projects and responding to the needs of homeowners, developers, business owners, real estate agents and other professionals, and the general public.
## PROJECTS RECENTLY ACTED UPON:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Applicant</th>
<th>Project Site</th>
<th>Submittal</th>
<th>Complete</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot Line Adjustment between two residential parcels to transfer 2,631</td>
<td>Tami Trent</td>
<td>2608 Pine View Drive</td>
<td>5/26/16</td>
<td>6/3/16</td>
<td>Approved by Planning Commission on 6/28/16.</td>
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<tr>
<td>square feet to accommodate development of a single family residence and</td>
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<td>on-site sewage septic system.</td>
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<tr>
<td>Masten lot line adjustment that proposes to adjust the property line</td>
<td>Virginia Masten</td>
<td>1260 9th Street</td>
<td>6/25/14</td>
<td>8/9/2014</td>
<td>Approved by Planning Commission on 6/28/16.</td>
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<tr>
<td>between two (on hold by applicant pending 9th St. annexation)</td>
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## PROJECTS SUBMITTED AND PENDING:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Applicant</th>
<th>Project Site</th>
<th>Date</th>
<th>Status</th>
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<tbody>
<tr>
<td>A lot line adjustment between APN 202-082-052 and APN 202-082-063 to</td>
<td>Open Door Community Health</td>
<td>Rohnerville Road</td>
<td>6/30/16</td>
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<td>relocate a side adjoining property line twenty feet to the west to</td>
<td>Center</td>
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<td>increase the yard size and allow for existing fence encroachment and</td>
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<td>other structures located on the property.</td>
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<tr>
<td>Design review and conditional use permit for conversion of existing</td>
<td>Little Caesars</td>
<td>898 Main Street</td>
<td>6/30/16</td>
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<tr>
<td>commercial building into a Little Caesars pizza restaurant with drive</td>
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<td>thru.</td>
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<tr>
<td>Design Review for proposed 16’ X 56’ mural project on the west wall of</td>
<td>Karen DelAngelo</td>
<td>2009 Main Street</td>
<td>6/30/16</td>
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<td>the Ray’s Food Place building.</td>
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<tr>
<td>Subdivision of a 1.9-acre parcel into three commercial parcels.</td>
<td>Dennis Wendt and Wally</td>
<td>101 Gulliksen Drive</td>
<td>4/7/16</td>
<td>Review letter issued 5/6/16.</td>
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<td>Wright</td>
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<tr>
<td>Conditional use permit application for an auto towing facility in the</td>
<td>Jason Church</td>
<td>102 Gulliksen Drive</td>
<td>11/10/15</td>
<td>Applicant responding to City review/correction letter.</td>
</tr>
<tr>
<td>Neighborhood Commercial District.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## The following projects are on hold by the applicant.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Applicant</th>
<th>Project Site</th>
<th>Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hastings Minor Subdivision of 1.46 acres into three residential lots.</td>
<td>Stephen Hastings</td>
<td>2200 &amp; 2204 Smith Lane</td>
<td>1/20/14</td>
<td>Applicant responding to City review/correction letter.</td>
</tr>
<tr>
<td>McKenney Conditional use permit &amp; subdivision for development of a</td>
<td>Jason Church</td>
<td>102 Gulliksen Drive</td>
<td>9/6/12</td>
<td>City review letter dated 10/17/12 requesting additional</td>
</tr>
<tr>
<td>shopping center, 48,600 square feet of gross floor area on a 5.8-acre</td>
<td></td>
<td></td>
<td></td>
<td>information for</td>
</tr>
<tr>
<td>site.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Applicant</td>
<td>Kevin McKenny;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>Corner of Newburg Road and Elizabeth Barcus Way</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project</td>
<td>McKenney Subdivision of an approximately 10.7-acre lot into 20 single family lots ranging in size from 10,025 to 93,124 square feet.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status</td>
<td>12/22/05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remarks</td>
<td>Staff review comments returned to applicant.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

and a tentative map to create three parcels 43,385 square feet to 193,582 square feet in size. Located northeast of Strongs Creek Drive and Fortuna Blvd.

completeness and compliance with City standards and General Plan policies.
Brown Condo. Conversion – 6 units – Summer St. 10/23/07 11/22/16 Improvement Plans on hold by applicant.  
Del Monte Minor Subdivision – Rohnerville Road 6/26/07 6/25/16 Improvement Plans on hold by applicant.  
Dunn – Main St. – 16 lots 3/3/08 9/2/16 Improvement plans approved.  
Jones/Dunn - Smith Lane – 24 multifamily units 8/8/06 2/7/17 Improvement plans approved.  
Lewis Logging – Rohnerville Rd. – 9 lots 8/1/11 7/31/17 Revised Tentative Map approved.  
MacDonald - Ross Hill Road – 39 lots 8/21/06 8/20/17 Improvement Plans approved. Some storm drainage installed.  
Jensen – Bartlett Lane 10/22/13 4/22/17 Tentative Map approved.  
Grundman – Nelson Lane 9/22/15 9/21/17 Tentative Map approved.  
Redwood Memorial Foundation – Lot Split 12/16/14 12/15/16 Final Map recorded. Improvements to be complete during building permit phase.  

All applicants, upon project approval, have been provided with schedules showing the series of discretionary and non-discretionary extensions that are allowed by State legislation (SB 1185, AB 333, AB 208, and AB 116) and the Subdivision Map Act. The Map Act places responsibility for tracking expiration dates with the applicant. Upon project approval, applicants are provided with notification of expiration dates and renewal requirements.
## CITY OF FORTUNA

### BUILDING PERMIT SUMMARY

#### JUNE 2016

#### Type of Permit Issued

<table>
<thead>
<tr>
<th>Residential</th>
<th>Number of Permits</th>
<th>Living Units</th>
<th>Value / Cost of Construction</th>
<th>Building Permit Fees</th>
<th>Public Works - Sewer &amp; Water Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Residences</td>
<td>3</td>
<td>3</td>
<td>$885,252.00</td>
<td>$19,145.61</td>
<td>$19,835.93</td>
</tr>
<tr>
<td>Duplex Family Residences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multifamily Residences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufactured Residences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Dwelling Unit (attached)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Dwelling Unit (detached)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>3</td>
<td></td>
<td>$19,323.00</td>
<td>$455.47</td>
<td>$0.00</td>
</tr>
<tr>
<td>Remodels</td>
<td>4</td>
<td></td>
<td>$29,352.00</td>
<td>$745.11</td>
<td>$0.00</td>
</tr>
<tr>
<td>Garages / Carports</td>
<td>1</td>
<td></td>
<td>$56,700.00</td>
<td>$934.91</td>
<td>$0.00</td>
</tr>
<tr>
<td>Accessory Structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Commercial

| New Structures | 1 | | $216,000.00 | $1,703.62 | $2,673.00 |
| Additions | | | | | |
| Tenant Improvement / Remodel | 4 | | $93,050.00 | $1,818.28 | $317.50 |
| Repairs | | | | | |
| Signs | 1 | | $8,000.00 | $269.91 | $0.00 |

#### Other Permits

| Electrical | 3 | | $7,882.00 | $369.45 | $0.00 |
| Plumbing | 2 | | $4,925.00 | $206.15 | $0.00 |
| Mechanical | 3 | | $18,654.00 | $390.46 | $0.00 |
| Roofing | 9 | | $74,133.00 | $1,530.36 | $0.00 |
| Grading - Residential | | | | | |
| Siding / Windows | 2 | | $1,685.00 | $247.92 | $0.00 |
| Deck | | | | | |
| Solar Systems | | | | | |
| Miscellaneous | | | | | |

#### Total This Month: 36 3 $1,414,856.00 $27,894.05

Building Permit Fees:
- Water Connection fee
- Water Capital Connection fee
- Sewer Capital Connection fee
- Storm Drainage fee
- Traffic Improvement fee

#### Public Works - Sewer & Water Fees

#### Total Year to Date: 2016 199 9 $7,578,612.00 $115,591.23

#### Inspections This Month:

| Number of Request for Inspections: | 89 |
| Number of Inspection Completed:   | 238 |
DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: Regan M. Candelario, City Manager/Acting Finance Director


STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Currently the Finance Department is focusing on the following priorities/projects:

**Fiscal Year 16/17 Annual Budget PUBLISHING process.** Admin will be playing a primary role in completing this task.

A process improvement project has been initiated regarding internal and external customer service. Staff has also initiated analysis of bank fees and the use of credit card purchases and transactions.

RECOMMENDED COUNCIL ACTION:


ATTACHMENTS:

- Finance Department Activity Log
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Checks Issued:</td>
<td>211</td>
<td>203</td>
<td>199</td>
<td>200</td>
<td>265</td>
<td>213</td>
</tr>
<tr>
<td>Accounts Payable Checks Issued:</td>
<td>191</td>
<td>205</td>
<td>207</td>
<td>228</td>
<td>188</td>
<td>219</td>
</tr>
<tr>
<td>Number of Invoices Processed:</td>
<td>447</td>
<td>483</td>
<td>579</td>
<td>532</td>
<td>474</td>
<td>550</td>
</tr>
<tr>
<td>CDBG Loan Payments/Payoff</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td># Telephone Calls Answered-</td>
<td>1091</td>
<td>1097</td>
<td>1131</td>
<td>1105</td>
<td>1264</td>
<td>1287</td>
</tr>
</tbody>
</table>

**Avg Daily**

<table>
<thead>
<tr>
<th></th>
<th>52</th>
<th>55</th>
<th>49</th>
<th>53</th>
<th>60</th>
<th>59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>1193</td>
<td>1459</td>
<td>1394</td>
<td>1267</td>
<td>1259</td>
<td>1226</td>
</tr>
<tr>
<td>Bldg</td>
<td>74</td>
<td>80</td>
<td>67</td>
<td>88</td>
<td>71</td>
<td>109</td>
</tr>
<tr>
<td>Plan</td>
<td>27</td>
<td>23</td>
<td>34</td>
<td>28</td>
<td>26</td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>165</td>
<td>172</td>
<td>209</td>
<td>182</td>
<td>148</td>
<td>188</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>1459</td>
<td>1734</td>
<td>1704</td>
<td>1565</td>
<td>1504</td>
<td>1556</td>
</tr>
</tbody>
</table>

**Average Daily Walk-in Customers**

<table>
<thead>
<tr>
<th></th>
<th>69</th>
<th>87</th>
<th>74</th>
<th>75</th>
<th>72</th>
<th>71</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Bills</td>
<td>4437</td>
<td>4440</td>
<td>4444</td>
<td>4461</td>
<td>4467</td>
<td>4449</td>
</tr>
<tr>
<td>Reminder Notices</td>
<td>529</td>
<td>592</td>
<td>479</td>
<td>411</td>
<td>481</td>
<td>488</td>
</tr>
<tr>
<td>Shut Off Notices Mailed</td>
<td>224</td>
<td>226</td>
<td>190</td>
<td>185</td>
<td>224</td>
<td>194</td>
</tr>
<tr>
<td>Shut Offs</td>
<td>29</td>
<td>30</td>
<td>34</td>
<td>28</td>
<td>26</td>
<td>33</td>
</tr>
<tr>
<td>Ebills - Bills sent via email</td>
<td>133</td>
<td>135</td>
<td>134</td>
<td>138</td>
<td>139</td>
<td>146</td>
</tr>
<tr>
<td>Utility Bills paid online</td>
<td>195</td>
<td>200</td>
<td>198</td>
<td>207</td>
<td>220</td>
<td>216</td>
</tr>
<tr>
<td>% of Utility bills paid in person</td>
<td>27%</td>
<td>33%</td>
<td>31%</td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Public Works Calls Dispatched:</td>
<td>132</td>
<td>147</td>
<td>143</td>
<td>151</td>
<td>124</td>
<td>156</td>
</tr>
<tr>
<td>Avg Calls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>142.2</td>
</tr>
</tbody>
</table>

**Utility Billing Aging Report 5/31/16**

<table>
<thead>
<tr>
<th></th>
<th>Total Bal</th>
<th>Current</th>
<th>30 Days</th>
<th>60 Days</th>
<th>90 Days</th>
<th>Avg</th>
<th>544034.41</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>544,034</td>
<td>448,774</td>
<td>$77,680</td>
<td>$14,873</td>
<td>$2,707</td>
<td>853</td>
<td>544034.41</td>
</tr>
<tr>
<td>$</td>
<td></td>
<td>82.5%</td>
<td>14.3%</td>
<td>2.7%</td>
<td>0.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Utility Accounts Aging**

- Current: 82%
- 30 Days: 14%
- 60 Days: 3%
- 90 Days: 1%
DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: Kevin Carter, Deputy Director of Public Works/Interim Parks and Recreation Director

THRU: Regan M. Candelario, City Manager


STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Administration

(Prepared by Kevin Carter, Deputy Director of Public Works/Interim Parks & Recreation Director)

During the month of June staff continued working on keeping up with the growth on the ball fields and other areas maintained by the Parks and Rec maintenance staff. Softball is under way, and our event season is ready to go.

The Parks and Recreation Commission met on June 13, and a presentation by Leadership Fortuna Five was delivered to the Commission concerning potential signage in the Rohner Park trail system. Funding for the digital sign in Newburg Park was an agenda item which will be moving forward with requests from local event organizers and other organizations.

Parks

(Prepared by Pierre Cousineau, Parks Maintenance Lead Worker)

Due to computers being down and other items, Parks Maintenance June report will be included in the July report.

Depot Museum

(Prepared by Alex Service, Curator)

June’s visitor total at the Fortuna Depot Museum was 575. This is in the middle range for our June visitation totals in recent years, and likely reflects a smaller number of school groups visiting the museum this year. Recent years’ June visitation totals are: 2015: 649, 2014: 711, 2013: 646, 2012: 503, 2011: 629, 2010: 489, 2009: 383, 2008: 640. In June 2016 we welcomed California visitors from Alderpoint, Angels Camp, Antioch, Atwater, Blue Lake, Carlotta, Compton, Eureka, Ferndale, Fortuna, Hayfork, Hydesville, La Verne, Los Osos, Miranda, Modesto, Moreno Valley, Neenach, North Hollywood, Oakland, Paradise, Piercy, Red Bluff, Redding, Rio Dell, Rio Vista, San Clemente, San Francisco, San Jose and Santa Barbara. We also welcomed out-of-state visitors from Arizona, Florida, Idaho, Iowa,
Montana, New York, North Carolina, Oklahoma, Oregon, Texas and Washington, as well as one overseas visitor from Malawi.

June’s visitation total includes 23 people who attended the June 17 presentation “Humboldt’s Products: Then and Now,” presented by local historian Jerry Rohde as part of the “Celebrating Life in Our Humboldt County” series sponsored by Pierson Building Center. School groups touring the museum in June were two 5th grade classes from Cutten Elementary School and three 4th grade classes from South Fortuna Elementary.

In June, July and August the Depot Museum is open 7 days a week, from 12:00—4:30.

**Fortuna Transit**

*(Prepared by Kathy Rexford, Parks and Recreation)*

Passengers on the Fortuna Transit Bus totaled 714 trips during the month of June. There were 6 new riders that signed up during the month. The lift was used for non-wheelchair riders 12 times and 90 times for wheelchair trips.

The Fortuna Transit welcomed Christina Moore as a Driver 1 this month and she will be replacing Allen who is moving out of state. Christina has 10 years bus driving experience and we are happy to have her working with us.

We continue with the Eureka shopping trip on the first Tuesday of every month. The riders love to shop and meet each other at the food court in the mall for lunch.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of passengers</td>
<td>757</td>
<td>714</td>
<td>8457</td>
<td>8515</td>
</tr>
<tr>
<td>Total Miles</td>
<td>2205</td>
<td>2191</td>
<td>24827</td>
<td>24733</td>
</tr>
<tr>
<td>Service Miles</td>
<td>1998</td>
<td>2002</td>
<td>22457</td>
<td>22384</td>
</tr>
<tr>
<td>Hours Worked</td>
<td>269.25</td>
<td>318</td>
<td>3157.75</td>
<td>3518.5</td>
</tr>
<tr>
<td>Service Hrs Worked</td>
<td>227.5</td>
<td>275</td>
<td>2573.75</td>
<td>2905.25</td>
</tr>
</tbody>
</table>

**Sports and Classes**

*(Prepared by Kathy Rexford, Parks and Recreation)*

Adult softball has begun and games are played Monday – Thursday nights at 6:15, 7:30 and 8:45. I will be holding a manager’s meeting for Coed Softball on July 21st at 5:30 pm at Newburg Park and the coed season will begin in August.

**Continuous Facility Rentals**

*(Prepared by Kathy Rexford, Parks and Recreation)*

Results Fit Camp continues to hold exercise classes in the Pavilion on Tuesday & Thursdays at 5:30am, 9:00am and 6:00pm, each class lasts one hour.
Pickle-ball continues to have games in the Pavilion on Monday & Wednesday and the time has changed to 11:00am to 2:00 pm through the summer. This is open to the public and the cost is $3.00 per session.

Weight Watchers continues to hold their weekly meetings in the Rohner Rec Hall on Wednesday’s from 11:45am – 12:45pm.

Public Skating ~ Recreation Program

(Prepared by Toni Wilson, Recreation Supervisor)

The Fortuna Skating Rink was open for public skate and private parties in the month of June. There were three public skates on Saturday nights in June with an average attendance of twenty-five. We hosted twenty-two private skate parties in June with an average attendance of thirty-three at each. The price for public skate is $5.50 for anyone six and up or $3.00 for anyone five or younger. This price includes your skate rentals. Public skate is open on Saturday nights from 6:30 pm – 9:30 pm.

Summer Rec. Camps

(Prepared by Toni Wilson, Recreation Supervisor)

Our Summer Camps are in Full Swing. Summer Fun and Kiddie Kamp are both day camps held in Rohner Park. Kiddie Kamp is for four year old to six year olds. The Price of Kiddie Kamp is $30.00 a day, 7:30 – 5:30 pm or $20.00 a half day. Our half day sessions run from 7:30 am – 12:30 pm or 12:30 pm – 5:30 pm. This program will be held starting June 20th and continuing through the summer and ending on August 26th. Our Summer Fun hours are 7:30am – 5:30 pm and the cost is $25.00 a day or $18.00 for a half day. You can find registration paperwork on our web-site friendlyfortuna.com or come down to the Park Office located in the white house at Rohner Park. If you have any questions please call the Park Office at 725-7620. Registrations will be accepted throughout the summer months.

This year we are going to be doing an exciting ten weeks of weather theme. Arts, crafts, games, bike days, water days, skating, science projects and fieldtrips will try to accommodate this theme. Our Calendar will be available to you on your first day of camp.

We are also partnering up again with Food for People to bring the Free Lunch Program back to Rohner Park. These healthy nutritious lunches will be handed out of the Rohner Park Cook shack from 12 O’clock noon until 1:00 pm. anyone under the age of eighteen can come get a lunch for free. No sign ups required!

We are hosting over one hundred campers a day in our two camps combined.

Community Service

(Prepared by Toni Wilson, Recreation Supervisor)

The Parks & Recreation Department currently has twelve people signed up to perform Community Service. Community Service workers completed 52.5 hours in the month Of June. One of our workers completed their hours this month. The Community Service Work Program is a big part of our success. The workers help with trash pickup and maintenance projects in Rohner and Newburg Parks as well as the Treatment Plant and the River Lodge. Since the program started in 1997, there have been 48,197.75 service hours completed in the City.

RECOMMENDED COUNCIL ACTION:

Receive Monthly Parks & Recreation Department Report. Consent Agenda Vote.
DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: William Dobberstein, Chief of Police

THRU: Regan M. Candelario, City Manager


STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Officers with the Fortuna Police Department have begun the educational phase of Fortuna Municipal Code 9.28.010; Aggressive and Intrusive Solicitation. Since the ordinance has been in effect we are experiencing a sharp drop in panhandling/solicitation type of calls. The addition of the private security at Redwood Village Shopping Center, various brush and vegetation removal efforts and frequent foot patrols by officers have been contributing factors.

The FPD is in the final stages of the USDA grant request for two patrol units funding. The funding awards will be announced in August.

In March 2016 a directive was provided to staff to conduct and document foot patrols in targeted areas, including; Downtown, Redwood Village Shopping Center, Strong’s Creek Plaza and Mid Town Plaza. In the month of June, FPD personnel conducted 80 foot patrols in these areas. Having an officer on foot patrol enhances community partnerships and keeps our officers in touch with local activity, as well as, provides the FPD with valuable feedback from businesses. I have been contacted by business owners and citizens thanking the FPD for providing a visible presence in these areas.

The FPD will be hosting a Citizen’s Police Academy. This 8 session course will meet once a week for 2 hours and will provide training and education on the following topics; Constitutional Rights, Crime classifications, Mental health and Homelessness, K-9 demonstration, Taser / Force options, Animal Control, Crime Prevention basics and Fingerprinting. Participants will also be encouraged to complete a Ride-A-Long with a Fortuna Police Officer. The Citizen Police Academy will begin on August 11th and concluding on September 29th 2016. Application materials can to found online at Friendlyfortuna.com or the FPD Facebook page. Applicant’s can also call FPD Office Supervisor Robin Paul at (707) 725-1423 to get an application.

The Humboldt County Avoid the 10 DUI Task Force conducted a DUI/Drivers License checkpoint on June 18th 2016 in the 700 Block of Main Street in Fortuna. Checkpoints are placed in locations that have the greatest opportunity for achieving drunk and drugged driving deterrence and provide the greatest safety for officers and the public.
DUI/Drivers License checkpoints have been shown to lower DUI deaths and injuries. A major component of these checkpoints are the deterrent effects it has on those who might drive drunk or drugged impaired, bringing about more awareness and encouraging everyone to use sober designated drivers.

- 585 Vehicles Screened
- 0 DUI-Alcohol suspects arrested
- 0 DUI-Drug impaired suspects arrested
- 5 Drivers cited/arrested for operating a vehicle unlicensed or while suspended/revoked
- 6 Citations issued

The FPD reminds the public that crime statistics and information on calls for service can be found at forpd.crimegraphics.com.

Measure Z continues to fund our Drug Task Force position through June 30, 2017. Our agent has made a significant impact on drug sales and activity in our area and throughout the county.

During the month of June 2016, the FPD handled 1,994 calls for service, made 105 arrests and issued 50 citations.

The Fortuna Police Department Facebook page now has 3,130 followers.

**RECOMMENDED COUNCIL ACTION:**
STAFF REPORT
City Council Consent Agenda Item

DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: Merritt Perry, Public Works Director

THRU: Regan M. Candelario, City Manager

SUBJECT: Public Works Department/City Engineer Monthly Report for June 2016

STAFF RECOMMENDATION:
Receive report as an informational item.

EXECUTIVE SUMMARY:

Utilities Division – Prepared by Chief Plant Operator
In the month of June the Distribution department had 6 water leaks. They were on Shay Court, 12th Street near the High School, 15th Street, the alley behind Sequoia Gas on Main Street, Newell Drive and a hydrant on Jenny Lane. In most cases, the older pipe was replaced with newer thicker pipe. The hydrant on Jenny Lane needed new bolts as the old ones were rusted out.

Staff read meters on the 17th. Staff also diagnosed, repaired or replaced various meters and radios that were not working properly and raised and moved numerous water services as part of the Rohnerville Road improvement project. Utility staff helped the operations crew by mowing and landscaping at pump stations and water tanks. There were no sewer plugs during the month and no SSOs. Finally numerous backflow devices were tested and repaired city-wide.

We are in the interview phase of the Utility II recruitment process. Seventeen applicants applied for the position vacated by Tim Kemp. We are extending interviews to ten of these applicants and should have a new employee on board by the end of July or first week of August.

Wastewater Treatment
Flows through the facility were 27.6 MG with a high flow of 1 MG on June 1st. Average flows through the facility were .923 MGD. There were no violations during the month.

Water Treatment
38.9 MG were pumped from the wells to the distribution system in the month of June. Our water production in June was 28.8% higher than production from May (30.2 MG). June production was 2% higher than June of 2015 (38.3 MG) and 8% higher than the benchmark of May, 2013 (36.1 MG).

The City submitted the self-certification and found the production of our city wells were 12% more than our consumption and therefore we do not have a conservation mandate. The current state-wide ban on the watering of medians, runoff on to streets and sidewalks and the use of hoses without automatic shutoff nozzles will still be in effect.

Freshwater Environmental Services completed the 2015 Urban Water Management Plan which was very helpful in providing data during the self-certification process.
All routine coliform tests came back negative.

**General Services and Streets - Prepared by the General Services Superintendent**

Public Works crews worked with the slurry contractor to complete the slurry project on Cypress Loop, P Street from Sixth Street to the west end, Trinity Street, Rebecca Lane south of Trinity and Weber north of Trinity. This maintenance treatment protects older asphalt roadways and fills in cracks extending the life of the roads.

Crews continued the roadside mowing program mowing Redwood Way, Rohnerville Road, Fortuna Boulevard and Kenmar Road. This helps improve visibility and removes tall flammable vegetation from the roadside. Crews began preparation for the summer events mowing and weedeating the entrances to town as well as changing out banners and sign icons. Crews painted Stop and Stop Bar legends to make them visible as well as repainting those on the slurried roadways. Crews repaired a traffic signal head that had been struck by an over-height truck.

Staff attended the North Coast Stormwater Coalition meeting representing Fortuna as well as the Humboldt County solid waste Local Task Force.

Other work included in alley maintenance, street light and traffic signal maintenance, curb painting, the city wide street sweeping program and responding to calls for assistance as needed.

**RECOMMENDED COUNCIL ACTION:**

Receive Public Works Department Monthly Report. Approve the City’s Reports; By Business Agenda Vote.
DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: Joanna Miranda, Conference Center Manager

THRU: Regan M. Candelario, City Manager


STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

The River Lodge and Monday Club held a total of 29 events in June. Our weekends consisted of 6 weddings a baby shower, a memorial service and 2 graduation parties. Weekdays during June were filled with graduations, meetings and seminars.

Applications for the 15th Annual River Lodge Craft Faire were sent out in June. We have received over 30 applications for interested vendors. The drawing to be a vendor will take place the week of July 25th. This annual event focuses on local, handmade goods for the holiday season. The event will take place on Saturday and Sunday, November 19-20, 2016.

The River Lodge was voted best venue in the Times Standard’s Reader’s Choice 2016 “Best of the North Coast” contest.

Sales in the Gallery were $334 for the month of June.

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Event Schedule

Consent Calendar Item 8
Page 2 of 2
DATE: July 18, 2016

TO: Honorable Mayor and City Council Members

FROM: Regan M. Candelario, City Manager

SUBJECT: Report of Disbursements

STAFF RECOMMENDATION:

Receive staff report of disbursements that were processed for the City of Fortuna and the Successor Agency (Fortuna Redevelopment Agency) if applicable, as an informational item only.

REPORT OF DISBURSEMENTS:

Disbursements were processed on July 1, 2016 in the following amount(s):

- City of Fortuna $ 162,522.81

RECOMMENDED COUNCIL ACTION:

Informational Item. Receive report by Consent Agenda Vote

Attachments:

- Disbursements Detail Reports for July 1, 2016
**Cash Disbursement Detail Report**

**Run By:** Rachael Henry  
**Bank Account:** 1020  
**Date:** July 01 16  
**Time:** 08:09

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### Cash Disbursement Detail Report

**City of Fortuna**

**Check Listing for 07-16**

**Bank Account:** 1020

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**Run By:** Rachael Henry

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### Cash Disbursement Detail Report

#### City of Fortuna

**Check Listing for 07-16**

**Bank Account:** 1020

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Cash Account Total: 162522.81 .00  162522.81

Total Disbursements: 162522.81 .00  162522.81
STAFF REPORT

City Council Consent Calendar Agenda Item

DATE: July 18, 2016
TO: Honorable Mayor and Council Members
FROM: William Dobberstein, Chief of Police
THRU: Regan M. Candelario, City Manager
SUBJECT: Authorization for Police Chief Dobberstein to Submit Response Letters to the 2015-2016 Humboldt County Grand Jury report: “To Hold or Not to Hold” and “Jails and Enforcement Facilities”

STAFF RECOMMENDATION:

Receive staff report and authorize Chief Dobberstein to submit response letters to the Humboldt County Grand Jury regarding “To Hold Or Not To Hold” and “Jails and Enforcement Facilities”

EXECUTIVE SUMMARY:

On June 1, 2016 the City of Fortuna received the 2015-2016 Humboldt County Grand Jury report. One area of the Grand Jury report titled “To Hold Or Not To Hold” focused on a complaint from September 2015 where two men were released from the Humboldt County Correctional Facility based on their score on the Ohio Risk Assessment Tool (ORAT). The report states that the Sheriff stated in a conversation that the HCCF had no choice but to release the men based on their ORAT score and that if the arresting officers would have filled out a hold form, the men would have stayed in custody.

The Grand Jury interviewed the complainant, officers from different Humboldt County law enforcement agencies and reviewed the “hold forms” from HCCF.

In essence, the Grand Jury concluded that the county has nine law enforcement agencies and only one booking/holding facility. The Grand Jury stated that it was vital for the protection and safety of the County’s residents that changes in the booking procedures be communicated to all law enforcement agencies.

The Grand Jury had the following recommendations and requested a response from all cities and law enforcement agencies in the county.

R1. The Humboldt County Civil Grand Jury recommends that the Humboldt County Sheriff’s Department create and initiate a formal process of communication with law enforcement agencies in Humboldt County regarding any and all changes to the booking process of the Humboldt County Correctional Facility.

R2. The Humboldt County Civil Grand Jury recommends that the Humboldt County Sheriff’s Department, in collaboration with local law enforcement agencies, develop a new holding form that arresting officers can use to ensure that felons who should not be released will not be released.

R3. The Humboldt County Civil Grand Jury recommends that the Humboldt County Sheriff’s
Department and all local law enforcement agencies instruct their officers on the existence and proper use of the new Humboldt County Correctional Facilities holding form.

Another area the Grand Jury focused on was “Jails and Holding Facilities”.

R1. The Humboldt County Civil Grand Jury recommends that the County facilities, digitize records as a space saving, transparency, and as a cost saving measure.

I have prepared a response to these recommendations on behalf of the Fortuna City Council and the Fortuna Police Department in the attached response letter to the Grand Jury.

**FISCAL IMPACT:**

None.

**RECOMMENDED COUNCIL ACTION:**

Authorize Chief Dobberstein to submit response letters to the Humboldt County Civil Grand Jury on behalf of the City Council and the Fortuna Police Department. Consent Agenda Vote

**ATTACHMENTS:**

- Letters of Response to the Grand Jury
To Hold Or Not To Hold

Findings:

The Fortuna Police Department disagrees wholly or partially with findings numbered F1, F2 and F3

Recommendations numbered R1, R2, R3 have been implemented.

Recommendation R1: The Humboldt County Civil Grand jury recommends that the Humboldt County Sheriff’s Department create and initiate a formal process of communication with law enforcement agencies in Humboldt County regarding any and all changes to the booking process of the Humboldt County Correctional Facility.

The Fortuna Police Department disagrees with this recommendation as we feel that we have a very good process in place that allows for communication between our agency and the Humboldt County Sheriff’s Office. As Chief, I attend the Law Enforcement Chief’s Association Humboldt (LECAH) meetings once a month, where I meet personally with the Sheriff, Under Sheriff or his designee. We have discussed in detail the guidelines of the HCCF booking process and I have brought that information back to the FPD and communicated to staff. I also frequently communicate with command staff at the Humboldt County Sheriff’s Office via email and have found that the HCSO is very responsive to any questions or comments I have regarding issues such as the booking process.

Recommendation R2: The Humboldt County Civil Grand Jury recommends that the Humboldt County Sheriff’s Department, in collaboration with local law enforcement agencies,
develop a new holding form that arresting officers can use to ensure that felons who should not be released will not be released.

The Fortuna Police Department disagrees with this recommendation as we feel that there is already a procedure in place that addresses this recommendation, with the Request for Non-Release form that is completed by the arresting officer and is available at the HCCF.

**Recommendation R3: The Humboldt County Civil grand Jury recommends that the Humboldt County Sheriff’s Department and all local law enforcement agencies instruct their officers on the existence and proper use of the new Humboldt County Correctional Facilities form.**

The Fortuna Police Department agrees with this recommendation and has instructed all sworn staff on the existence and proper use of the Request for Non-release form and the Misdemeanor Incarceration Form.

I hope that the information provided meets your request. If you should need any further information, please do not hesitate to contact me.

Sincerely,

William Dobberstein
Chief of Police
City of Fortuna

CC: John Heckel, Foreperson
2015-2016 Humboldt County Civil Grand Jury
825 Fifth Street
Eureka, CA 95501
The Honorable Judge Joyce D. Hinrichs, Presiding Judge  
Superior Court of California, County of Humboldt  
825 Fifth Street  
Eureka, CA 95501

Honorable Judge Hinrichs,

I write in response to the letter that I recently received dated June 1, 2016. Hopefully, the enclosed information will answer the request that the Grand Jury has made but if not, please feel free to contact me.

**Jails and Law Enforcement Facilities**

The FPD agrees with Recommendation numbered R1.

**Recommendation R1:** *The Humboldt County Civil Grand jury recommends that the County Facilities, digitize records as a space saving, transparency, and cost saving measure.*

The Fortuna Police Department agrees with this recommendation.

I hope that the information provided meets your request. If you should need any further information, please do not hesitate to contact me.

Sincerely,

William Dobberstein  
Chief of Police  
City of Fortuna

CC: John Heckel, Foreperson  
2015-2016 Humboldt County Civil Grand Jury  
825 Fifth Street  
Eureka, CA 95501
DATE: July 18, 2016

TO: Honorable Mayor and Council Members

FROM: Doug Culbert, Utilities Superintendent

THROUGH: Regan M. Candelario, City Manager

SUBJECT: Approve Purchase of Aeration Basin Recirculation Pumps for the Waste Water Treatment Facility

STAFF RECOMMENDATION:


EXECUTIVE SUMMARY:
These pumps are a critical part of the treatment process at the Waste Water Treatment Facility. Currently there is one pump that is in service and two more are needed for redundancy. This is a specialized product to fit a specific application. The original pumps are obsolete so staff has opted to purchase Gorman Rupp pumps so that they can be used interchangeably in other applications at the facility and not just specifically for the Aeration Basin. Staff researched the product and received two written quotes. Although one was not the exact product preferred for the application it was requested to fulfill the requirements of the City’s procurement process. A third quote was requested from a separate Gorman Rupp supplier but they did not provide one stating that it would be the same price as the quote the City already received as they all pass on the same price and markup received from the Gorman Rupp manufacturer.

FINANCIAL IMPACT:
This is a budgeted item and will be paid for from the Waste Water Capital Outlay account #550-8268-6600.

Quote detail:
Thomas & Associates - $35,712.36
Flo-Line Technology, Inc. - $42,180+tax and s/h

RECOMMENDED COUNCIL ACTION:
Receive Report and Approve the purchase by Consent Agenda Vote.

Attachments
- Thomas and Associates Quote
- Flo-Line Technology, Inc. Quote
- Comparative Cost Analysis
COMPARATIVE COST AND SOLE SOURCE JUSTIFICATION

Department: Public Works-Sewer

Description and Purpose of Item to be Purchased:
Aeration Basin recirculation pumps

COMPARATIVE COST: Complete this section when procuring single Materials, Supplies and Equipment items costing between $500 and $10,000. Attach completed form to Requisition/Purchase Order.

Vendor 1:
Name of Company: Thomas & Associates
Cost: $35,712.36 s/h included

Vendor 2:
Name of Company: Flo-Line Technology, Inc.
Cost: $42,180+tax and s/h

Notes: The original pumps are obsolete so we opted to go with Gorman Rupp which will allow us to use these pumps for other applications around the facility if needed. We contacted one more supplier for another quote but all the GR suppliers quote the same price since they all buy from the manufacturer.

Prepared by: Doug Culbert Date: 7/12/16

SOLE SOURCE JUSTIFICATION: Complete this section to explain why only a single source is available for procurement of supplies, materials, equipment, vehicles, or services.

Name of Company:__________________________________________
Cost:__________________________________________
Notes:__________________________________________

Detailed description of justification for sole source:
__________________________________________

Prepared by: Doug Culbert Date: 7/12/16

Department Head Approval:__________________________ Date: 7/13/16
To: Chuck Bowman @ City of Fortuna
From: Dennis Prahm
Project: Recirculation Pumps – Denitrification Basin, 6” Self-Priming Centrifugal Pumps

In response to your request for a quotation, we are pleased to offer you the following:

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<th>Qty.</th>
<th>Item Description</th>
<th>Net Price</th>
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<td>Gorman-Rupp Model T6A3S-B/F; 6” “Super-T” Series™ Self-Priming Centrifugal pump in standard materials of construction with ductile iron impeller, oil lubricated tungsten titanium carbide mechanical seal, and 6” suction and discharge ANSI spool flanges. The pump shall be mounted on a fabricated steel Vertical V-belt base, and shall be driven by a 15 HP, 1750 RPM, 3-phase, 230/460V, 254T frame, Premium Efficient, TEFC motor. Includes: - OSHA approved V-belt guard - Impeller diameter shall be standard full diameter - Includes standard 5-year warranty on pump. - Pump and motor Sheaves/bushings combination to run each pump at 1,066 RPM. - Shipping weight: 1,564 lbs. each</td>
<td>$10,189.00</td>
<td>$30,567.00</td>
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Subtotal Materials $30,567.00
Sales Tax @ 8.0% (Humboldt County) $2,445.36
Freight Charges $2,700.00
Total Net Sale $35,712.36

FOB: Mansfield, OH
Subject to our standard terms and conditions of sale
Terms: Net 30 days
Lead Time: 4 - 6 weeks to ship, ARO

Provided by,
Dennis Prahm
**Flo-Line Technology, Inc.**
11822 Kemper Rd, Auburn, CA 95603
Ph 530-887-2240, Fax 530-887-2243
www.flolinepumps.com

**Attention:** Chuck Bowman  
**Company:** City of Fortuna  
**Email:** cbowman@ci.fortuna.ca.us  
**Phone:** 707-725-1474  
**Fax:** 707-725-1474  
**Cell:** 707-725-1474  
**Quote No:** 12657  
**Date:** 05/13/16

**Prepared By:** Gary Norgaard  
**Cell:** 530-887-2240  
**E-Mail:** darcy@flolinepumps.com  
**Subject:** ABS Pump  
**Freight:** PP&ADD  
**Ship Via:** BEST WAY  
**Validity:** 30 days

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---ALL SALES FINAL---

Thank you very much for the opportunity to quote the above products.

**Total:** $14,060
DATE: July 18, 2016

TO: Honorable Mayor and City Council Members

FROM: Regan M. Candelario, City Manager

SUBJECT: Second Reading and Adoption of the Amended Ordinance 2016-726; Adding Chapter 3.13 to Title 3 of the Fortuna Municipal Code To Levy A Local, City Of Fortuna Transactions And Use (Sales) Tax To Be Administered By The State Board Of Equalization

STAFF RECOMMENDATION:

City Staff have worked with City Council on multiple cost savings measures in an effort to protect and maintain the services relied on by our community, and to stabilize our City General Fund budget. These efforts have greatly helped the City avoid severe financial hardship. However, without new additional general fund revenue, cuts will likely be needed to maintain the City’s economic health, property values, and public safety needs, including maintaining 911 emergency response times and tools that keep our children away from gangs and drugs. Because of these fiscal realities, City Staff recommends approval of the attached ordinance in order to formally move forward with placing the proposed local funding measure before the voters on November 8, 2016.

Staff recommends that the City Council:

1. Hold the Second Reading and Adoption of the amended Ordinance 2016-726 adding Chapter 3.13 to Title 3 of the Fortuna Municipal Code levying a Local City of Fortuna Transactions and Use (Sales) Tax to be administered by the State Board of Equalization (BOE), subject to voter approval at the November 8, 2016 election.

EXECUTIVE SUMMARY:

The first reading of this ordinance was approved by the City Council on July 5 at the regular City Council meeting.

The City Council directed Staff to evaluate a local revenue measure for the purpose of replacing, maintaining and enhancing Police and Essential City services, such as police protection, 911 emergency response and other essential services.

Staff conducted various community meetings to survey the desire for city services and fiscal issues from residents and business owners in the City of Fortuna. At the May 6, 2016 Council meeting, staff was directed to continue planning efforts towards the task of placing a measure on the November 8, 2016 ballot.

If approved by voters, a 0.75 cent local sales tax would provide approximately $1,200,000 for essential City services to replace previously cut positions and help maintain public safety services, support local businesses, essential services, and stabilize our City budget. A local measure would provide local revenue for Fortuna’s local services that cannot be borrowed or taken by the State.
BACKGROUND:

As a general tax measure, majority approval of the voters at the November 8, 2016 election would be required. If enacted by voters, funds could be used to replace previously cut public safety positions, maintain and enhance essential services, such as police protection, 911 emergency responses, and to stabilize our local budget.

As a general tax measure, the uses of the proceeds of the transactions and sales taxes cannot be limited to specific projects or programs by the measure itself. The City Council can, however, provide policy direction in advance of the election regarding intended uses of the proceeds of the measure. Ultimately, revenue from the measure will flow into the general fund and be available for any legitimate governmental use.

The ordinance that would enact the proposed sales tax requires the approval of a simple majority (50% + 1) of the City of Fortuna voters voting on the measure at the November 8, 2016 General Election. It is important to note, that while the sales tax would be administered by the State Board of Equalization (“BOE”), the funding would be local funding for local services only – the State would not be able to take or borrow these funds.

A 0.75 cent sales tax is estimated to provide approximately $1,200,000 annually.

Given the results of community outreach to date, staff recommends that the City Council place the 0.75 cent transactions and use (sales) tax measure on the November 8, 2016 ballot. Revenue from this type of measure will assist the City in achieving the objective of replacing, maintaining and enhancing current services, such as; 9-1-1 emergency response services, police protection programs, support the growth of small businesses and other essential City Services as noted above. Money from this measure is legally required to be spent only on the City of Fortuna needs and cannot be taken or borrowed by the State.

The ordinance (Attachment “B”) is an ordinance imposing a local transactions and use (“sales”) tax to be administered by the BOE provided the City’s voters affirm the measure in the November 8, 2016 General Election. In addition, this ordinance makes all the necessary adjustments to the Municipal Code to clarify how the tax would be imposed, collection procedures, and the use of the tax proceeds. There is also a clause requiring an independent annual audit of the proceeds and use of the tax.

In addition to an eight year (8) sunset for the transaction and use tax, the City Council may rescind the ordinance and repeal the tax with a four-fifth’s vote. Voter approval would not be required. Lastly, the ordinance specifies that a residents’ oversight committee will be established no later than December 31, 2016 as a way to review the expenditures of the sales tax and ensure funds are spent consistent with community service priorities.

The proposed resolution would also authorize the Mayor to prepare and file an argument in favor of the measure on behalf of the City Council. The argument could also be signed by representatives of bona fide associations of citizens, individual voters who are eligible to vote, and members of the City Council. The Mayor would also be authorized to file a rebuttal argument, in the event that an argument is filed against the measure. Staff highly recommends that the City Council exercise this option.

Should Council choose not to authorize the Mayor or another member of the Council to file an argument on its behalf, under California Elections Code section 9287, a bona fide citizens group or a registered voter may file arguments in favor of, or against, the measure. Only one argument filed in support of, or against, a measure may be selected to appear with the measure in the voters’ information guide. If multiple arguments in favor of, or against, the measure are timely filed with the City Clerk’s Office, then the City Clerk must grant preference first to any argument filed on behalf of the legislative body, then to an authorized Council member or members, then to a bona fide citizens group, and finally to an individual voter registered and eligible to vote on the measure.
FISCAL IMPACT:

Without additional revenue, the current operational deficit situation that has persisted in Fortuna over the past five fiscal years will continue and will increase each year. In addition, the following essential services are at risk for elimination or reduction:

- Maintaining rapid 9-1-1 response services would become more challenging
- CIP projects that are scheduled for the repair and/or replacement of deteriorated City infrastructure will continue to be postponed and/or cancelled
- Programs that support local small businesses would be reduced or eliminated
- Funding and Staff time in support of local events such as the Fortuna Rodeo and AutoXpo will be reduced or eliminated
- Repair of City Streets
- Repair of City Drainage Facilities

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open the public hearing.
3. Motion to close the public hearing. Voice vote.
4. Motion to hold the second reading and adoption of amended Ordinance 2016-726 and read by title only.

ATTACHMENTS:

A. Ordinance 2016-726; An Ordinance Of The City Of Fortuna Adding Chapter 3.13 To Title 3 Of The Fortuna Municipal Code To Levy A Local, City Of Fortuna Transactions And Use (Sales) Tax To Be Administered By The State Board Of Equalization
ORDINANCE 2016-726

AN ORDINANCE OF THE CITY OF FORTUNA ADDING CHAPTER 3.13 TO TITLE 3 OF THE FORTUNA MUNICIPAL CODE TO LEVY A LOCAL, CITY OF FORTUNA TRANSACTIONS AND USE (SALES) TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

The People of the City of Fortuna do ordain as follows:

SECTION 1. ADDITION TO THE MUNICIPAL CODE. Chapter 3.13 is added to Title 3 of the Fortuna Municipal Code to read as follows:

CHAPTER 3.13: FORTUNA POLICE AND ESSENTIAL SERVICES TRANSACTION AND USE (SALES) TAX.

Section 3.13.010. TITLE. This Chapter shall be known as the “Fortuna Police and Essential Services Measure Transactions and Use (Sales) Tax Ordinance.” The City of Fortuna hereinafter shall be called “City.” This chapter shall be applicable in the incorporated territory of the City.

Section 3.13.020. OPERATIVE DATE. “Operative Date” means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance and approval by the voters.

Section 3.13.030. PURPOSE. This chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transaction and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collection of the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provision of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this chapter.
Section 3.13.040. **CONTRACT WITH STATE.** Prior to the Operative Date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax chapter; provided, that if the City shall not have contracted with the State Board of Equalization prior to operative date, it shall nevertheless so contract and in such a case the Operative Date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 3.13.050. **TRANSACTIONS TAX RATE.** For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of three-quarter percent per dollar (0.75%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the Operative Date of this chapter.

Section 3.13.060. **PLACE OF SALE.** For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from sales include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 3.13.070. **USE TAX RATE.** An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the Operative Date of this chapter for storage, use or other consumption in said territory at the rate of three quarter percent per dollar (0.75%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 3.13.080. **ADOPTION OF PROVISIONS OF STATE LAW.** Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provision of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

Section 3.13.090. **LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.** In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:

1. The word “State” is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California.

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this chapter.
3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

   a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provision of Part 1 of Division 2 of the Revenue and Taxation Code, or;

   b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word “City” shall be substituted for the word “State” in the phrase “retailer engaged in business in this State” in Section 6203 and in the definition of that phrase in Section 6203.

Section 3.13.100. PERMIT NOT REQUIRED. If a seller’s permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this chapter.

Section 3.13.110. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

   a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City
address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

   b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transaction tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the Operative Date of this chapter.

4. If the possession of, or the exercise of any right or power over, the tangible property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the Operative date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or
participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. “A retailer engaged in business in the City” shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 3.13.120. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

Section 3.13.130. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or City or against any officer of the State or the City, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to collected.

Section 3.13.140 SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 3.13.150 USE OF TAX PROCEEDS. All proceeds of the tax levied and imposed under this chapter shall be paid into the General Fund for use by the City of Fortuna.

Section 3.13.170 INDEPENDENT ANNUAL AUDIT. Annually the City Council retains an independent auditor to conduct an audit of and provide audited financial statements for all of the City’s financial activities. The auditor shall include an accounting of the revenue received from the tax and expenditures thereof in the audited financial statements. The auditor’s report shall be presented to the Council and the committee established by Section 3.13.180 and made available to the public.

Section 3.13.180 INDEPENDENT COMMUNITY OVERSIGHT COMMITTEE. The City Council shall, no later than December 31, 2016, establish an independent community oversight committee to review the expenditure of the revenue from this
transactions and use (sales) tax. The committee shall consist of five members to be appointed by the Mayor and approved by the City Council. The terms of the committee members and their specific duties shall be established by resolution of the City Council.

Section 3.13.190 AMENDMENTS OF CHAPTER; RESCISSION OF TAX.

A. The following amendments to this Chapter must be approved by the voters of the City of Fortuna: increasing the tax rate or revising the methodology for calculating the tax such that a tax increase would result; imposing the tax on transactions and uses not previously subject to the tax (unless such amendment occurs automatically by operation of Section 3.13.120); or extending the tax. The City Council may otherwise amend this ordinance without submitting the amendment to the voters for approval.

B. The City Council may, with a four-fifth’s vote of the entire Council, rescind this ordinance and terminate the tax at any time and without voter approval.

Section 3.13.200 TERMINATION OF TAX. The authority to levy the tax imposed by this ordinance shall expire on the eighth anniversary of the operative date (anticipated to be at the end of the day on March 31, 2025).

SECTION 2. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

SECTION 3. CERTIFICATION: PUBLICATION. Upon approval by the voters, the City Clerk shall certify to the passage and adoption of this ordinance and shall cause it to be published according to law and transmitted to the Board of Equalization.

SECTION 4. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. The approval of this Ordinance is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., “CEQA,” and 14 Cal. Code Reg. §§ 15000 et seq., “CEQA Guidelines”). The transactions and use tax enacted by this Ordinance is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the city would undertake the required CEQA review for that particular project. Therefore, pursuant to CEQA Guidelines section 15060 CEQA analysis is not required.

INTRODUCED AND FIRST READING PERFORMED on the 5th day of July 2016, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:  

__________________________________  
Sue Long, Mayor

ATTEST:  

________________________  
Linda McGill CMC, City Clerk
SECOND READING PERFORMED AND ADOPTED on the 18th day of July 2016, subject to voter approval at the November 8, 2016 election, by the following vote:

AYES: 
NOES: 
ABSENT: 
ABSTAIN: 

___________________________
Sue Long, Mayor

ATTEST:

_____________________________
Linda McGill CMC, City Clerk

Approved As To Form:

_____________________________
David Tranberg, City Attorney

CERTIFICATE
I, Linda McGill, City Clerk of the City of Fortuna, do hereby certify that Ordinance 2016-726 was INTRODUCED at a regular meeting of the Fortuna City Council held the 5th day July of 2016, and the SECOND READING was held at a regular meeting of the Fortuna City Council held the 20th day of July 2016. I further certify that Ordinance 2016-726 was duly posted and published pursuant to law and the Charter of the City of Fortuna and is a true and correct copy.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Fortuna, California, and this ___ day of ______________, 2016.

_____________________________
Linda McGill, CMC
City Clerk, City of Fortuna
DATE: July 18, 2016
TO: Honorable Mayor and Council Members
FROM: Regan M. Candelario, City Manager
SUBJECT: Approval of the Humboldt County Transportation Ballot Measure Expenditure Plan and Oppose the Placement of a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot to the Humboldt County Board of Supervisors; Resolution 2016-33

STAFF RECOMMENDATION:

Adopt a resolution 2016-33 approving the Humboldt County Transportation Ballot Measure Expenditure Plan and oppose the placement of a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot to the Humboldt County Board of Supervisors.

BACKGROUND:

On June 16, 2016, the Humboldt County Association of Governments (HCAOG) reviewed recent polling results of a possible ½-cent Transportation Sales Tax measure and finalized the Humboldt County Transportation Ballot Measure Expenditure Plan (Expenditure Plan). The HCAOG Board took action to publically release the expenditure plan and directed HCAOG staff to schedule hearings at each jurisdiction requesting approval of the plan. Attachment A of this report is the Humboldt County Transportation Ballot Measure Expenditure Plan presented for Council’s approval this evening. Attachment B of this report provided information on California’s Self-Help Coalition and transportation funding crisis.

The proposed sales tax measure is estimated to generate $10 million annually for the region. Other than HCAOG actual administration costs to fund independent audits, staff an oversight committee and develop an annual report, all funds will be allocated to the seven cities and the County for the stated eligible uses.

The formula used to determine the allocations in the Expenditure Plan include road miles, population, sales tax generation and an additional $50,000 annually set aside for the cities of Blue Lake, Ferndale, Rio Dell and Trinidad.
Section 180206 (b) of the Public Utilities Code requires that an expenditure plan shall not be adopted until it has received the approval of the Board of Supervisors and of the City Councils representing both a majority of the cities in the county and a majority of the population residing in the incorporated areas of the County. In addition, the HCAOG Board must adopt an ordinance establishing a ½-cent tax for transportation projects and a resolution requesting that the Board of Supervisors place the measure on the ballot. All of these actions must be completed by the August 12 deadline set forth in the California Elections Code.

Staff recommends the Council approve the Expenditure Plan and oppose the placement of a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot to the Humboldt County Board of Supervisors.

**FISCAL IMPACTS:**

There are no fiscal impacts to the General Fund for support of the Humboldt County Transportation Ballot Measure Expenditure Plan. However, there is a direct negative impact on the potential for the City of Fortuna Ballot Measure E scheduled for approval by voters on the same date on the ballot in November. Consistent with Public Utilities Code Section 18001 (e), the measure does require a “Maintenance of Effort” provision to safeguard that jurisdictions do not simply supplant existing transportation funding for maintenance purposes when the new funding becomes available. New measure funds must be used to augment and not replace existing general funds used for street and road purposes. A five-year average of discretionary general funds using adopted State Controller Reports will be used for this purpose.

The City would receive approximately $14,954,035 over the 20-year period.
ALTERNATIVES:

The Council may choose to support a Countywide transportation sales tax measure and include support in the resolution. The impact of this decision is dependent upon the actions of other jurisdictions and could lead to the inability to place the measure on the November ballot for consideration of the populace.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open the Public Comment.
3. Close Public Comment
4. Motion to adopt Resolution 2016-33 approving an Expenditure Plan and opposing placement of a countywide sales tax measure on the November Ballot, and read by title only. Roll Call Vote.

Attachments:

A. Resolution 2016-33: A Resolution Of The City Council Of The City Of Fortuna, California, Approving The Humboldt County Transportation Ballot Measure Expenditure Plan and opposing the placement of a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot to the Humboldt County Board of Supervisors
B. Humboldt County Transportation Ballot Measure Expenditure Plan
RESOLUTION 2016-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FORTUNA, CALIFORNIA, APPROVING THE HUMBOLDT COUNTY TRANSPORTATION BALLOT MEASURE EXPENDITURE PLAN AND OPPOSING THE PLACEMENT OF A 20-YEAR TRANSPORTATION SALES TAX MEASURE ON THE NOVEMBER 8, 2016 GENERAL ELECTION BALLOT TO THE HUMBOLDT COUNTY BOARD OF SUPERVISORS

WHEREAS, available revenues, including funding from Local, State and Federal governments, are not adequate to support needed maintenance, upgrading or safety improvements to the existing infrastructure; and

WHEREAS, the road, transportation and circulation systems within the cities and unincorporated areas of Humboldt County are of regional concern and the quality of such systems have a direct impact on residents, visitors and tourism, agriculture, business, industry and the general economy within the county; and

WHEREAS, the Humboldt County Association of Governments Board has developed the Humboldt County Transportation Ballot Measure Expenditure Plan pursuant to the authority of Public Utilities Code Section 180206; and

WHEREAS, the Humboldt County Transportation Ballot Measure Expenditure Plan was authorized for public release by the governing body of the Humboldt County Association of Governments on June 16, 2016; and

WHEREAS, the 20-year Humboldt County Transportation Ballot Measure Expenditure Plan will: generate revenue, of which 99.5% will be specifically and solely for local maintenance projects selected by local agencies, better leverage state and federal funds to support local projects, retain commercial air service, create jobs that support economic development, and establish an Taxpayer Oversight Committee to ensure that all funds are spent consistent with the voter-approved expenditure plan; and

WHEREAS, it has been determined in prior court cases and in particular, Sustainable Transportation Advocates of Santa Barbara v. Santa Barbara County Association of Governments (2009) 179 Cal.App.4th 113, the Court of Appeal, Second Appellate District, that establishing a Transportation Investment Plan and corresponding measure does not constitute a project under the State of California Environmental Quality Act and that the City does not need to make an environmental determination at this time; and

WHEREAS, the interests of Humboldt County and its residents and businesses will benefit by the implementation of the 20-year Humboldt County Transportation Ballot Measure Expenditure Plan through the new half-cent sales tax for transportation in Humboldt County.

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

SECTION 1. Action. The City Council of the City of Fortuna hereby approves the Humboldt County Transportation Ballot Measure Expenditure Plan introduced by the Humboldt County Association of Governments on June 16, 2016.
SECTION 2.  Action. The City Council of the City of Fortuna opposes the placement of a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot to the Humboldt County Board of Supervisors.

SECTION 3.  Environmental Determination. The City Council has determined that the above actions do not constitute a project, as defined by the California Environmental Quality Act and is not subject to environmental review.

PASSED AND ADOPTED on this 18th day of July, 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

________________________
Sue Long, Mayor

ATTEST:

________________________
Linda McGill CMC, City Clerk
Humboldt County Transportation Ballot Measure Expenditure Plan

Not more than half of one percent of funds, on an annual basis, will be used for administrative purposes of the Humboldt County Association of Governments (HCAOG). The remaining 99.5% funds generated by a ½ cent transportation sales tax measure will be allocated to the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, Trinidad and the County of Humboldt. The allocation formula is based upon $50,000 base for the four smallest cities (Blue Lake, Ferndale, Rio Dell and Trinidad) with the balance allocated by road miles, population and sales tax generation. The 20-year investment is expected to generate $200,000,000.

<table>
<thead>
<tr>
<th>20 Year Plan Totaling $200 Million</th>
<th>Percent of Funds</th>
<th>Estimated Annual Allocation</th>
<th>20-Year Allocation Estimate</th>
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<td>Audits, Oversight Committee</td>
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<td>$50,000</td>
<td>$1,000,000</td>
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<tr>
<td>Administration, Annual Reports</td>
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<tr>
<td>Administration costs will be reimbursed actual expenditures, not to exceed $50,000 per year.</td>
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</table>

Eligible Uses

- Maintenance, rehabilitation, and reconstruction of existing transportation including trails and transit.
- Local match leveraging of state and federal funds for road, trails and transit infrastructure.
- Retention of commercial air service.

Safeguards and Accountability Measures

This transportation investment plan includes strong taxpayer safeguards to ensure that the projects and programs approved by the voters are funded and delivered.

Taxpayer Oversight Committee: This committee will be created to provide an enhanced level of accountability for expenditures made under this investment plan to ensure that all voter mandates are carried out and that the financial integrity and performance of the program is maintained.
**Annual Independent Audit and Annual Reporting:** Annual fiscal and compliance audits will be conducted by an independent Certified Public Accountant, selected by the Taxpayers Oversight Committee, to assure that the revenues expended are reasonable. The audit’s results and annual report must be published and made available to the general public.

**Sunset Date:** This measure terminates in 20 years.

**Administrative Expense Cap:** Expenditures of HCAOG staff necessary to administer the program will be limited to no more than half of one percent of the annual gross revenues provided by the measure. These costs include independent audits, staffing the oversight committee and producing an annual report.

**Eligibility Verification:** The cities and County will select transportation projects that meet eligibility criteria as identified in this plan. The local jurisdictions will certify in the annual verification submitted to the HCAOG that these transportation funds were used for eligible expenses.

**Maintaining Local Transportation Funding Efforts:** The local jurisdictions will certify in the annual verification submitted to HCAOG that these transportation funds will be used to augment and not supplant local resources spent. For purposes of this calculation an average of the prior five (5) years spent for local transportation purposes will be used.

HCAOG is an association of local governments representing all seven cities and the County of Humboldt that is responsible for coordinating transportation planning in the Humboldt region. HCAOG has the fiduciary duty of administering the transportation sales tax proceeds in accordance with all applicable laws and with the Plan. The monies collected shall be accounted for and invested separately, unless and until the funds are turned over to a local agency in accordance with the Plan. At such time, the local agency shall keep a separate accounting of the monies and any and all expenditures to ensure that the monies are spent in accordance with the approved Plan. All interest income generated by these proceeds will be used for the purposes outlined in this Plan and will be subject to audits. HCAOG may use the contingency fund to make up the difference between the budgeted revenues and the actual revenues.
HCAOG’s Self-Help County Efforts

The Self Help Counties Coalition (SHCC) is an organization of 20 local county transportation agencies delivering super majority voter-approved transportation sales tax measures throughout California.

SHCC member agencies are dedicated to keeping the faith of the voting public who provide the authority and the funding so that we may deliver the priority transportation projects Californians depend upon every day. SHCC as an organization is dedicated to ensuring sound public policy so that local governments and the State of California can meet our transportation infrastructure needs. SHCC works closely with the California Transportation Commission, the California Department of Transportation, elected officials as well as other public and private sector interests.

- Self-Help Counties create and maintain jobs for transportation infrastructure, operations and maintenance.
- The SHCC provides a reliable and stable funding stream that far outstrips state and federal funding on an annual basis.
- The SHCC has extensive accountability measures and local elected official oversight on all taxpayer’s dollars.
- The public has direct access to local decision-makers and public meetings are held each month throughout the state with opportunities to participate in every self-help county.
- Expenditure plans explicitly detail how funds will be spent, allowing the public to fully understand where their local transportation dollars go.
Transportation Funding Crisis

State and federal transportation funding has dropped significantly in recent years, with once reliable funds becoming increasingly unreliable. In January of this year, state transportation officials took action cutting previously promised funding for road and transit projects by $754 million covering the next five years, the greatest reduction in two decades. While cuts to the Humboldt region only amounted to $800,000 of the $3.9 million share targeted for deletion, the decrease in funding is projected to continue its decline.

Transportation’s primary fund source, the gas tax, has not been raised in 20 years, and our cars are more fuel efficient than ever.

Fuel efficiency standards continue to increase while transportation funding continues its decline. As a result, revenues available to operate, maintain and improve our local transportation system have not kept up with the needs of our community.

Available transportation revenues from local, state and federal governments are insufficient, declining, and unable to fully support our existing transportation system. A new, reliable source of transportation funding is needed to maintain our communities and quality of life.

Humboldt County voters are being asked to approve a 20-year, ½-cent sales tax to address these needs. Twenty other counties in California have already approved similar ballot measures making them ‘Self-Help’ Counties. At least eight counties new to the SHCC are placing transportation sales tax measures on the November ballot.

With these voter-approved local transportation funds, Self-Help Counties have the ability to maintain and improve their transportation systems. They are also more successful in competing for funding and leveraging a larger share of state and federal dollars. Self-Help funds generated must stay local and can only be spent on transportation.
DATE:    July 18, 2016

TO:    Honorable Mayor and Council Members

FROM:    Regan M. Candelario, City Manager

SUBJECT:    Public Hearing; Become a Member and Approve Financing for Open Door Community Health Centers with the California Municipal Finance Authority (“CMFA”); Resolution 2016-34

STAFF RECOMMENDATION:

1) Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the “Code”).

2) Adopt Resolution 2016-34 approving the issuance of the Bonds by the CMFA for the benefit of Open Door Community Health Centers or an affiliate (the “Borrower”), to provide for the refinancing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following). The resolution will also authorize the Mayor or designee thereof to execute the Joint Exercise of Powers Agreement with the CMFA.

SUMMARY:

Issue
Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) on July 18, 2016 in connection with the proposed issuance of revenue bonds in one or more series by the California Municipal Finance Authority (“CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed $12,000,000, (the “Bond”), to finance or refinance the acquisition, construction, improvement and equipping of certain health care facilities for Open Door Community Health Centers located at 3750 Rohnerville Road in the City of Fortuna, California (collectively, the “Project”).

Adopt a resolution to become a member of the CMFA and to approve the financing of the Project by the CMFA.

BACKGROUND:

Open Door Community Health Centers, a California nonprofit corporation, requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed $12,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to: (1) finance the acquisition, construction, improvement and equipping of an approximately 31,000 square foot community health center to be located at 3750 Rohnerville Road in the City of Fortuna, California; and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by Open Door Community Health Centers.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Fortuna must conduct a public hearing (the “TEFRA Hearing”) providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.
CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 225 municipalities have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA’s representatives and its Board of Directors have considerable experience in bond financings.

EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT:

In order for the CMFA to have the authority to serve as the issuer of the bonds for the Project, it is necessary for the City of Fortuna to become a member of the CMFA. Attached to this report is a copy of the Joint Exercise of Powers Agreement to be executed by a designated signatory of the City.

The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

There are no costs associated with membership in the CMFA and the City will in no way become exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the City in the CMFA will not impact the City’s appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing, adopting the required resolution and executing the Joint Exercise of Powers Agreement of the CMFA, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required.

The Joint Exercise of Powers Agreement expressly provides that any member may withdraw from such agreement upon written notice to the Board of Directors of the CMFA. In the case of the proposed bond financing for the Borrower, the City following its execution of the Joint Exercise of Powers Agreement, could, at any time following the issuance of the Bonds, withdraw from the CMFA by providing written notice to the Board of Directors of the CMFA.

FISCAL IMPACT

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the “Foundation”), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the City of Fortuna, it is expected that that a portion of the issuance fee will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.
RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open Public Hearing
3. Close Public Hearing voice vote
4. Motion to authorize the City Manager to execute the Joint Exercise of Powers Agreement of the CMFA, and adopt Resolution 2016-34 and read by title only. Roll Call Vote.

ATTACHMENTS:

- **Resolution 2016-34:** A Resolution Of The City Council Of The City Of Fortuna Approving, Authorizing And Directing Execution Of A Joint Exercise Of Powers Agreement Relating To The California Municipal Finance Authority And Approving The Issuance Of Revenue Bonds By The Authority For The Purpose Of Financing Or Refinancing The Acquisition, Construction And Improvement Of Certain Facilities For The Benefit Of Open Door Community Health Centers
- CMFA Joint Powers Agreement
RESOLUTION 2016-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FORTUNA APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY AND APPROVING THE ISSUANCE OF REVENUE BONDS BY THE AUTHORITY FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF CERTAIN FACILITIES FOR THE BENEFIT OF OPEN DOOR COMMUNITY HEALTH CENTERS

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), certain public agencies (the “Members”) have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”) in order to form the California Municipal Finance Authority (the “Authority”), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the City of Fortuna, California (the “City”), has determined that it is in the public interest and for the public benefit that the City become a Member of the Authority in order to facilitate the promotion of economic, cultural and community development activities in the City, including the financing of projects therefore by the Authority; and

WHEREAS, there is now before this City Council (the “City Council”) the form of the Agreement; and

WHEREAS, the Agreement has been filed with the City, and the members of the City Council, with the assistance of its staff, have reviewed said document; and

WHEREAS, the Authority is authorized to issue and sell revenue bonds for the purpose, among others, of financing or refinancing capital projects for nonprofit corporations; and

WHEREAS, Open Door Community Health Centers, a California nonprofit corporation (the “Borrower”) has requested that the Authority issue and sell revenue bonds in the maximum principal amount of $12,000,000 (the “Bonds”) for the purpose of making a loan to the Borrower, to enable the Borrower to finance or refinance the costs of the acquisition, construction, improvement and equipping of an approximately 31,000 square foot community health center to be located at 3750 Rohnerville Road in the City (the “Project”); and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that an “applicable elected representative” of the governmental unit, the geographic jurisdiction of which contains the site of facilities to be financed with the proceeds of the Bonds, hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds following such hearing; and

WHEREAS, the Authority has determined that the City Council is an “applicable elected representative” for purposes of holding such hearing; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and, the requirements of Section 4 of the Agreement; and

WHEREAS, notice of such public hearing has been duly given as required by the Code, and this City Council has heretofore held such public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing or refinancing of the Project and the Authority’s issuance of the Bonds therefore; and

WHEREAS, it is in the public interest and for the public benefit that the City Council approve the issuance of the Bonds by the Authority for the aforesaid purposes;
NOW, THEREFORE BE IT RESOLVED BY THE FORTUNA CITY COUNCIL AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Agreement is hereby approved and the Mayor or the designee thereof is hereby authorized and directed to execute said document, and the City Clerk or such Clerk’s designee is hereby authorized and directed to attest thereto.

Section 3. The City Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds (a) by the “applicable elected representative” of the governmental unit having jurisdiction over the area in which the Project is to be located in accordance with Section 147(f) of the Code and (b) by the City Council in accordance with Section 4 of the Agreement.

Section 4. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 5. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 6. The Mayor, the Clerk and all other proper officers and officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 7. The Clerk shall forward a certified copy of this Resolution and an originally executed Agreement to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Section 8. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED on this 18th day of July, 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

__________________________
Sue Long, Mayor

ATTEST:

__________________________
Linda McGill CMC, City Clerk
JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY

THIS AGREEMENT, dated as of January 1, 2004, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the “Members” and those parties initially executing this Agreement are referred to as the “Initial Members”):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the “Joint Exercise of Powers Act”), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a “public agency” as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations; and

WHEREAS, each Member is also empowered by law to acquire and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, including leases or installment sale agreements or certificates of participation therein (herein “Bonds”), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and
WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, insurance, liability or retirement programs or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, it is further the intention of the Members that the projects undertaken will result in significant public benefits to the inhabitants of the jurisdictions of the Members; and

WHEREAS, by this Agreement, each Member desires to create and establish the “California Municipal Finance Authority” for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other applicable law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement or other instrument pursuant to which such Bonds are issued, or unless a successor to the Authority assumes all of the Authority’s debts, liabilities and obligations.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the “California Municipal Finance Authority” (the “Authority”), and said
Authority shall be a public entity separate and apart from the Members. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

B. BOARD.

The Authority shall be administered by the Board of Directors (the “Board,” or the “Directors” and each a “Director”) of the California Foundation for Stronger Communities, a nonprofit public benefit corporation organized under the laws of the State of California (the “Foundation”), with each such Director serving in his or her individual capacity as a Director of the Board. The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein. The number of Directors, the appointment of Directors, alternates and successors, their respective terms of office, and all other provisions relating to the qualification and office of the Directors shall be as provided in the Articles and Bylaws of the Foundation, or by resolution of the Board adopted in accordance with the Bylaws of the Foundation.

All references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director.

Directors may receive reasonable compensation for serving as such, and shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

The Foundation may be removed as administering agent hereunder and replaced at any time by amendment of this Agreement approved as provided in Section 16; provided that a successor administering agent of this Agreement has been appointed and accepted its duties and responsibilities under this Agreement.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the “Treasurer”) pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an “Indenture”) providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Board, the Treasurer is designated as the depositary of the authority.
Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than $1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the “Brown Act”).

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.
(4) **Minutes.**

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) **Quorum.**

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors constituting a quorum, except that less than a quorum may adjourn a meeting to another time and place.

E. **RULES AND REGULATIONS.**

The Authority may adopt, from time to time, by resolution of the Board such rules and regulations for the conduct of its meetings and affairs as may be required.

**Section 4. Powers.**

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to make grants, loans or provide other financial assistance to governmental and nonprofit organizations (e.g., the Members or the Foundation) to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law; provided, however, the Authority shall not issue Bonds with respect to any project located in the jurisdiction of one or more Members unless the governing body of any such Member, or its duly authorized representative, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Such approval may be evidenced by resolution, certificate, order, report or such other means of written approval of such project as may be selected by the Member (or its authorized representative) whose approval is required. No such approval shall be required in
connection with Bonds that refund Bonds previously issued by the Authority and approved by the governing board of a Member.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term “Fiscal Year” shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2004.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

Section 7. Bonds.

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of the principal
of, premium, if any, or interest on the Bonds nor shall the Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

**Section 9. Accounts and Reports.**

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.
Section 10. Funds.

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

Section 11. Notices.

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided, however, that to the extent permitted by law, the Authority may, provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

Section 12. Additional Members/Withdrawal of Members.

Qualifying public agencies may be added as parties to this Agreement and become Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Section 13. Indemnification.

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee of other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
Section 14. **Contributions and Advances.**

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and nonprofit organizations (e.g., the Foundation) to accomplish any of the governmental unit’s or nonprofit organization's purposes.

Section 15. **Immunities.**

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

Section 16. **Amendments.**

Except as provided in Section 12 above, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (a) the Authority shall provide each Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 17. **Effectiveness.**

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Initial Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Member approving this Agreement and the execution and delivery hereof.
Section 18. **Partial Invalidity.**

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 19. **Successors.**

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

Section 20. **Miscellaneous.**

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.
IN WITNESS WHEREOF, the City of Fortuna has caused this Agreement to be 
executed and attested by its duly authorized representatives as of the ___ day of _____________, 
2016.

Member:

CITY OF FORTUNA

By

Name:

Title:

ATTEST:

__________________________________
Clerk
DATE: July 18, 2016
TO: Honorable Mayor and Council Members
FROM: Liz Shorey, Deputy Director of Community Development
THRU: Regan M. Candelario, City Manager
SUBJECT: Adoption of the Traffic Impact Fee Nexus Study with a Preferred Alternative Traffic Impact Fee, and Direct Staff to Return with a Final Ordinance for First Reading at the August 1, 2016 City Council Meeting and Second Reading of Ordinance and Adoption of Final Traffic Impact Fee Resolution at a Subsequent Meeting.

STAFF RECOMMENDATION:
Review and adopt the Traffic Impact Fee Nexus Study with a preferred alternative traffic impact fee, review the draft traffic impact fee resolution, and review the draft traffic impact fee ordinance, and direct Staff to bring back a final resolution and ordinance to amend the Fortuna Municipal Code and adopting a new traffic impact fee.

EXECUTIVE SUMMARY:
Development impact fees are a commonly used method of collecting a proportional share of funds from new development for infrastructure improvements and other public facilities to offset the impact of new development on the existing built environment. Development fees in the State of California must adhere to the requirements of AB 1600 (also known as the Mitigation Fee Act; codified in Government Code 66000-66008), authorizing cities to impose fees on new development to fund public facilities and improvements necessitated by such development. Section 66000 et seq. requires that any and all development fees imposed by a city must have a reasonable relationship, or “nexus,” to the type, need and cost of the improvements to be funded. Impact fees are a tool that a jurisdiction may use to cover the cost of new infrastructure needed as a result of new development impacts; the funds generated may not be used to correct existing deficiencies.

In 2010, the City adopted a new General Plan that included policies that required new development to pay its share of impacts created by the new development projects(s):

LU-1.9 Growth Improvements: The City shall manage and improve facilities, infrastructure, and services to keep pace with both planned residential and commercial growth.

TC-1.21 Development Fees: The City shall assess fees on new development sufficient to cover the fair share portion of that development’s impacts on the local and regional transportation system.

TC-8. The City shall require that new development provide its fair share of City-wide roadway and traffic improvements.

Currently, the City of Fortuna collects development fees for both stormwater facilities ($600 per parcel or $0.32/foot) and traffic ($610 per dwelling unit Citywide, or $2,620 in the Hillside area and $2,137.50 in the Home Avenue area).
Traffic fees are collected for residential development only; there are currently no fees for commercial development. The existing fees that were established beginning in 1991 have not kept pace with inflation and were adopted under the previous general plan. In order to adjust the fee to reflect the actual cost of improvements under the current general plan land use and accompanying population projections, and to meet the requirements of AB 1600, a traffic impact fee study has been prepared to support the fee nexus (attached).

The Fortuna General Plan Program Environmental Impact Report (PEIR) included an analysis of the demand on City facilities including roadway infrastructure associated with the City’s anticipated population growth through 2030. The PEIR included a traffic study that analyzed expected impacts and proposed intersection improvements that would be needed to mitigate the impacts of new development.

The process for establishing an impact fee requires the preparation of a study that fulfills the requirements of the AB 1600. Section 66001 provides that in any action establishing, increasing, or imposing a fee as a condition of approval of a development project by a local agency, the local agency shall do all of the following:

- Identify the fee;
- Identify the use to which the fee is to be put;
- Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is proposed; and
- Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

The impact fee study attached to this report satisfies the requirements of AB 1600 and identifies the maximum fee that can justifiably be imposed on new development. The attached Traffic Impact Fee Study estimates the cost of the improvements and apportions the costs to new development for new dwelling units and commercial square footage. According to the analysis in the report, the City may establish a maximum fee as follows:

<table>
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<tr>
<th>Land Use</th>
<th>Fee</th>
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<tbody>
<tr>
<td>Residential</td>
<td>$2,257 per dwelling unit</td>
</tr>
<tr>
<td>Office/Retail</td>
<td>$3,285 per 1000 square foot</td>
</tr>
<tr>
<td>Industrial</td>
<td>$2,392 per 1000 square foot</td>
</tr>
</tbody>
</table>

The City Council may set the fee at any level up to the cap (maximum fee) justified by the study.

By paying a traffic impact fee, development has a mechanism to mitigate the cumulative impact of traffic, which otherwise would be an unmitigated impact. The traffic fee will benefit the community by collecting funds to make traffic improvements needed to accommodate the population projections of the Fortuna General Plan, and accompanying traffic impacts.

The attached resolution and ordinance will update the fee in compliance with AB 1600, and allow for collection of the fee to be imposed on new development. An enabling ordinance is required to authorize the fee, and a resolution establishes the terms of the fee and allows for future adjustments.

City Staff have convened two open community meetings in an effort to get input and feedback regarding the proposed actual traffic impact fee. Many and various recommendations were made and incorporated into the development of the following list of alternatives for City Council consideration.
**Alternative A:**
Adopt the maximum fee that can justifiably be imposed identified in the nexus study. *(Not recommended by Staff)*

**Alternative B:**
Retain the Status Quo [existing residential impact fee of $610 plus the Hillside and Home specific area residential impact fees and no commercial impact fee] *(Not recommended by Staff)*

**Alternative C:**
Adopt 50% of the maximum nexus study fee that can justifiably be imposed identified in the nexus study. *(Not recommended by Staff)*

**Alternative D:**
Adopt 25% of the maximum nexus study fee that can justifiably be imposed identified in the nexus study. *(Recommended by Staff)*

**Alternative E:**
Adopt 10% of the maximum nexus study fee that can justifiably be imposed identified in the nexus study. *(Not Recommended by Staff)*

Note: Staff recommends that each alternative, or any decision made by the City Council, be scheduled for review in May annually by the City Council.

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<tbody>
<tr>
<td><strong>Land Use</strong></td>
<td><strong>Detail</strong></td>
<td><strong>Maximum Fee Allowed (per study)</strong></td>
<td><strong>Status Quo</strong></td>
<td><strong>50% of Nexus Study Amount</strong></td>
<td><strong>25% of Nexus Study Amount</strong></td>
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<tr>
<td>Residential</td>
<td>Per dwelling unit</td>
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<td>$610/unit</td>
<td>$1,101.50</td>
<td>$550.75</td>
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<tr>
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<tr>
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<td>$1,167.50</td>
<td>$583.75</td>
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**Example project of 20,000 SF**

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<thead>
<tr>
<th>Land Use</th>
<th>Fee Amount</th>
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</thead>
<tbody>
<tr>
<td>One Residential Unit</td>
<td>Residential</td>
</tr>
<tr>
<td>Office/Retail</td>
<td>$63,880</td>
</tr>
<tr>
<td>Industrial</td>
<td>$46,700</td>
</tr>
</tbody>
</table>

* Home Ave. and Hillside Dr. Impact Fees will remain in effect regardless of any action taken.
FINANCIAL IMPACT:

Implementation of an updated traffic impact fee that corresponds to the projected impact as identified in the Fortuna General Plan will allow the City to collect fees to fund the required roadway improvements to accommodate the expected population growth. This new revenue will be deposited into the traffic impact fee account.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open the Public Hearing and receive any public comments.
3. Close Public Hearing
4. Motion to adopt the Traffic Impact Fee Nexus Study with a preferred alternative traffic impact fee and direct Staff to return with a final ordinance for first reading at the August 1, 2016 City Council meeting and Second Reading of Ordinance and adoption of Final Traffic Impact Fee Resolution at a subsequent meeting. Roll Call Vote.

Attachments:
- Traffic Impact Fee Nexus Study
- Draft Ordinance 2016-xx: An Ordinance Of The City Council Of The City Of Fortuna Replacing Section 17.06.190; Traffic Impact Fees, Of Chapter 17.06 Of Title 17: Zoning, Of The Fortuna Municipal Code, Allowing For Collection Of Traffic Impact Fees To Offset The Transportation Impacts Of Future Development
- Draft Resolution 2016-xx: A Resolution of The City Council Of The City Of Fortuna Adopting a Citywide Traffic Impact Fee
- Notes from Public Workshops
CITY OF FORTUNA
TRAFFIC IMPACT FEE NEXUS STUDY

Prepared by City of Fortuna

Staff:
  Liz Shorey, Deputy Director of Community Development
  Merritt Perry, City Engineer/Public Works Director

April 2016
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I. INTRODUCTION AND SUMMARY OF FINDINGS

This study is designed to provide the necessary technical documentation and nexus analysis supporting the adoption of a Traffic Impact Fee (TIF). The TIF described in this Study is based on growth potential at build-out and identified infrastructure improvements and is consistent with the most recent relevant case law and the principles of AB1600 or Government Code Section 66000 et seq ("Fees for Development Projects"; except where specific citations are provided, this statute will be referred to in this Report as AB 1600).

Following this introductory chapter, Chapter II discusses population and employment growth potential used in this analysis and Chapter III describes the modeling techniques used to establish nexus for the TIF and TIF capital costs. Chapter IV describes the resulting TIF fee calculation by land use category. Finally, Chapter V discusses implementation and legal considerations.

NEXUS STUDY, FEE OVERVIEW, AND PURPOSE

This study provides a schedule of fees to be established by the TIF Ordinance and Resolution. The TIF described herein provides funding for transportation improvements in the Fortuna General Plan required to serve new development and to ensure that existing service levels can be maintained. As described, the study effort was initiated based on policy direction from the Fortuna General Plan 2030. Ultimately, the final fees and corresponding implementing Ordinances and Resolutions must be approved by the Council.

The proposed TIF, if approved, will need to be enabled through adoption of a new Ordinance by the Fortuna City Council. The enabling Ordinance would allow the City to adopt, by Resolution, a fee schedule consistent with supporting technical analysis and findings. The Resolution approach to setting the fee allows periodic adjustments of the fee amount that may be necessary over time, without amending the enabling Ordinance.

It is expected that the TIF funding will be augmented by other revenue sources to meet overall funding requirements. This Study and the technical information it contains should be maintained and reviewed periodically by the City, as necessary, to ensure its accuracy and to enable the adequate programming of funding sources. To the extent that improvement requirements, costs, or development potential change over time, the TIF will need to be updated.

This Study does not determine or advocate a particular fee level. Rather it is designed to calculate the maximum allowable fee that could be charged given the requirements and limitations of AB1600. In addition, the following considerations are important in reviewing this study:

- The acceptance or approval of this Study does not, in itself, constitute the approval of the TIF or a corresponding fee schedule. This can only occur through
the approval of required Ordinances and Resolutions by the City.

- The study area outlined here includes the geographic area covered by the City of Fortuna Sphere of Influence. Fees would only be applied to development within the City’s jurisdictional boundaries (i.e., within the City limits).

- The acceptance or approval of this Study or the TIF does not constitute approval for a particular transportation project or set of improvements. The funding and approval of the particular transportation improvements identified as part of the TIF will be subject to the same approval and entitlement process that would be applicable in the absence of this fee program.

- The acceptance or approval of this Study or the TIF does not constitute approval for any particular land use program or project. The entitlement and permitting process for future land use development in the City will remain the same regardless of whether the TIF is approved.

- Any revenue generated from fees collected as part of the TIF must be segregated into a designated account and only used for purposes prescribed therein (i.e., in the TIF Ordinance and Resolution). In other words, fee revenue collected pursuant to the TIF can only be used to fund TIF projects.

**SUMMARY OF FEES**

A summary of the fees calculated in this TIF Report by land use category are provided in Table 1.

Table 1: Summary of Potential Traffic Impact Fees

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$2,257 per dwelling unit</td>
</tr>
<tr>
<td>Office/Retail</td>
<td>$3,285 per 1,000 square foot</td>
</tr>
<tr>
<td>Industrial</td>
<td>$2,392 per 1,000 square foot</td>
</tr>
</tbody>
</table>

The fees shown represent the maximum fee that can be charged based on the nexus findings in this Report. These fees are calculated to generate sufficient revenue to cover the full cost of TIF capital facilities associated with new development. The city may as a matter of policy decide to charge a fee below the maximum fee for any or all of the land uses. However, the revenue shortfall to the TIF that would result from reducing the fees must be made up by other non-TIF revenue sources. Specifically, the fee levels for certain land uses cannot be raised to cover revenue shortfalls that result from lowering the fees on other land uses.
KEY ISSUES AND ASSUMPTIONS

The calculation of the traffic impact fees is based on a variety of assumptions regarding land use, growth potential, service standards, and facility costs. Key issues that may warrant consideration in conjunction with this Report include:

- **Growth Potential.** The impact fee calculations are based on residential, commercial, and industrial growth potential at buildout through 2030. The estimates of buildout potential were developed as part of the Fortuna General Plan. If the growth potential does not materialize as expected, the corresponding facilities will not be needed or impact fee revenue will not be sufficient to pay for facilities already built. Consequently, the estimates of development and population should be periodically reviewed and updated.

- **Traffic Demand.** The General Plan Traffic Study estimated the demand that projected growth will generate for transportation improvements and included recommended system enhancements which will help to meet that demand. The capital improvements identified through this process represent a wide range of projects throughout the City, such as roadway extensions into developing areas, widening of existing streets to accommodate higher levels of travel demand, and improvements to traffic signal systems and intersections to better handle future traffic.

- **Cost Estimates.** The fee calculations embody facility cost assumptions that have been developed based on City staff estimates. The cost estimates are intended for planning purposes, and will be further refined over time as individual capital improvement projects are designed. As with the estimates of growth, the cost estimates should be periodically reviewed and updated.
II. TIF GROWTH POTENTIAL

The TIF is a one-time fee levied on new development at a rate proportional to its demand for transportation capital improvements. Thus, a forecast of potential buildout in the City is required to calculate the fee. This Chapter documents the land use growth assumptions used to calculate the TIF. Specifically, it describes the amount of residential development expected to occur in the City through the year 2030. These estimates are used for the following primary purposes in the fee calculation:

- Estimates of existing and future development and population are used to evaluate future traffic levels and determine the need for transportation improvements in the City.
- Estimates of future development and population at buildout are used to allocate the costs of required transportation improvements and ultimately to calculate a fee per unit of new growth.

The following sections describe the potential development at buildout and the key assumptions underlying them.

TIME HORIZON

The time horizon for an impact fee program is important because it determines the type and amount of transportation improvements that will be included in the fee program as well as the level of growth these improvements will serve. A longer time horizon will result in more transportation improvements being included in the TIF fee because of the added traffic demands from the increased population that will occur by that future date. A shorter time horizon typically reduces the number of improvements in the TIF fee because it includes only those improvements needed to accommodate a lower level of population and employment growth.

This Study is based on a time horizon that ends in the year 2030. This corresponds to the timeframe used in the Fortuna General Plan. The timeframe also corresponds to the future population and employment estimates available for use in this Study, as further described below.
DEVELOPMENT POTENTIAL

Development potential by land use category is based on population projections contained in the Fortuna General Plan. Specifically, population growth projections are used to estimate future residential development and commercial and industrial land use demand. Population projections have been converted into an estimate of future residential development using assumptions regarding persons per household. The resulting estimates of residential and commercial development used in this Report are described below and summarized in Table 2.

Table 2—Summary of Actual New and Potential Future Growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>7,027</td>
<td>Dwelling Units</td>
<td>5,015</td>
<td>2,012</td>
<td>30%</td>
</tr>
<tr>
<td>Retail/Office</td>
<td>921,000</td>
<td>Sq. Ft. Floor Area</td>
<td>52,500</td>
<td>868,500</td>
<td>94%</td>
</tr>
<tr>
<td>Industrial</td>
<td>400,000</td>
<td>Sq. Ft. Floor Area</td>
<td>0</td>
<td>400,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Fortuna General Plan, 2030.

RESIDENTIAL DEVELOPMENT

Land use data supporting this study is the Fortuna General Plan 2030 and the accompanying Program Environmental Impact Report. The PEIR includes several growth projections, some of which extend beyond the existing and anticipated boundaries of the City of Fortuna, to include unincorporated neighborhoods to the north and south or which extend beyond the time horizon of the General Plan to include development which is not likely to occur for 30 or 40 years. Those projections provide a useful context for the establishment of community-wide policies and the establishment of land use on the urban periphery. For the purposes of establishing a traffic impact fee, the City of Fortuna has elected to rely on the projections found in the Fortuna General Plan Background Report (General Plan PEIR, Appendix G). The housing demand forecast assumes an annual population growth rate of 1.6 percent (Background Report Page 2-2), the historic rate, and a mean household size of 2.5 people and a vacancy rate of five percent (Background Report Page 2-7).

Based on these assumptions, the General Plan projects a total City population of 16,730 residents in 2030, who will occupy a total of 7,027 dwelling units (4,729 units existing in 2005 at publication of the Background Report, plus 2,298 units expected to be constructed). A total of 286 dwelling units have been constructed between 2005 and 2015, with an additional 2,012 dwelling units anticipated by 2030. Subtracting the existing dwelling units (those at the time of the General Plan update and the units constructed since then), an additional 2,021 residential units are projected to be constructed through buildout in 2030.
COMMERCIAL AND INDUSTRIAL DEVELOPMENT

Fortuna General Plan 2030 projects a demand of an additional 921,000 square feet of retail and office commercial space by 2030. Subtracting 52,500 square feet of retail space constructed since the General Plan adoption, an additional 868,500 square feet of new retail and office commercial development is projected at buildout.

Industrial demand is projected at 400,000 square feet; no new industrial construction has occurred since the General Plan update.
This chapter documents the transportation modeling conducted to identify transportation improvements for inclusion in the TIF capital project list and their corresponding costs. The TIF capital project list includes all the projects that are assumed to be funded, in full or in part, by TIF revenue.

**TRANSPORTATION MODELING**

To analyze impacts associated with the General Plan land uses, the remaining anticipated capacity (2010-2030) within the City was estimated based on planned future development, population projections, and associated vehicular trips. To estimate the number of trips anticipated by future development, the software program *Trip Generation (7th Edition, 2003)*, by the Institute of Transportation Engineers (ITE) was used, and is based on actual trip-generation studies performed at numerous locations within a variety of conditions (e.g., population and existing road conditions). For the analysis, specific ITE rates were applied to different land use categories. Existing land uses within the planning area generated an estimated average of 77,505 trip ends per day. Projected future development within the planning area is estimated to generate an average of 79,002 additional trip ends per day.

Intersection capacity calculations were conducted using the methodologies described in the Transportation Research Board (TRB) *Highway Capacity Manual, 2000 Edition* (HCM). Traffix software was used to prepare the capacity and Levels of Service (LOS) calculations.
TIF CAPITAL PROJECTS AND COSTS

A description of the TIF project list used to develop the fee calculated in this Technical Report is provided in Table 3 on the following page. As shown, there are 20 separate TIF projects with an estimated total capital cost of approximately $8,160,000 million. The cost estimates are based on the best information available at the time of this report. To the extent that this project list and/or the corresponding cost estimates are updated, the fee amount will change accordingly.

The cost estimates are intended for planning purposes only, and will be refined over time as individual capital improvement projects are further developed and designed.

Table 3
TIFP Capital Project List
City of Fortuna Traffic Impact Fee Nexus Study

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Location and Description of General Plan EIR Mitigation Project</th>
<th>Total Estimated Project Cost</th>
<th>Estimated Cost To City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9th Street/Main Street – Signalize and add left-turn lanes to the eastbound and westbound approaches.</td>
<td>$825,000</td>
<td>$825,000</td>
</tr>
<tr>
<td>2</td>
<td>12th Street/Main Street – Add a left-turn lane and thru lane to the northbound and southbound approaches. Add a thru lane to the eastbound and westbound approaches. Use permitted – overlap phasing on the northbound and southbound approaches.</td>
<td>$360,000</td>
<td>$360,000</td>
</tr>
<tr>
<td>3</td>
<td>North Fortuna Boulevard—Main Street—Rohnerville Road. Install traffic signal or convert into a two-lane roundabout.</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>4</td>
<td>Rohnerville Road/Newburg Road – Install all-way stop controls and add a right-turn lane on the eastbound approach.</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>5</td>
<td>South Fortuna Boulevard/Newburg Road – Signalize with protected left-turn and right-turn overlap phasing on both the eastbound and westbound approaches. Add left-turn lanes and thru lanes to the eastbound and westbound approaches.</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>6</td>
<td>12th Street-Riverwalk Drive/US 101 South Ramps – Signalize and provide dual left-turn lanes on the eastbound approach. If this improvement is found by both the City and Caltrans to be infeasible, implement an alternative feasible intersection improvement acceptable to both the City of Fortuna and Caltrans that would reduce the impact to less than significant levels.</td>
<td>$6,000,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>7</td>
<td>Rohnerville Road/Redwood Way – Install traffic signal or roundabout</td>
<td>$850,000</td>
<td>$850,000</td>
</tr>
<tr>
<td></td>
<td>Project Description</td>
<td>Cost</td>
<td>Cost</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>8</td>
<td><strong>South Fortuna Boulevard</strong> – Ross Hill Road/Kenmar Road – Signalize with (protected left-turn or with eastbound left-turn lane) phase and right-turn overlap phasing on both the eastbound and westbound approaches.</td>
<td>$375,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>9</td>
<td><strong>Kenmar Road/Eel River Drive</strong> – Signalize and add right-turn lanes to the northbound approach and add a left-turn lane to the westbound approach. – INCLUDED WITH PROJECTS 10 and 11</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>10</td>
<td><strong>Kenmar Road/US 101 North Ramps</strong> – Roundabout or Signalize and operate with permitted left-turn phasing. No additional lanes would be needed. Pedestrian Undercrossing</td>
<td>$1,500,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>11</td>
<td><strong>Kenmar Road/US 101 South Ramps</strong> – Signalize and add a right-turn lane on the eastbound approach and operate with permitted left-turn phasing.</td>
<td>$1,500,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>12</td>
<td><strong>Rohnerville Road/School Street-Mill Street</strong> – Signalize and add left-turn lanes to the northbound, southbound, and eastbound approaches.</td>
<td>$700,000</td>
<td>$700,000</td>
</tr>
<tr>
<td>13</td>
<td><strong>12th Street/Loni Drive</strong> – Signalize, no additional lanes are needed. – PROJECT NOT TO BE ADDED UNTIL WARRANTS EXPECTED TO BE MET</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>14</td>
<td><strong>Future extension of Redwood Way through the Mill District and intersecting with a realigned Newburg Rd.</strong> – Signalize, no additional lanes are needed. – IMPROVEMENTS TO BE COMPLETED BY MILL SITE DEVELOPMENT</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>15</td>
<td><strong>Fortuna Boulevard/Strong's Creek</strong> – Signalize, no additional lanes are needed. – IMPROVEMENTS COMPLETED</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>16</td>
<td><strong>Ross Hill Road/Thelma Street</strong> – Install traffic signal or roundabout.</td>
<td>$660,000</td>
<td>$660,000</td>
</tr>
<tr>
<td>17</td>
<td><strong>Rohnerville and Drake Hill Road Improvements</strong> to include two traffic and parking lanes, two-way left-turn lane, bicycle lanes, and pedestrian sidewalks. These improvements not incorporated within the serpentine segment of Rohnerville Road south of Drake Hill. PROJECT NOT TO BE ADDED UNTIL AFTER ANNEXATION OF AIRPORT AREA</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>18</td>
<td><strong>Newburg Road and 12th Street Realignment</strong> to include the northbound US 101 on-ramp and extend the northbound off-ramp from US 101 onto 12th Street. If this improvement is found by both the City and Caltrans to be infeasible, implement an equivalent alternative feasible improvement acceptable to both the City of Fortuna and Caltrans. 80% State/Federal Funding Anticipated</td>
<td>$1,200,000</td>
<td>$240,000</td>
</tr>
<tr>
<td>19</td>
<td><strong>Dinsmore Drive Intersection Redesign</strong>, In conjunction with annexation of land between Riverwalk Drive and the Eel River redesign the five-point intersection of Dinsmore Drive, the southbound off-ramp from US 101, Riverwalk Drive, and 12th Street. COMBINED WITH PROJECT # 6</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>20</td>
<td><strong>Eel River and Kenmar Intersection Improvements</strong>, Request funding and design assistance from Caltrans to alleviate traffic congestion at the intersection of Eel River Drive and Kenmar Drive resulting from the State’s closure of Drake Hill Road. COMBINED WITH PROJECT # 10</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**TOTAL** $16,520,000 $8,360,000
IV. TRAFFIC IMPACT FEE

This chapter describes the techniques used to calculate the fee for the TIF. The fee is based on the TIF capital project list costs attributable to new growth within the City divided by projected development by land use category in the region.

FEE CALCULATION

This analysis relies on Dwelling Unit Equivalent (DUE) factors to compare and evaluate future development across land use categories. Specifically, DUE factors compare residential land uses to one another based on their vehicular trip generation rates in order to develop a common metric for analysis. The factors used to convert residential growth in DUEs are shown in Table 4, and are based on standard assumptions regarding trip generation and trip diversion. The DUE factors are then used to calculate DUE growth by land use, as shown in Table 5.

The actual fee calculation is based on the net TIF capital project costs attributable to new growth throughout the region divided by the projected number of new housing units, retail and commercial square feet developed in City of Fortuna through year 2030. Specifically, the total DUE growth by land use, calculated in Table 5, is divided by the capital project costs (see Table 3) to obtain total cost per DUE. To the extent that the costs are reduced because of outside funding sources, changed facility requirements, or other factors, the fee would be reduced by a proportionate amount. For example, if for policy considerations it is determined that 20 percent of the costs are funding using other sources, the resulting fee would also be reduced by 20 percent.

A Summary of the TIF per DUE by land use alternative is provided in Table 5. The actual fee by land use category are derived based on the DUE factors shown in Table 2 (total fee per DUE multiplied by the DUE factor by land use category). As noted, the TIF provides a single fee representing the entire city. Under the General Plan land use projections, the fee for a single-family house is approximately $2,203.02. A complete summary of fees by land use category is shown in Table 1.
Table 4  
Dwelling Unit Equivalents by Land Use Type  
City of Fortuna Traffic Impact Fee

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>ITE Land Use Code</th>
<th>Trip Generation Units</th>
<th>Average Weekday Daily Trip Generation Rate</th>
<th>PM Peak Hour Trip Generation Rate</th>
<th>Ratio of PM Peak Hour Trips/Daily Trips (percent)</th>
<th>% New Growth Remaining to meet GP Build-out</th>
<th>Remaining Dwelling Unit Equivalent (DUE) to Build-out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>210</td>
<td>Trips per Dwelling Unit</td>
<td>9.57</td>
<td>1.02</td>
<td>0.107</td>
<td>30%</td>
<td>1.00</td>
</tr>
<tr>
<td>Office/Retail</td>
<td>710</td>
<td>Trips per 1,000 sq. ft. Floor Area</td>
<td>11.01</td>
<td>1.49</td>
<td>0.135</td>
<td>94%</td>
<td>1.45</td>
</tr>
<tr>
<td>Industrial</td>
<td>110</td>
<td>Trips per 1,000 sq. ft. Floor Area</td>
<td>6.97</td>
<td>1.08</td>
<td>0.155</td>
<td>100%</td>
<td>1.06</td>
</tr>
</tbody>
</table>
Table 5
Calculation of Potential Traffic Impact Fees
City of Fortuna Traffic Impact Fee

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>Remaining New Growth per Land Use Type</th>
<th>New Growth Units</th>
<th>Dwelling Unit Equivalent (DUE)</th>
<th>New Growth in DUE’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>2,012 Dwelling Unit</td>
<td>1.00</td>
<td>2,012</td>
<td></td>
</tr>
<tr>
<td>Office/Retail</td>
<td>868.5 1,000 sq. ft. Floor Area</td>
<td>1.46</td>
<td>1,268</td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>400 1,000 sq. ft. Floor Area</td>
<td>1.06</td>
<td>424</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TOTAL DUE’s</td>
<td>3,704</td>
</tr>
</tbody>
</table>
V. IMPLEMENTATION AND LEGAL CONSIDERATIONS

The approval and implementation of the TIF should take into account a number of ongoing legal and administrative considerations. The primary legal and administrative considerations are discussed below.

ANNUAL REVIEW

AB 1600 (at Gov. C §§ 66001(c), 66006(b)(1)) stipulates that each local agency that requires payment of a fee make specific information available to the public annually within 180 days of the last day of the fiscal year. This information includes the following:

- A description of the type of fee in the account.
- The amount of the fee.
- The beginning and ending balance of the fund.
- The amount of fees collected and interest earned.
- Identification of the improvements constructed.
- The total cost of the improvements constructed.
- The fees expended to construct the improvement.
- The percent of total costs funded by the fee.

If sufficient fees have been collected to fund the construction of an improvement, the agency must specify the approximate date for construction of that improvement. Because of the dynamic nature of growth and infrastructure requirements, the City should monitor development activity, the need for infrastructure improvements, and the adequacy of the fee revenues and other available funding. Formal annual review of the TIF should occur, at which time adjustments should be made.

CREDITS, REIMBURSEMENT, AND EXEMPTIONS

It is recommended that, under certain and limited circumstances as determined by the City, the Impact Fee Ordinance allow developers subject to the fee to obtain credits, reimbursements, and/or exemptions. Fee credits, reimbursements, or exemptions should not be allowed by right but rather should be subject to review by City staff, as well as the City Council to ensure that such credits or reimbursements are warranted and appropriate.

A fee credit may be allowed if a developer provides a particular transportation facility or improvement "in-kind" rather than through payment of the TIF fee. The fee credit should equal the most current cost estimate of the infrastructure item (as defined by annual cost review or other recent evaluation of cost) regardless of the actual cost to construct.

Reimbursements should be considered for developers who contribute more funding and/or build and dedicate infrastructure items that exceed their proportional obligation if the project funded is a priority project. Such reimbursements should be provided as fee revenue becomes available and should include a reasonable factor for interest earned on
the reimbursable amount. It should not compromise the implementation of other priority capital projects. A provision for including such interest payments as additional costs in subsequent fees can be included in the Ordinance. Reimbursements would be granted on a discretionary basis only and not granted as a right.

The City may also elect not to impose fees for certain categories of development. For example, the City may elect to exempt developers from paying fees on any affordable housing units they build. Likewise, the City may enter into a Development Agreement that specifically exempts all or a portion of the City fees. In either case, the City will need to provide an alternative funding source for generating the corresponding loss in fee revenue.

SURPLUS FUNDS

AB 1600 also requires that if any portion of a fee remains unexpended or uncommitted in an account for five years or more after deposit of the fee, the operating entity(ies) (e.g. City Council) shall make findings once each year: (1) to identify the purpose to which the fee is to be put, (2) to demonstrate a reasonable relationship between the fee and the purpose for which it was charged, (3) to identify all sources and amounts of funding anticipated to complete financing of incomplete improvements, and (4) to designate the approximate dates on which the funding identified in (3) is expected to be deposited into the appropriate fund (§66001(d)).

If adequate funding has been collected for a certain improvement, an approximate date must be specified as to when construction on the improvement will begin. If the findings show no need for the unspent funds, or if the conditions discussed above are not met, and the administrative costs of the refund do not exceed the refund itself, the local agency that has collected the funds must refund them (Gov. C §66001(e)(f)).

SECURING SUPPLEMENTAL FUNDING

The TIF is not appropriate for funding the full amount of all capital costs identified in this Study. The will have to identify funding and pay for improvements related to existing and new developments and improvements not funded by the TIF or any other established funding source. Indeed, as part of the adoption of the fee, the City is likely to adopt a finding that it will obtain and allocate funding from various other sources for the fair share of the costs of improvements identified in this Report that are not funded by the TIF. Examples of such sources include the following:

- **General Fund Revenues.** In any given year, the City could allocate a portion of its General Fund revenues for discretionary expenditures. Depending on the revenues generated relative to costs and City priorities, the City may allocate General Fund revenues to fund capital facilities costs not covered by the TIF or other funding sources.

- **Assessments and Special Taxes.** The City could fund a portion of capital facilities costs using assessments and special taxes. For example, the establishment of a Mello-Roos Community Facilities District would allow the City to levy a special tax to pay debt service on bonds sold to fund construction of capital facilities or to directly fund
capital facilities.

- **State or Federal Funds.** The City might seek and obtain grant of matching funds from State and Federal sources to help offset the costs of required capital facilities and improvements. As part of its funding effort, the City should research and monitor these outside revenue sources and apply for funds as appropriate.

- **Developer Contributions:** Developers of particular projects may be required to pay for all or a portion of the costs of transportation improvements needed to serve their development.

**OTHER CONSIDERATIONS**

Completion of this nexus study and inclusion of a capital improvement project in a fee program does not constitute environmental clearance of that project. All relevant environmental and other reviews are still required before any project can be constructed. Therefore, the projects included in the TIF capital project list require all relevant environmental and other local reviews (e.g., Environmental Impact Report pursuant to the California Environmental Quality Act (CEQA)) before the project can be constructed. It is important to note that while the capital improvement projects require environmental and other relevant reviews, the adoption of a fee does not.
ORDINANCE 2016-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FORTUNA
REPLACING SECTION 17.06.190; TRAFFIC IMPACT FEES, OF CHAPTER 17.06 OF
TITLE 17: ZONING, OF THE FORTUNA MUNICIPAL CODE, ALLOWING FOR
COLLECTION OF TRAFFIC IMPACT FEES TO OFFSET THE TRANSPORTATION
IMPACTS OF FUTURE DEVELOPMENT

WHEREAS, to implement the goals and objectives of the Fortuna General Plan, and to mitigate
the impacts caused by future development in the City, certain public facilities must be improved
or constructed; and

WHEREAS, the City Council has determined that a traffic impact fee is needed in order to
finance these public facilities and to pay for each development’s fair share of the construction
and acquisition costs of these improvements; and

WHEREAS, development fees in the State of California must adhere to the requirements of
Assembly Bill 1600, enacted in 1987; and

WHEREAS, California Government Code Section 66000 et seq., authorizes jurisdictions to
impose fees on new development to fund public facilities and improvements necessitated by such
development so they pay their “fair share” of related impacts on the transportation system; and

WHEREAS, section 66000 et seq. requires that any and all development fees imposed by a City
must have a reasonable relationship, or “nexus,” to the type, need and cost of the improvements
to be funded; and

WHEREAS, Government Code Section 66000 also requires that each impact fee be held in an
account separate from the City’s General Fund; and

WHEREAS, the action of adopting a Traffic Impact Fee Ordinance does not constitute a project
as defined by California Environmental Quality Act Guidelines Section 15378; therefore, no
further environmental review is required.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF FORTUNA DOES
ORDAIN AS FOLLOWS:

SECTION 1. The above recitals constitute a part of the findings made by the City Council
in adopting this ordinance.

SECTION 2. The City Municipal Code is amended to replace Section 17.06.190 as
follows:
A. **Purpose.**
In order to implement the goals and objectives of the Fortuna General Plan, and to mitigate the impacts caused by future development in the City, certain public facilities must be constructed. The City Council has determined that a traffic impact fee is needed in order to finance these public facilities and to pay for each development’s fair share of the construction and acquisition costs of these improvements. In establishing the fee described in the following sections, the City Council has found the fee to be consistent with its General Plan.

B. **Traffic Impact Fee Established.**
1. A traffic impact fee (“TIF”) is established pursuant to Government Code Section 66000 et seq. (“Mitigation Fee Act”) to pay for public transportation facilities.
2. Pursuant to Government Code Section 66001, the City Council, in a Council resolution adopted after a duly noticed public hearing, shall:
   a. Set the amount of the TIF; and
   b. Describe the benefit and impact area on which the TIF fee is imposed; and
   c. List the City-owned public facilities to be financed; and
   d. Describe the estimated costs of these facilities; and
   e. Describe the reasonable relationship between the use of the TIF and the need for the public facilities; and
   f. List the types of future development projects on which the TIF is imposed; and
   g. Set forth the time for payment of the TIF.

C. **Use of Fee Revenues.**
The revenues raised by payment of the TIF shall be accounted for in separate and special funds and/or accounts to account for the revenues, along with any interest earnings on such funds. The TIF revenues shall be used for the following purposes:

1. To fund staff or consultant work on all preconstruction phases of the projects identified in the City Council resolution pursuant to 17.06.190 A, including:
   a. Right-of-way acquisition and related acquisition costs; and
   b. Environmental studies and related mitigation fees, and
   c. Pre-design, design and related engineering costs, and
   d. Any other reasonable pre-construction costs necessary to make the project ready for construction; and
2. To pay for construction of the public facilities designated in the City Council resolution adopted pursuant to 17.06.190 A; and
3. To reimburse the City for designated public facilities constructed by the City with funds (other than gifts or grants) from other sources together with accrued interest; and
4. To reimburse developers who have designed and constructed such designated public facilities; and
5. To pay for and/or reimburse costs of program development and ongoing administration of the traffic impact fee program.
D. Developer Construction of Facilities.
If a developer is required, as a condition of approval, to construct a public facility that has been designated to be financed with TIFs, a credit shall be offered by the City against the fee otherwise levied by this chapter on the development project in an amount not to exceed the cost of such public facility as estimated by the City in adopting the fee. The fee credit shall be against fee revenues only.

E. Administrative Guidelines.
The City Council may, by resolution, adopt administrative guidelines to provide procedures for calculation, credit, reimbursement, or deferred payment and other administrative aspects of the TIF.

SECTION 3: SEVERABILITY.
If any section, subsection, paragraph, sentence or part of this Ordinance is for any reason found to be unconstitutional, illegal or invalid by a court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance.

SECTION 4: EFFECTIVE DATE.
This Ordinance shall take effect and be in force thirty (30) days following its adoption.

SECTION 5: PUBLICATION OR POSTING.
The City Clerk shall cause this ordinance to be published and/or posted within (15) fifteen days after its adoption.

SECTION 6: CONFLICTS
All city policies, ordinances, and parts of ordinances in conflict herewith are hereby repealed.

SECTION 7: EFFECTIVE DATE
This ordinance shall take effect and be in full force thirty (30) days from the date of its passage.

INTRODUCED AND FIRST READING PERFORMED on the 1st day of August 2016, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:  

_____________________________________
Sue Long, Mayor

ATTEST:

________________________
Linda McGill CMC, City Clerk
SECOND READING PERFORMED AND ADOPTED on the 2016, by the following vote:
AYES:
NOES:
ABSENT:
ABSTAIN:

Sue Long, Mayor

ATTEST:

Linda McGill CMC, City Clerk

Approved As To Form:

David Tranberg, City Attorney

CERTIFICATE

I, Linda McGill, City Clerk of the City of Fortuna, do hereby certify that Ordinance 2016-xx was INTRODUCED at a regular meeting of the Fortuna City Council held the day of 2016, and was thereafter PASSED, ADOPTED AND ORDERED TO PRINT at a regular meeting of the Fortuna City Council held the day of 2016. I further certify that Ordinance 2016-xx was duly posted and published pursuant to law and the Charter of the City of Fortuna and is a true and correct copy.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Fortuna, California, and this day of , 2016.

Linda McGill, CMC
City Clerk, City of Fortuna
RESOLUTION 2016-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FORTUNA ADOPTING A CITY-WIDE TRAFFIC IMPACT FEE

WHEREAS, policies in the Fortuna General Plan require that new development mitigate its share of the impacts of new development; and

WHEREAS, the General Plan PEIR was certified and the General Plan was adopted by the City Council on October 26, 2010; and

WHEREAS, the General Plan established future uses for lands within the City planning area, including density of residential dwelling units and commercial, office, and industrial development; and

WHEREAS, the General Plan provided for, and the PEIR analyzed, future build-out of the City, describing the impacts of contemplated future development on existing public facilities, an analysis of the need for new public facilities and improvements required by future development, and including road improvements necessary to implement the General Plan; and

WHEREAS, the General Plan and PEIR assumed that certain traffic improvements would be made and that development within the City would pay its proportionate share of such improvements; and

WHEREAS, the City Council adopted Resolutions 91-09, and 95-07 establishing a city-wide traffic impact fee and fees for the Home Avenue area and the Hillside Drive area of the City under the growth projections of the Fortuna General Plan adopted in 1993; and

WHEREAS, the City adopted the Traffic Impact Fee Study, dated April 1, 2016, on July 18, 2016, establishing the nexus between the imposition of impact fees and the estimated reasonable cost of providing the service for which the fees are charged, and updating the Traffic Impact Fees based on the proposed development in the adopted Fortuna General Plan 2030; and

WHEREAS, the Traffic Impact Fee Study was made available for public review and comment for ten (10) days prior it’s adoption; and

WHEREAS, notice of the public hearing was provided and a public hearing held in accordance with Government Code Section 66000 et seq.; and

NOW, THEREFORE, BE IT RESOLVED, the City Council does hereby resolve as follows:

1. The purpose of the Traffic Impact Fee (hereafter "TIF") is to finance public improvements and facilities needed to reduce the traffic-related impacts caused by future development in the City of Fortuna. The public improvements and facilities are listed in the Traffic Impact Fee Study, and are hereafter defined and referred to as "Improvements and Facilities." The Improvements and Facilities listed in the Traffic Impact Fee Study,
Table 3, which are needed to accommodate new development projected within the City of Fortuna, and such Improvements and Facilities are funded in part or whole through the TIF.

2. Findings pursuant to Government Code Section 66001. The City Council finds and determines that the Fortuna Traffic Impact Fee Nexus Study complies with Government Code Section 66001, and as to the proposed fee to be imposed on new development:
   a. That there is a reasonable relationship between the need for the Improvements and Facilities and the impacts of the types of development for which the corresponding fee is charged in that new development in City of Fortuna, both residential and non-residential, will generate traffic which generates or contributes to the need for the Improvements and Facilities; and
   b. That there is a reasonable relationship between the TIFs use (to pay for the construction of the Improvements and Facilities) and the type of development for which the TIF is charged in that all development in the City of Fortuna, both residential and non-residential, generates or contributes to the need for the Improvements and Facilities; and
   c. That there is a reasonable relationship between the amount of the TIF and the cost of the Improvements and Facilities or portion thereof attributable to development in the City of Fortuna in that the TIF is calculated based on the number of trips generated by specific types of land uses, the total amount it will cost to construct the Improvements and Facilities, and the proportional share by which development within the City of Fortuna contributes to the need for the Improvements and Facilities; and
   d. That the cost estimates set forth in the Traffic Impact Fee Study are reasonable cost estimates for constructing the Improvements and Facilities, and the TIFs expected to be generated by future development will not exceed the projected costs of constructing the Improvements and Facilities; and
   e. The method of allocation of the TIF to a particular development, set forth in the Traffic Impact Fee Study bears a fair and reasonable relationship to each development's burden on, and benefit from, the Improvements and Facilities to be funded by the TIF, in that the TIF is calculated based on the number of vehicular trips each particular land use will generate.

3. Fees for Uses Consistent with the Traffic Impact Fee Nexus Report. The fees collected pursuant to this Resolution shall be used solely to finance the improvements and facilities identified in the Nexus Report and in accordance with this Resolution.

4. Approval of Items in the Traffic Impact Fee Nexus Report. After considering the staff report and associated attachments, the Traffic Impact Fee Nexus Study, all correspondence received and the testimony received at the noticed public hearing held on August 1, 2016, the Council approved and adopted the Traffic Impact Fee Study, and incorporates such herein, and further finds that future development in the City of Fortuna will generate the need for the Improvements and Facilities, and the Improvements and Facilities are consistent with the City's General Plan.

5. Consistency with the General Plan. The public facilities and fee methodology in the Traffic Impact Fee Nexus Report are consistent with the City’s General Plan, were identified in the General Plan PEIR as necessary to accommodate future traffic needs and to mitigate impacts of development in the City of Fortuna, and are consistent with those
policies that require new development to mitigate its share of the impacts to City roadway infrastructure.

6. **CEQA Finding.** The adoption of the Traffic Impact Fee Nexus Report and impact fees are not subject to the California Environmental Quality Act in that pursuant to CEQA Guidelines, Section 15378(b)(4), the creation of government funding mechanisms which do not involve any commitment to any specific project which may cause a significant effect on the environment, is not defined as a “project” under CEQA.

7. Resolutions 91-09, and 95-07 are hereby rescinded in their entirety upon the effective date of the traffic impact fee ordinance;

8. **Traffic Impact Fee Imposed.** Pursuant to Government Code Sections 66000 et seq. (“Mitigation Fee Act”), a fee shall be imposed and paid at the time, and in the amounts which apply and be administered as prescribed in this Resolution and on any new construction or addition of floor area.

9. **Time for Imposing Fee for Residential Subdivisions** In accordance with Government Code Section 65961, the TIF for residential development for which tentative or parcel maps are required pursuant to the Subdivision Map Act (Government Code Section 66410 et seq.) shall be imposed at the time of approval of the conditions that apply to the tentative or parcel map for such residential subdivision Development, as applicable. Payment of the fee shall be deemed to be a condition of all such tentative or parcel maps. Notwithstanding this section, the time for payment of the TIF for all Development, including residential subdivisions, shall be as specified in Section 4 below.

10. **Time for Fee Payment**
   a. **Residential.** A TIF shall be charged for residential Development upon the earlier of the date of final inspection, or issuance of the certificate of occupancy or as otherwise provided for in Government Code Section 66007. Notwithstanding, if the TIF is to reimburse the City for expenditures previously made, or if the City determines that the TIF will be collected for Improvements and Facilities for which an account has been established and funds appropriated and for which the City has adopted a proposed construction schedule prior to issuance of the building permit for such residential Development, then the TIF shall be charged and paid upon issuance of the building permit for such residential Development.
   b. **Non-Residential.** A TIF shall be charged and paid for non-residential buildings or structures within the City of Fortuna at the time of issuance of the building permit. At the discretion of the Director of Community Development, the TIF payment may be deferred to the date the City makes the last discretionary approval which is required prior to occupancy, if the building or structure will require a later stage of discretionary approval by the City before it can be occupied.

11. **Amount of Fee** The amount of TIF is to be as set forth below, and on Table 1 of the *Traffic Impact Fee Study:* (or alternative selected by City Council)

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>Unit</th>
<th>Fee per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>One dwelling unit</td>
<td>$</td>
</tr>
<tr>
<td>Commercial</td>
<td>1,000 square feet</td>
<td>$</td>
</tr>
<tr>
<td>Industrial</td>
<td>1,000 square feet</td>
<td>$</td>
</tr>
</tbody>
</table>
12. **Exemptions From Fee** The TIF shall not be imposed on:
   a. **Residential Alteration or Addition:** Any alteration, addition or second unit to a residential structure.
   b. **Residential Replacement or Reconstruction:** Any replacement or reconstruction of an existing residential structure that has been destroyed or demolished, provided that the building permit for the replacement or reconstruction is obtained within one (1) year after the building was destroyed or demolished.
   c. **Non-Residential Replacement or Reconstruction:** Any replacement or reconstruction of an existing non-residential structure that has been destroyed or demolished such that it is not permitted for occupancy, provided that the building permit for the replacement or reconstruction is obtained within one (1) year after the building was destroyed or demolished and there is no change in trip generation or the land use designation of the property.
   d. **Non-Residential Replacement or Reconstruction (Partial Exemption):** Any replacement or reconstruction of an existing non-residential structure that has been destroyed or demolished such that it is not permitted for occupancy is entitled to a partial exemption from the TIF if:
      i. A TIF has been paid to the City within the prior ten-year period, provided that the exemption shall only be in the amount of the previously paid fee only; and
      ii. The applicant shall pay any additional amount based on the current TIF.
   e. **Non-Residential Alterations/Additions:** Any alteration to an existing non-residential building or structure is exempt from payment of the TIF unless the alteration includes an addition of 1000 square feet or more, or if such additions or alterations result in a change of use under the City’s adopted general plan, zoning or building code.
   f. **City Council Exemption:** The City Council, in its discretion, may waive the applicability of the TIF to certain Development constructed or to be constructed by a public entity if the City Council finds that such a waiver is in the interest of the public health, safety, and/or welfare for reasons specified in the findings.

13. **Use of TIF Revenues.** The revenues raised by payment of the TIF shall be placed in a separate, interest bearing account to permit accounting for such revenues and the interest which they generate. Such revenues and interest shall be used only for the Improvements and Facilities and the purposes for which the TIF was collected, which are defined in Fortuna Municipal Code Chapter 17.06.190.

14. **Standards.** The standards upon which the needs for the Improvements and Facilities are based are the standards of the City of Fortuna, including the standards contained in the General Plan and General Plan PEIR.

15. **Periodic Review**
   a. During each fiscal year, the City Staff shall prepare a report (Adopted City Budget) for the City Council, pursuant to Government Code Section 66006, identifying the balance of TIF revenues.
   b. Pursuant to Government Code Section 66002, the City Council shall also review, as part of any adopted Capital Improvement Program, the approximate location, size, time of availability and estimates of cost for all Improvements and Facilities to be financed with the TIF. The estimated costs shall be adjusted in accordance
with appropriate indices of inflation. The City Council shall make findings identifying the purpose to which the existing TIF balances are to be put and demonstrating a reasonable relationship between the TIF and the purpose for which it is charged.

16. **Subsequent Analysis of the Fee.** The TIF established herein is adopted and implemented by the City Council in reliance on the record identified above. The City may, from time to time, conduct further study and analysis to determine whether the TIF should be revised. When additional information is available, the City Council shall review the TIF to determine that the amounts are reasonably related to the impacts of development within the City. In addition to the inflation adjustments pursuant to Section 12 below, the City Council may revise the TIF to incorporate the findings and conclusions of further studies and any standards in the General Plan.

17. **Inflation Adjustments.** The purpose of this section is to provide for an inflationary adjustment to the TIF in years when the City Council does not revise the Fee pursuant to Section 11 above. The City Manager shall adjust the Fee automatically, effective July 1, 2017, and each July 1 thereafter, as follows:
   a. The costs of construction of the Facilities shall be increased/decreased by the annual percentage increase/decrease in the Engineering News Record's Construction Cost Index (20-city average) for the prior March or April over the same Construction Cost Index of the prior year. The City Manager may round the TIF adjustment to whole dollars.

18. **Effective Date.** This Resolution shall become effective immediately upon adoption of the implementing ordinance. The TIF provided in this Resolution shall supersede the existing TIF established by Resolutions 91-09 and 95-07.

19. **Severability.** Each component of the Fee, and every improvement financed by the TIF, and all portions of this Resolution are severable. Should the TIF or other provision of this Resolution be judged to be invalid and unenforceable, the remaining provisions shall be and continue to be fully effective, and the TIF shall be fully effective except as to that portion that has been judged to be invalid.

PASSED AND ADOPTED by the City Council of the City of Fortuna at a regular meeting held on 1st day of August 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

__________________________________
Sue Long, Mayor

ATTEST:

________________________
Linda McGill CMC, City Clerk
TRAFFIC IMPACT FEE MEETING MAY 11, 2016

NOTES: DEVELOPMENT IMPACT FEE WAIVER PROGRAM – DRAFT

• John E.- time horizon?...jobs here in 5 yrs.?

NOTES: TRAFFIC IMPACT FEE NEXUS STUDY

KEY ISSUES AND ASSUMPTIONS:

• Jeremy – wants residential to be .50 /sq. ft. and for all projects...retail 1.75 /sq. ft.
• Abe – we’re already overburdened with fees. Can we determine the difference between a studio and a 1 bedroom dwelling unit?

NOTES RE: FEE PRESENTATION:

• John – we did not include those that are already here
• *They feel like it all (taxes) get dumped on the duplexes
• Not fair to put it on the new growth
• *Their projects would be over $100K
• *We can’t compare to Ukiah
• Jeremy – Fund 6, 10, 13, 7 18 (existing projects) with another source-sales or parcel tax

NOTES TRAFFIC IMPACT FEES STAFF REPORT:

• Allen B.- (Page 7) thinks fee numbers are too optimistic – reduce by 50%
• Randy - our General Plan is an aggressive document
• Merritt – we have 21.6% growth rate...maybe we can reduce by 50%
• John – do we still need to do a traffic study for each project?...they are separate
• Dennis – move residential to $1,000. Exemptions for low/moderate incomes

FULL NAME
John Egan
Ryan Thompson
Abe Fockaert
Dennis Wendt
Rick Powell
Chuck Schager
Jeremy Stanfield
Melissa Collins
Allan M. Baird
Sal Chinnici
Sue Long
FBID
PUBLIC COMMENTS:

- Distinguish between local traffic (residential) vs. generated from outside the City (commercial). Outside should bear the burden. Calculate commercial generation. (Baird)
- What happens with conversion of an existing building if no new floor area is added? (Schneider)
- Is there a credit for public improvements? (Schneider)
- Affordable/low income housing shouldn’t receive credits; benefits the developer, and transfers cost to rest of city. (Schneider)
- Fee places burden on new development only; let’s existing off the hook. (Schneider)
- Fee is excessive and would impair City growth. (Schneider)
- Why is a traffic study still required for development projects? (McKenney)
  - Regan: site specific impacts; fee is for city-wide impacts.
- Identify the nexus between fee, the City-wide traffic study and the Palco site build-out. (McKinney); excessive traffic from the Palco site is increasing the traffic generation and triggering the fee. Development of the Palco site should take care of itself. (McKenney)
- Collect revenue from sales tax measure. (August)
- All should contribute, including existing. (August)
- Projections are too high; not realistic. (Baird)
- Prioritize road projects. (Schneider)
  - In addition to the current “discounting” (Regan)
- The fee overburdens future growth & contractors; existing should contribute (Thompson)
- OK to increase fees to $600 to $1,000 for residential projects (Wendt)

Traffic Impact Fee Meeting June 1, 2016 – RC Notes

- Allen Baird - Tractor Supply - $1.00 or $1.50/ sq. ft. would be appropriate
- Travis Schneider- feels like rehab projects should not be assessed
- Kevin McKenney – Nexus of actual projects – nexus issue is important - feels the Palco site is the only impact. *Some projects on the list might not be needed until Palco is built. * Already too high priced & lack of land to develop.
- Travis Schneider – How have we looked at our past performance of collecting fees? *Maybe pull out a list of ABC projects & recalculate the fees.
- Smaller lots have more difficulty at competing due to a lack of inventory.
- Debi August – The City should use the sales tax Ballot measure to pay for traffic improvements
- Debi August – No fee at all for building
- Travis Schneider- Market conditions need to have a role. 600-800 for residential “double” on bldg. permit is an acceptable change

<table>
<thead>
<tr>
<th>NAME</th>
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<tbody>
<tr>
<td>Allan M. Baird</td>
</tr>
<tr>
<td>Ryan Thompson</td>
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<tr>
<td>Abe Fockaert</td>
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<tr>
<td>Dennis Wendt</td>
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<td>Debi August</td>
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<tr>
<td>Travis Schneider</td>
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<tr>
<td>Kevin McKenney</td>
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<tr>
<td>Staff: Regan Candelario, Liz Shorey, Bill Dobberstein</td>
</tr>
</tbody>
</table>
DATE: July 18, 2016

TO: Honorable Mayor and City Councilmembers

FROM: Regan M. Candelario, City Manager

1. **Upcoming Council Meeting Dates**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, July 26, 2016</td>
<td>Special Joint City Council/Planning Commission Meeting 5:30 p.m. Council Chambers at City Hall</td>
</tr>
<tr>
<td>Monday, August 1, 2016</td>
<td>Regular City Council Meeting at 6:00 p.m. Council Chambers at City Hall</td>
</tr>
<tr>
<td>Thursday, August 4, 2016</td>
<td>Special City Council Workshop Meeting at 8:30 a.m. Council Chambers at City Hall</td>
</tr>
<tr>
<td>Monday, August 15, 2016</td>
<td>Regular City Council Meeting at 6:00 p.m. Council Chambers at City Hall</td>
</tr>
</tbody>
</table>

2. **Verbal Report**

1. Staff has coordinated a Joint City Council / Planning Commission meeting for Tuesday July 26 at 5:30 p.m. The topic of discussion will be Design Review.

2. Please be advised of an effort to fund the development of a new Fortuna mural at the Rays Food store location on Fortuna Boulevard. The Mural design literally says FORTUNA, and will therefore serve as a great draw to the City of Fortuna. Project development team hope to have the mural installed in the fall of this year at Rays Foods with visibility from Fortuna Boulevard.

3. Staff is working toward a process improvement project for the current fiscal year regarding customer service (both internal and external) with a focus on public counters and referrals. The lead on the project will be Admin and Finance with cooperation from both Public Works and Community Development.

4. Admin is coordinating with the County Economic Development Staff to provide job training and skill development for Fortuna and the Eel River Valley as well as support for business relocation and expansion in Fortuna.

5. All Staff were very much involved and supportive of Rodeo Week for most all of the month of July. Additionally, we are looking forward to continued efforts to support the AutoXpo scheduled for July 22-24.